

**First Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 25-0192.01 Richard Sweetman x4333

**HOUSE BILL 25-1249**

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**HOUSE SPONSORSHIP**

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**House Committees**  
Business Affairs & Labor

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**A BILL FOR AN ACT**

101      **CONCERNING SECURITY DEPOSITS SUBMITTED TO LANDLORDS BY**  
102      **RESIDENTIAL TENANTS.**

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**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 amends and makes additions to existing law concerning security deposits that tenants submit to landlords and the conditions under which a landlord may retain all or part of a security deposit.

For the purposes of security deposits, the bill expands the definition of "normal wear and tear" and narrows the definition of "tenant".

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.

HOUSE  
3rd Reading Unamended  
April 28, 2025

HOUSE  
Amended 2nd Reading  
April 16, 2025

Under current law, a landlord may not require a tenant to submit a security deposit in an amount that exceeds the amount of 2 monthly rent payments. The bill changes this maximum to one monthly rent payment.

The bill requires a landlord to permit a tenant to pay a security deposit in multiple installments of substantially equal amounts with installments due no more frequently than once a month over a period of at least 6 months. If a tenant fails to pay an installment, the landlord may seek compensation through a civil action. But a landlord may not terminate the tenancy or initiate an eviction action, and a court may not enter a judgment for possession, based on a tenant's failure to pay an installment.

A landlord that wrongfully demands and retains a security deposit in an excessive amount must return the excess amount to the tenant within 7 days after receiving a written demand from the tenant. A landlord that fails to timely return the excess money is liable for 3 times the excess amount.

A landlord that refuses to allow a tenant to pay a security deposit in installments violates the "Rental Application Fairness Act", and the tenant harmed by the violation may recover damages as provided in existing law.

Under current law, a landlord may not retain a security deposit to cover normal wear and tear and, if actual cause exists for retaining any portion of a security deposit, the landlord must provide the tenant:

- A written statement listing the exact reasons for the retention (written statement); and
- The difference between any sum deposited and the amount retained.

The bill states that a landlord may not retain a security deposit to cover any damage or defective condition that preexisted the tenancy and that when the landlord delivers the written statement, the landlord must also deliver any relevant documentation in the landlord's possession or control.

The bill requires a landlord, upon a tenant's request, to provide the tenant a walk-through inspection of the dwelling unit to identify in writing any damage or defective conditions that are beyond normal wear and tear and that did not preexist the tenancy. If a walk-through inspection of the dwelling unit occurs, the landlord may not retain any amount from the security deposit for damage or defective conditions that are not documented during the walk-through inspection.

A landlord wrongfully withholds a security deposit or any portion of it if the landlord:

- Fails to timely provide the written statement and all relevant documentation;
- Provides a written statement that fails to list the exact reasons for retaining any portion of the security deposit;

- Fails to timely return the difference between any sum deposited and the amount retained; or
- Retains a security deposit or any portion of it in bad faith.

A landlord retains a security deposit or any portion of it in bad faith if the amount retained:

- Unreasonably exceeds the amount of actual damages;
- Is retained without actual cause;
- Is an amount the landlord knew or should have known exceeded the actual damages; or
- Is retained solely or in part for an unlawful, retaliatory, or discriminatory purpose.

A landlord retains an unreasonable amount if the amount retained is 125% or greater than the actual damages.

In any court action brought by a tenant under the provisions of the bill, the landlord bears the burden of proving the amount of actual damages the landlord incurred.

Under current law, upon cessation of a landlord's interest in a dwelling unit, the person in possession of a tenant's security deposit must either transfer the security deposit to the landlord's successor in interest or return the security deposit to the tenant within a reasonable time. The bill states that this must be done within 60 days after cessation of the landlord's interest in the dwelling unit.

If a landlord's payment refunding a tenant's security deposit or any portion of it is returned to the landlord, the landlord must hold the payment for at least one year after receiving it and must disburse the payment to the tenant within 3 business days upon the tenant's request.

A landlord does not have actual cause to retain any amount from a security deposit for the replacement of carpet or painting unless there is substantial and irreparable damage that exceeds normal wear and tear and did not preexist the tenancy. If a landlord has actual cause, the landlord may retain only the minimum amount necessary to replace the carpet or to repaint in the area that is damaged. A landlord may not deem carpet substantially and irreparably damaged if it has not been replaced with new carpet within the 5 years preceding the termination of the lease or surrender of the premises.

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

2 **SECTION 1.** In Colorado Revised Statutes, 38-12-102, **amend**  
 3 **(4)** as follows:

4 **38-12-102. Definitions.** As used in this part 1, unless the context  
 5 otherwise requires:

1 (4) "Normal wear and tear" means deterioration, DAMAGE, OR  
2 UNCLEANLINESS that occurs, based upon the use for which a rental unit or  
3 mobile home space, as defined in section 38-12-201.5 (6.5), is intended  
4 OR REASONABLY AND TYPICALLY USED, without negligence, carelessness,  
5 accident, or abuse of the premises or equipment or ~~chattels~~ PRIVATE  
6 PROPERTY by the tenant or home owner or members of the tenant's or  
7 home owner's household or their invitees or guests.

8

9 **SECTION 2.** In Colorado Revised Statutes, 38-12-103, **amend**  
10 (1), (2), (3), (4) introductory portion, and (7); and **add** (1.5), (2.5), (3.5),  
11 (8), (9), (10), and (11) as follows:

12 **38-12-103. Return of security deposit.** (1) (a) A landlord shall,  
13 within ~~one month~~ THIRTY DAYS after the termination of a lease or  
14 surrender ~~and acceptance of the~~ OF A premises, whichever occurs last,  
15 return to the tenant the full security deposit deposited with the landlord  
16 by the tenant, unless the lease agreement specifies a longer period of time,  
17 but not to exceed sixty days. ~~No~~ A security deposit shall NOT be retained  
18 to cover normal wear and tear OR FOR ANY DAMAGE OR DEFECTIVE  
19 CONDITION THAT PREEXISTED THE TENANCY. In the event that actual cause  
20 exists for retaining any portion of the security deposit, the landlord shall  
21 provide the tenant with a written statement listing the exact reasons for  
22 the retention of any portion of the security deposit. When the LANDLORD  
23 DELIVERS THE statement, ~~is delivered, it~~ THE LANDLORD shall ~~be~~  
24 ~~accompanied by payment of~~ ALSO DELIVER the difference between any  
25 sum deposited and the amount retained, ~~The~~ ALONG WITH ANY RELEVANT  
26 DOCUMENTATION REQUIRED BY SUBSECTION (8) OF THIS SECTION. A  
27 landlord is deemed to have complied with this ~~section~~ REQUIREMENT by

1 ~~mailing said~~ SENDING THE statement, ~~and~~ any REQUIRED payment, AND  
2 ANY required DOCUMENTATION to the last-known address of the tenant OR  
3 TO ANY EMAIL ADDRESS FOR THE TENANT THAT THE LANDLORD HAS  
4 ACTUAL NOTICE OF OR BY SENDING ANY REQUIRED PAYMENT TO THE  
5 TENANT IN ACCORDANCE WITH SUBSECTION (10) OF THIS SECTION.

6 (b) ~~Nothing in this section shall preclude the landlord from~~  
7 ~~retaining~~ EXCEPT AS PROVIDED IN SUBSECTION (3.5)(a)(IV) OF THIS  
8 SECTION, A LANDLORD HAS ACTUAL CAUSE TO RETAIN REASONABLE  
9 AMOUNTS FROM the security deposit ONLY for:

10 (I) Nonpayment of rent; ~~abandonment of the premises, or~~

11 (II) Nonpayment of utility charges; ~~repair work, or cleaning~~  
12 ~~contracted for by the tenant.~~

13 (III) NONPAYMENT OF OTHER LAWFUL CHARGES LISTED IN THE  
14 LEASE; OR

15 (IV) NECESSARY REPAIR WORK FOR DAMAGE OR DEFECTIVE  
16 CONDITIONS THAT EXCEED NORMAL WEAR AND TEAR AND DID NOT  
17 PREEXIST THE TENANCY.

18 (1.5) UPON A TENANT'S REQUEST, A LANDLORD SHALL PROVIDE  
19 THE TENANT A WALK-THROUGH INSPECTION, EITHER IN PERSON OR VIA A  
20 TELECOMMUNICATION-ASSISTED INTERACTIVE WALK-THROUGH, OF THE  
21 DWELLING UNIT TO IDENTIFY IN WRITING ANY DAMAGE OR DEFECTIVE  
22 CONDITIONS THAT ARE BEYOND NORMAL WEAR AND TEAR AND THAT DID  
23 NOT PREEXIST THE TENANCY. THE LANDLORD SHALL PROVIDE A  
24 WALK-THROUGH INSPECTION AT A TENANT'S REQUEST, AT A TIME THAT IS  
25 MUTUALLY CONVENIENT TO THE PARTIES, BEFORE THE TERMINATION OF  
26 THE LEASE OR THE SURRENDER OF THE PREMISES, AND AFTER THE TENANT  
27 HAS HAD THE OPPORTUNITY TO REMOVE FURNITURE.

1           (2) ~~The failure of~~ IF a landlord FAILS to ~~provide a written~~  
2 ~~statement within the required time specified in subsection (1) of~~ COMPLY  
3 WITH THE REQUIREMENTS OF this section ~~shall work a forfeiture of all his~~  
4 OR OTHERWISE WRONGFULLY WITHHOLDS A SECURITY DEPOSIT OR ANY  
5 PORTION OF A SECURITY DEPOSIT, THE LANDLORD FORFEITS THE  
6 LANDLORD'S rights to withhold any portion of the security deposit under  
7 this section.

8           (2.5) A LANDLORD IS DEEMED TO HAVE WRONGFULLY WITHHELD  
9 A SECURITY DEPOSIT OR ANY PORTION OF IT IN VIOLATION OF THIS SECTION  
10 IF THE LANDLORD:

11           (a) FAILS TO TIMELY PROVIDE THE WRITTEN STATEMENT REQUIRED  
12 BY SUBSECTION (1) OF THIS SECTION AND ALL RELEVANT DOCUMENTATION  
13 REQUIRED BY SUBSECTION (8) OF THIS SECTION;

14           (b) PROVIDES A WRITTEN STATEMENT THAT FAILS TO LIST THE  
15 EXACT REASONS FOR THE RETENTION OF ANY PORTION OF THE SECURITY  
16 DEPOSIT;

17           (c) FAILS TO RETURN THE DIFFERENCE BETWEEN ANY SUM  
18 DEPOSITED AND THE AMOUNT RETAINED WITHIN THE TIME SPECIFIED IN  
19 SUBSECTION (1) OF THIS SECTION; OR

20           (d) RETAINS A SECURITY DEPOSIT OR ANY PORTION OF IT IN BAD  
21 FAITH AS DESCRIBED IN SUBSECTION (3.5) OF THIS SECTION.

22           (3) (a) The ~~willful~~ WRONGFUL retention of a security deposit in  
23 violation of this section ~~shall render~~ RENDERS a landlord liable for treble  
24 the amount of that portion of the security deposit wrongfully withheld  
25 from the tenant, together with reasonable attorney fees and court costs;  
26 except that the tenant ~~has the obligation to give notice to~~ SHALL NOTIFY  
27 the landlord of ~~his~~ THE TENANT'S DEMAND FOR THE RETURN OF THE

1 SECURITY DEPOSIT AND intention to file legal proceedings ~~a minimum of~~  
2 AT LEAST seven days ~~prior to~~ BEFORE filing ~~said~~ THE action.

3 (b) In ~~any~~ A court action brought by a tenant under this section,  
4 the landlord ~~shall bear~~ BEARS the burden of proving that ~~his~~ THE  
5 LANDLORD'S withholding of the security deposit or any portion of it was  
6 not wrongful AND THAT THE LANDLORD COMPLIED WITH THE  
7 REQUIREMENTS OF THIS SECTION.

8 (c) A TENANT MAY BRING A COURT ACTION FOR TREBLE DAMAGES,  
9 REASONABLE ATTORNEY FEES, AND COURT COSTS ONLY IF THE LANDLORD  
10 FAILS TO RETURN THE ENTIRE SECURITY DEPOSIT OR ANY WITHHELD  
11 PORTION TO THE TENANT WITHIN SEVEN DAYS AFTER RECEIVING A  
12 DEMAND AND NOTICE OF THE TENANT'S INTENTION TO FILE LEGAL  
13 PROCEEDINGS AS DESCRIBED IN SUBSECTION (3)(a) OF THIS SECTION.

14 (3.5) (a) A LANDLORD RETAINS A SECURITY DEPOSIT OR ANY  
15 PORTION OF IT IN BAD FAITH IF THE AMOUNT RETAINED BY THE LANDLORD:

16 (I) UNREASONABLY EXCEEDS THE AMOUNT OF ACTUAL DAMAGES  
17 THE LANDLORD INCURRED;

18 (II) IS RETAINED WITHOUT ACTUAL CAUSE EXISTING FOR THE  
19 RETENTION OF THE AMOUNT;

20 (III) IS AN AMOUNT THE LANDLORD KNEW OR SHOULD HAVE  
21 KNOWN EXCEEDED THE ACTUAL DAMAGES THE LANDLORD INCURRED OR  
22 WOULD INCUR; OR

23 (IV) IS RETAINED SOLELY OR IN PART FOR AN UNLAWFUL,  
24 RETALIATORY, OR DISCRIMINATORY PURPOSE.

25 (b) AN AMOUNT RETAINED BY A LANDLORD IS PRESUMED TO  
26 UNREASONABLY EXCEED THE AMOUNT OF ACTUAL DAMAGES THE  
27 LANDLORD INCURRED IF THE AMOUNT RETAINED IS ONE HUNDRED

1 TWENTY-FIVE PERCENT OR GREATER THAN THE ACTUAL DAMAGES  
2 INCURRED. NOTHING IN THIS SUBSECTION (3.5)(b) PREVENTS A COURT OR  
3 JURY FROM FINDING THAT A LESSER AMOUNT RETAINED BY A LANDLORD  
4 UNREASONABLY EXCEEDS THE AMOUNT OF ACTUAL DAMAGES THE  
5 LANDLORD INCURRED.

6 (c) IN A COURT ACTION BROUGHT BY A TENANT UNDER THIS  
7 SECTION, THE LANDLORD BEARS THE BURDEN OF PROVING THE AMOUNT OF  
8 ACTUAL DAMAGES THE LANDLORD INCURRED.

9 (d) IF A LANDLORD RETAINS A SECURITY DEPOSIT OR ANY PORTION  
10 OF IT IN GOOD FAITH AND OTHERWISE COMPLIES WITH ALL REQUIREMENTS  
11 OF THIS SECTION BUT IS FOUND IN A CIVIL ACTION TO HAVE REASONABLY  
12 RETAINED AN AMOUNT THAT EXCEEDED THE ACTUAL DAMAGES THE  
13 LANDLORD INCURRED, THE LANDLORD SHALL BE LIABLE TO THE TENANT  
14 ONLY FOR THE EXCESS AMOUNT RETAINED AND COURT COSTS.

15 (4) Upon cessation of ~~his~~ A LANDLORD'S interest in ~~the~~ A dwelling  
16 unit, whether by sale, assignment, death, appointment of a receiver, or  
17 otherwise, the person in possession of the TENANT'S security deposit,  
18 including ~~but not limited to~~ the landlord, ~~his~~ THE LANDLORD'S agent, or  
19 ~~his~~ THE LANDLORD'S executor, shall, within ~~a reasonable time~~ SIXTY  
20 DAYS:

21 (7) (a) Any provision, whether oral or written, in or pertaining to  
22 a rental agreement whereby ~~any~~ A provision of this ~~section~~ PART 1 THAT  
23 IS for the benefit of a tenant or members of ~~his~~ THE TENANT'S household  
24 is waived ~~shall be~~ OR MODIFIED IS deemed to be against public policy and  
25 ~~shall be~~ void.

26 (b) A PROVISION, WHETHER ORAL OR WRITTEN, IN OR PERTAINING  
27 TO A RENTAL AGREEMENT, WHICH PROVISION ASSIGNS A FEE OR CHARGE

1 TO A TENANT FOR REPAIRS, CLEANING, OR OTHER NECESSARY WORK DUE  
2 TO NORMAL WEAR AND TEAR OR FOR ANY DAMAGE OR DEFECTIVE  
3 CONDITION THAT PREEXISTS THE TENANCY, IS DEEMED TO BE AGAINST  
4 PUBLIC POLICY AND VOID.

5 (8) FOR A TERMINATION OF A LEASE OR A SURRENDER OF THE  
6 PREMISES ON OR AFTER THE EFFECTIVE DATE OF THIS SECTION, AS  
7 AMENDED, A LANDLORD THAT PROVIDES A TENANT WITH A WRITTEN  
8 STATEMENT PURSUANT TO SUBSECTION (1) OF THIS SECTION SHALL ALSO  
9 INCLUDE WITH THE WRITTEN STATEMENT ANY RELEVANT  
10 DOCUMENTATION IN THE LANDLORD'S POSSESSION OR CONTROL,  
11 INCLUDING PHOTOGRAPHS, INSPECTION FORMS OR REPORTS, RECEIPTS,  
12 INVOICES, OR ESTIMATES, THAT IS RELEVANT TO THE RETENTION OF THE  
13 TENANT'S SECURITY DEPOSIT OR ANY PORTION OF THE SECURITY DEPOSIT.

14 (9) IF A LANDLORD'S PAYMENT REFUNDING A TENANT'S SECURITY  
15 DEPOSIT OR ANY PORTION OF IT AS REQUIRED BY THIS SECTION IS  
16 RETURNED TO THE LANDLORD AFTER IT IS SENT TO THE TENANT'S  
17 LAST-KNOWN ADDRESS, THE LANDLORD SHALL HOLD THE PAYMENT FOR  
18 AT LEAST ONE YEAR AFTER RECEIVING IT AND SHALL DISBURSE THE  
19 PAYMENT TO THE TENANT WITHIN THREE BUSINESS DAYS AFTER THE  
20 TENANT'S REQUEST.

21 (10) A LANDLORD MAY SEND A PAYMENT REFUNDING A TENANT'S  
22 SECURITY DEPOSIT OR ANY PORTION OF IT AS REQUIRED BY THIS SECTION  
23 TO THE TENANT BY MAILING THE PAYMENT TO THE TENANT'S LAST-KNOWN  
24 ADDRESS OR, WITH THE TENANT'S CONSENT, BY USING A SECURED  
25 ELECTRONIC TRANSFER OF FUNDS.

26 (11) (a) A LANDLORD DOES NOT HAVE ACTUAL CAUSE TO RETAIN  
27 ANY AMOUNT OF A SECURITY DEPOSIT TO PAY FOR THE REPLACEMENT OF

1 CARPET THROUGHOUT A DWELLING UNIT UNLESS THERE IS SUBSTANTIAL  
2 AND IRREPARABLE DAMAGE TO THE CARPET THAT EXCEEDS NORMAL WEAR  
3 AND TEAR AND DID NOT PREEXIST THE TENANCY.

4 (b) A LANDLORD DOES NOT HAVE ACTUAL CAUSE TO RETAIN ANY  
5 AMOUNT OF A SECURITY DEPOSIT TO PAY FOR PAINTING THROUGHOUT THE  
6 INTERIOR OF A DWELLING UNIT UNLESS THERE IS SUBSTANTIAL DAMAGE TO  
7 THE INTERIOR WALLS OR CEILING THROUGHOUT THE ENTIRE DWELLING  
8 UNIT THAT EXCEEDS NORMAL WEAR AND TEAR AND DID NOT PREEXIST THE  
9 TENANCY.

10 (c) IF A LANDLORD HAS ACTUAL CAUSE TO RETAIN ANY AMOUNT  
11 OF A SECURITY DEPOSIT FOR THE REPLACEMENT OF CARPET OR FOR  
12 PAINTING THROUGHOUT THE INTERIOR OF A DWELLING UNIT, THE  
13 LANDLORD MAY RETAIN ONLY THE MINIMUM AMOUNT OF THE DEPOSIT  
14 NECESSARY TO REPLACE THE CARPET OR TO REPAINT THE WALLS OR  
15 CEILING IN THE AREA OF THE PREMISES THAT IS DAMAGED.

16 (d) A LANDLORD SHALL NOT DEEM CARPET TO BE SUBSTANTIALLY  
17 AND IRREPARABLY DAMAGED IF THE CARPET HAS NOT BEEN REPLACED  
18 WITH NEW CARPET WITHIN TEN YEARS PRECEDING THE TERMINATION OF  
19 THE LEASE OR SURRENDER OF THE PREMISES.

20

21 **SECTION 3. Act subject to petition - effective date -**  
22 **applicability.** (1) This act takes effect January 1, 2026; except that, if a  
23 referendum petition is filed pursuant to section 1 (3) of article V of the  
24 state constitution against this act or an item, section, or part of this act  
25 within such period, then the act, item, section, or part will not take effect  
26 unless approved by the people at the general election to be held in  
27 November 2026 and, in such case, will take effect on the date of the

- 1 official declaration of the vote thereon by the governor.
- 2 (2) This act applies to conduct occurring on or after the applicable
- 3 effective date of this act.