


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 11-0501	Date: June 6, 2011
Prime Sponsor(s): Rep. Williams A. Sen. King S.; Tochtrop	Bill Status: Postponed Indefinitely
	Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING THE ESTABLISHMENT OF A FUND TO FINANCE FORECLOSURE PREVENTION ACTIVITIES ADMINISTERED BY HOUSING COUNSELING AGENCIES APPROVED BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
Foreclosure Prevention Counseling Fund	\$5,040,000	\$4,560,000
State Expenditures		
Cash Funds		
Foreclosure Prevention Counseling Fund	\$5,040,000	\$4,560,000
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: The bill was postponed indefinitely by the House Appropriations Committee on April 6, 2011.		
Appropriation Summary for FY 2011-2012: See the State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

HB11-1136 authorizes the establishment of a foreclosure counseling and outreach program within the Division of Housing in the Department of Local Affairs.

A foreclosure prevention counseling surcharge of \$240 will be assessed by the public trustee prior to sale of a property in foreclosure. The public trustee may collect and retain an additional fee of \$10 for the costs of collecting and processing the surcharge. The public trustee shall waive the prevention counseling surcharge under certain conditions. Both the surcharge and the public trustee fee is repealed, effective March 31, 2015.

The surcharge will be transmitted from the public trustee to the State Treasurer for deposit in the Foreclosure Prevention Counseling Fund. Moneys in the fund, including revenue from the collection of the surcharge, as well as any gifts, grants, or donations collected from public and private sources, are continuously appropriated to the Division of Housing for the following purposes:

- to make grants to approved housing counseling agencies;
- to support evaluations conducted under the state's foreclosure deferment program; and
- to support other foreclosure prevention activities administered by approved housing counseling agencies; including up to \$80,000 for the actual and direct costs of the operation of the foreclosure deferment program and between 5 and 10 percent of the moneys in the fund to be allocated for community outreach.

During 2015, the Division of Housing will report to the House Local Government Committee and the Senate Local Government and Energy Committee. The report will include an analysis of moneys received per county, and how the money from the fund was spent to support approved agencies engaged in foreclosure prevention efforts. The program is repealed, effective September 30, 2015, and any unexpended and unencumbered moneys remaining in the fund at that time will be transferred to the Housing Development Grant Fund.

State Revenue

Unless the fee is waived by the public trustee, the Foreclosure Prevention Counseling Fund will experience a revenue increase equal to \$240 for each foreclosed property sold. Assuming that there will be 21,000 foreclosure sales in FY 2011-12, and 19,000 foreclosure sales in FY 2012-13 that are subject to the fee, \$5,040,000 in FY 2011-12, and \$4,560,000 in FY 2012-13 will be credited to the fund.

State Expenditures

The Foreclosure Prevention Counseling Fund will receive \$5,040,000 in FY 2011-12, and \$4,560,000 in FY 2012-13 to be used for the purposes described in the Summary of Legislation section. As shown in Table 1, the Department of Local Affairs requires \$69,206 and 1.0 FTE in FY 2011-12, and \$63,465 and 1.0 FTE in FY 2012-13 to cover the administrative costs of implementing the bill. The remaining money in the fund will be available to the Division of Housing for grants to housing counseling agencies and for other functions of the state's foreclosure deferment program.

Table 1. Expenditures Under HB11-1136		
Cost Components	FY 2011-12	FY 2012-13
Personal Services	\$61,965	\$61,965
FTE	1.0 FTE	1.0 FTE
Operating Expenses and Capital Outlay	6,653	1,500
Legal Services	588	0
Grant Awards	4,970,794	4,496,535
TOTAL	\$5,250,000	\$4,560,000

Moneys in the Foreclosure Prevention Counseling Fund are continuously appropriated to the Division of Housing for grants to approved housing counseling agencies and to support other foreclosure prevention activities, including the administrative costs to operate the foreclosure deferment program authorized under Part 8 of Article 38 of Title 38, C.R.S.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB11-1136*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,737	\$7,737
Supplemental Employee Retirement Payments	2,868	3,266
Indirect Costs	16,310	16,310
TOTAL	\$26,915	\$27,313

**More information is available at: <http://colorado.gov/fiscalnotes>*

Fee Impact on Business

Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. As shown in Table 3, the bill establishes two fees to be collected by public trustees. The Foreclosure Counseling Surcharge is transmitted to the state, while the Public Trustee Processing Fee is retained locally to cover the cost of processing the surcharge. Assuming that 21,000 foreclosures are affected annually, Table 3 identifies the total potential fee impact of HB11-1136.

Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Foreclosure Prevention Counseling Surcharge (transmitted to the state)	\$0	\$240	\$240	21,000	\$5,040,000
Public Trustee Processing Fee (retained by the public trustee)	0	10	10	21,000	210,000
TOTAL					\$5,250,000

Local Government Impact

In addition to the foreclosure prevention counseling surcharge of \$240 assessed by the public trustee that is transmitted to the State Treasurer, the public trustee is also authorized to collect and retain a \$10 fee for the costs of collecting and processing the foreclosure counseling surcharge. This fiscal note assumes that the fee is sufficient to cover the costs of the public trustee.

State Appropriations

The bill provides that moneys in the Foreclosure Prevention Counseling Fund are continuously appropriated to the Division of Housing in the Department of Local Affairs. Therefore, no further appropriation is required.

Departments Contacted

Local Affairs Judicial State Treasury