

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 26-0482.02 Caroline Martin x5902

HOUSE BILL 26-1206

HOUSE SPONSORSHIP

Joseph and Gonzalez R., Boesenecker, Duran, English

SENATE SPONSORSHIP

Lindstedt and Benavidez,

House Committees

Finance
Appropriations

Senate Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING IMPROVED FUNDING TO SUPPORT AFFORDABLE HOUSING**
102 **DEVELOPMENT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

The bill gives city and county housing authorities (housing authority) the power to provide for the levy of a sales tax, sales and use tax, or property tax within the jurisdiction of the authority, the resulting revenue of which will be directed to the housing authority, subject to the following conditions:

- The city or county has adopted a resolution determining

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.*

SENATE
Amended 2nd Reading
May 7, 2026

HOUSE
3rd Reading Unamended
April 28, 2026

HOUSE
Amended 2nd Reading
April 27, 2026

that the levying of the tax will fairly distribute the costs of the housing authority's activities among the beneficiaries of the housing authority's activities and will not impose an undue burden on any particular group of people; and

- A ballot question has been submitted to a vote of the registered electors of the city or county and subsequently approved by a majority of such registered electors, and the ballot question describes the purposes for which the tax will be used by the housing authority and complies with section 20 of article X of the state constitution.

If a sales or sales and use tax is approved by the voters of a housing authority:

- The rate of the sales or sales and use tax must not exceed 1% on any transaction taxable by the state;
- The authority shall designate a liaison to coordinate with the department of revenue to implement the collection of the tax and to identify people eligible to collect the sales and use tax; and
- The tax revenue must be directed to a fund of the authority.

If an ad valorem property tax is approved by the voters of a housing authority:

- The rate of the ad valorem property tax must not exceed 5 mills on each dollar of valuation for assessment of the taxable property within the authority's jurisdiction;
- The board of county commissioners of the county in which the housing authority is located shall levy the ad valorem property tax upon the valuation for assessment of all taxable property within the authority's jurisdiction;
- The officials charged with collecting ad valorem property taxes for the county in which the housing authority is located shall collect the taxes at the time and in the form and manner and with like interest and penalties as other property taxes collected within the county;
- The property tax revenue must be directed to a fund of the authority; and
- All property tax revenue, together with interest thereon and penalties for default in payment thereof, and all costs of collecting the same shall constitute, until paid, a perpetual lien on and against the property taxed, and such lien shall be on a parity with the tax lien of other general taxes.

The bill gives county housing authorities the power to issue revenue or general obligation bonds and to pledge the authority's revenues and revenue-raising powers for the payment of such bonds.

The bill allows an urban renewal authority to enter into a shortfall guaranty contract with an urban renewal project developer (developer)

specifying that, if the tax increment revenue is insufficient to pay the indebtedness incurred by the authority that is due, the developer is obligated to make a direct payment covering the full amount of the insufficiency. A shortfall guaranty contract:

- Constitutes a lien on the urban renewal project property the same as, and equal in priority to, a tax lien;
- Has priority over any mortgage, lien that is not a tax lien, or other encumbrance;
- Constitutes a covenant running with the land for the term of the contract; and
- May be recorded against the real property upon which the urban renewal project is developed.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Access to safe, stable, and affordable housing is essential for
5 all Coloradans. Access to housing supports individual well-being, family
6 stability, workforce participation, and long-term economic growth for the
7 state.

8 (b) There is a severe housing supply shortfall in Colorado, which
9 represents the gap between the number of homes needed and those
10 available, estimated at approximately 106,000 units;

11 (c) Based on current population projections, to prevent further
12 growth of the housing supply shortfall, developers would need to
13 construct approximately 34,100 new homes annually in Colorado over the
14 next decade;

15 (d) The housing supply shortfall is particularly acute for renters
16 who earn an extremely low income (those who earn at or below 30% of
17 Area Median Income), since Colorado has a deficit of roughly 134,000
18 rental homes that are affordable for such households;

19 (e) Many households are cost-burdened, with 46.8% of renters and

1 21.5% of homeowners spending over 30% of their income on housing.
2 Only 11% of renters could afford to purchase a typical home in Colorado
3 as of 2025.

4 (f) The affordability gap is not solely due to low supply; housing
5 prices and rents have increased faster than incomes, deepening the
6 challenge of obtaining stable, affordable homes, particularly for working
7 families, seniors, and other vulnerable populations;

8 (g) The work of public housing authorities and developers is
9 essential to expanding the stock of deeply affordable housing. However,
10 current financing tools and incentive structures do not sufficiently
11 prioritize or support these entities.

12 (h) Allowing housing authorities to collect tax revenue within
13 their jurisdictions will help these mission-driven entities more quickly
14 expand the supply of deeply affordable housing.

15 (2) Therefore, the general assembly finds and declares that
16 expanding and modernizing affordable housing funding tools:

17 (a) Is a matter of mixed statewide and local concern; and

18 (b) Will increase housing availability, affordability, and stability,
19 promote equitable development, and strengthen the public benefit of
20 development investments in Colorado communities.

21 **SECTION 2.** In Colorado Revised Statutes, **add 29-4-233 as**
22 **follows:**

23 **29-4-233. Intergovernmental agreement for housing revenue.**

24 **(1) AN AUTHORITY AND A CITY MAY ENTER INTO AN**
25 **INTERGOVERNMENTAL AGREEMENT TO PROVIDE FOR THE IMPOSITION OF**
26 **A GENERAL SALES TAX, SALES AND USE TAX, OR BOTH, PURSUANT TO**
27 **SECTION 29-2-102, BY THE CITY UPON EVERY TRANSACTION OR OTHER**

1 INCIDENT WITH RESPECT TO WHICH A SALES OR USE TAX IS IMPOSED BY THE
2 CITY. THE AUTHORITY SHALL USE THE REVENUE RAISED BY THIS TAX TO
3 EFFECT THE PLANNING, FINANCING, ACQUISITION, CONSTRUCTION,
4 RECONSTRUCTION, OR REPAIR, MAINTENANCE, MANAGEMENT, AND
5 OPERATION OF HOUSING PROJECTS OR PROGRAMS PURSUANT TO THIS PART
6 2.

7 (2) AN INTERGOVERNMENTAL AGREEMENT ENTERED INTO
8 PURSUANT TO THIS SECTION MUST ADDRESS:

9 (a) THE TYPE OF TAX TO BE IMPOSED PURSUANT TO THIS SECTION
10 AND THE RATE OF THAT TAX;

11 (b) THE DURATION OF A TAX IMPOSED PURSUANT TO THIS SECTION
12 AND OF THE AGREEMENT, BOTH OF WHICH MAY BE CONTINUED FOR A
13 DEFINITE TERM OR UNTIL RESCINDED OR TERMINATED, AND THE METHOD,
14 IF ANY, BY WHICH EITHER MAY BE RESCINDED OR TERMINATED; EXCEPT
15 THAT NEITHER MAY BE RESCINDED OR TERMINATED SO LONG AS THE
16 AUTHORITY HAS BONDS, NOTES, OR OTHER OBLIGATIONS OUTSTANDING TO
17 WHICH THE AUTHORITY HAS PLEDGED REVENUE RAISED FROM THE TAX,
18 UNLESS PROVISION FOR FULL PAYMENT OF THESE OBLIGATIONS, BY
19 ESCROW OR OTHERWISE, HAS BEEN MADE PURSUANT TO THE TERMS OF THE
20 OBLIGATIONS;

21 (c) THE DISTRIBUTION OF ALL OR PART OF THE REVENUE RAISED BY
22 A TAX IMPOSED PURSUANT TO THIS SECTION TO THE AUTHORITY;

23 (d) THE IRREVOCABLE PLEDGE TO THE AUTHORITY OF ALL NEW
24 TAX REVENUES RAISED BY A TAX IMPOSED PURSUANT TO THIS SECTION FOR
25 THE PURPOSES SET FORTH IN THE APPROVED BALLOT QUESTION, EXCEPTING
26 ANY COSTS OF ELECTIONS RELATED TO THE TAX OR THE ADMINISTRATION
27 OR COLLECTION OF THE TAX;

1 (e) COMPLIANCE WITH SECTION 20 OF ARTICLE X OF THE STATE
2 CONSTITUTION;

3 (f) THE PAYMENT OF ANY COSTS OF ANY ELECTION RELATED TO A
4 TAX IMPOSED PURSUANT TO THIS SECTION;

5 (g) THE RETENTION BY THE CITY OF AN AMOUNT OF THE REVENUE
6 RAISED BY A TAX IMPOSED PURSUANT TO THIS SECTION NOT TO EXCEED
7 THE COST OF THE COLLECTION, ADMINISTRATION, AND ENFORCEMENT OF
8 THAT TAX; AND

9 (h) ANY OTHER PROVISIONS DEEMED NECESSARY BY THE
10 AUTHORITY AND THE CITY.

11 (3) (a) AN ACTION BY A CITY TO IMPOSE OR INCREASE ANY TAX OR
12 TO PLEDGE REVENUES PURSUANT TO THIS SECTION DOES NOT TAKE EFFECT
13 UNLESS FIRST SUBMITTED TO A VOTE OF THE REGISTERED ELECTORS OF
14 THE CITY TO THE EXTENT REQUIRED BY SECTION 20 OF ARTICLE X OF THE
15 STATE CONSTITUTION OR OTHER APPLICABLE LAW.

16 (b) A BALLOT QUESTION SUBMITTED TO A CITY'S REGISTERED
17 ELECTORS PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION MUST BE
18 SUBMITTED AT A GENERAL ELECTION OR ANY ELECTION TO BE HELD ON
19 THE FIRST TUESDAY IN NOVEMBER OF AN ODD-NUMBERED YEAR AND IS
20 ONLY APPROVED IF A MAJORITY OF THE REGISTERED ELECTORS VOTING ON
21 THE BALLOT QUESTION AT THE ELECTION VOTE IN FAVOR OF THE BALLOT
22 QUESTION.

23 (4) (a) THE AUTHORITY GRANTED PURSUANT TO THIS SECTION
24 DOES NOT LIMIT THE POWERS OF GOVERNMENTS TO ENTER INTO
25 INTERGOVERNMENTAL COOPERATION OR CONTRACTS, TO ESTABLISH
26 SEPARATE LEGAL ENTITIES PURSUANT TO SECTION 29-1-203 OR ANY
27 OTHER APPLICABLE LAW, OR TO OTHERWISE CARRY OUT THEIR INDIVIDUAL

1 POWERS UNDER APPLICABLE STATUTORY OR CHARTER PROVISIONS.

2 (b) THE AUTHORITY GRANTED PURSUANT TO THIS SECTION DOES
3 NOT LIMIT THE POWERS RESERVED TO CITIES AND TOWNS BY SECTION 2 OF
4 ARTICLE XI OF THE STATE CONSTITUTION OR ARTICLE XX OF THE STATE
5 CONSTITUTION.

6 **SECTION 3.** In Colorado Revised Statutes, 29-4-505, **amend** (1)
7 introductory portion and (1)(g); and **add** (1)(h) as follows:

8 **29-4-505. Powers of authority.**

9 (1) A housing authority ~~shall constitute~~ CONSTITUTES a public
10 body, corporate and politic, SHALL exercise public and essential
11 governmental functions, and ~~have~~ HAS all the powers necessary and
12 convenient to carry out and effectuate the purposes and provisions of this
13 part 5; ~~(but not~~ EXCEPT FOR the power to levy and collect taxes or special
14 assessments), including the following powers:

15 (g) To do all acts and things necessary or convenient to carry out
16 the powers given AND THE PURPOSES DESCRIBED in this part 5 or the
17 purposes ~~hereof~~ OF THIS PART 5; AND

18 (h) TO ISSUE REVENUE OR GENERAL OBLIGATION BONDS AND TO
19 PLEDGE THE HOUSING AUTHORITY'S REVENUES AND REVENUE-RAISING
20 POWERS FOR THE PAYMENT OF THESE BONDS. WHEN ISSUING BONDS
21 PURSUANT TO THIS SUBSECTION (1)(h), THE AUTHORITY SHALL ISSUE THE
22 BONDS ACCORDING TO THE TERMS AND SUBJECT TO THE CONDITIONS
23 DESCRIBED IN SECTION 43-4-609.

24 **SECTION 4.** In Colorado Revised Statutes, **add** 29-4-510 as
25 follows:

26 **29-4-510. Intergovernmental agreement for housing revenue.**

27 (1) AN AUTHORITY AND A COUNTY MAY ENTER INTO AN

1 INTERGOVERNMENTAL AGREEMENT TO PROVIDE FOR THE IMPOSITION OF
2 A GENERAL SALES TAX, SALES AND USE TAX, OR BOTH, PURSUANT TO
3 SECTION 29-2-103, BY THE COUNTY UPON EVERY TRANSACTION OR OTHER
4 INCIDENT WITH RESPECT TO WHICH A SALES OR USE TAX IS IMPOSED BY THE
5 COUNTY. THE AUTHORITY SHALL USE THE REVENUE RAISED BY THIS TAX
6 TO EFFECT THE PLANNING, FINANCING, ACQUISITION, CONSTRUCTION,
7 RECONSTRUCTION, OR REPAIR, MAINTENANCE, MANAGEMENT, AND
8 OPERATION OF HOUSING PROJECTS OR PROGRAMS PURSUANT TO THIS PART
9 5.

10 (2) AN INTERGOVERNMENTAL AGREEMENT ENTERED INTO
11 PURSUANT TO THIS SECTION SHALL ADDRESS:

12 (a) THE TYPE OF TAX TO BE LEVIED PURSUANT TO THIS SECTION
13 AND THE RATE OF THAT TAX;

14 (b) THE DURATION OF A TAX IMPOSED PURSUANT TO THIS SECTION
15 AND OF THE AGREEMENT, BOTH OF WHICH MAY BE CONTINUED FOR A
16 DEFINITE TERM OR UNTIL RESCINDED OR TERMINATED, AND THE METHOD,
17 IF ANY, BY WHICH EITHER MAY BE RESCINDED OR TERMINATED; EXCEPT
18 THAT NEITHER MAY BE RESCINDED OR TERMINATED SO LONG AS THE
19 AUTHORITY HAS BONDS, NOTES, OR OTHER OBLIGATIONS OUTSTANDING TO
20 WHICH THE AUTHORITY HAS PLEDGED REVENUE RAISED FROM THE TAX,
21 UNLESS PROVISION FOR FULL PAYMENT OF THESE OBLIGATIONS, BY
22 ESCROW OR OTHERWISE, HAS BEEN MADE PURSUANT TO THE TERMS OF THE
23 OBLIGATIONS;

24 (c) THE DISTRIBUTION OF ALL OR PART OF THE REVENUE RAISED BY
25 A TAX IMPOSED PURSUANT TO THIS SECTION TO THE AUTHORITY;

26 (d) THE IRREVOCABLE PLEDGE TO THE AUTHORITY OF ALL NEW
27 TAX REVENUES RAISED BY A TAX IMPOSED PURSUANT TO THIS SECTION FOR

1 THE PURPOSES SET FORTH IN THE APPROVED BALLOT QUESTION, EXCEPTING
2 ANY COSTS OF ELECTIONS RELATED TO THE TAX OR THE ADMINISTRATION
3 OR COLLECTION OF THE TAX;

4 (e) COMPLIANCE WITH SECTION 20 OF ARTICLE X OF THE STATE
5 CONSTITUTION;

6 (f) THE PAYMENT OF ANY COSTS OF ANY ELECTION RELATED TO A
7 TAX IMPOSED PURSUANT TO THIS SECTION;

8 (g) THE RETENTION BY THE COUNTY OR THE DEPARTMENT OF
9 REVENUE FOR TAXES COLLECTED BY THE DEPARTMENT OF REVENUE, OF AN
10 AMOUNT OF THE REVENUE RAISED BY A TAX IMPOSED PURSUANT TO THIS
11 SECTION NOT TO EXCEED THE COST OF THE COLLECTION, ADMINISTRATION,
12 AND ENFORCEMENT OF THAT TAX; AND

13 (h) ANY OTHER PROVISIONS DEEMED NECESSARY BY THE
14 AUTHORITY AND THE COUNTY.

15 (3) (a) AN ACTION BY A COUNTY TO IMPOSE OR INCREASE ANY TAX
16 OR TO PLEDGE REVENUES PURSUANT TO THIS SECTION DOES NOT TAKE
17 EFFECT UNLESS FIRST SUBMITTED TO A VOTE OF THE REGISTERED
18 ELECTORS OF THE COUNTY TO THE EXTENT REQUIRED BY SECTION 20 OF
19 ARTICLE X OF THE STATE CONSTITUTION OR OTHER APPLICABLE LAW.

20 (b) A BALLOT QUESTION SUBMITTED TO A COUNTY'S REGISTERED
21 ELECTORS PURSUANT TO SUBSECTION (3)(a) OF THIS SECTION MUST BE
22 SUBMITTED AT A GENERAL ELECTION OR ANY ELECTION TO BE HELD ON
23 THE FIRST TUESDAY IN NOVEMBER OF AN ODD-NUMBERED YEAR AND IS
24 ONLY APPROVED IF A MAJORITY OF THE REGISTERED ELECTORS VOTING ON
25 THE BALLOT QUESTION AT THE ELECTION VOTE IN FAVOR OF THE BALLOT
26 QUESTION.

27 (4) A COUNTY THAT ENTERS INTO AN INTERGOVERNMENTAL

1 AGREEMENT PURSUANT TO THIS SECTION SHALL, BEFORE IMPOSING OR
2 INCREASING ANY TAX OR PLEDGING ANY REVENUES FROM A TAX IMPOSED
3 OR INCREASED PURSUANT TO THIS SECTION, ENTER INTO A MEMORANDUM
4 OF UNDERSTANDING CONCERNING THE PLEDGING OF ANY REVENUE RAISED
5 FROM A TAX IMPOSED OR INCREASED PURSUANT TO THIS SECTION WITH
6 THE AUTHORITY AND ANY CITY WITHIN THE AUTHORITY'S BOUNDARIES.

7 (5) THE AUTHORITY GRANTED PURSUANT TO THIS SECTION DOES
8 NOT LIMIT THE POWERS OF GOVERNMENTS TO ENTER INTO
9 INTERGOVERNMENTAL COOPERATION OR CONTRACTS, TO ESTABLISH
10 SEPARATE LEGAL ENTITIES PURSUANT TO SECTION 29-1-203 OR ANY
11 OTHER APPLICABLE LAW, OR TO OTHERWISE CARRY OUT THEIR INDIVIDUAL
12 POWERS UNDER APPLICABLE STATUTORY OR CHARTER PROVISIONS.

13

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14 **SECTION 5. Safety clause.** The general assembly finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, or safety or for appropriations for
17 the support and maintenance of the departments of the state and state
18 institutions.