



Fiscal Note

Legislative Council Staff

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HB 25-1078: FORESTRY & FIREFIGHTER WORKFORCE & EDUCATION

Prime Sponsors:

Rep. Boesenecker; Velasco

Sen. Marchman; Cutter

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Appropriations Committee.

Summary Information

Overview. The bill creates a revolving loan program for fire departments and a Firefighter First Home Ownership Program, using funds from the Unclaimed Property Trust Fund.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis.

- State Revenue
- State Expenditures
- State Loans
- Local Government
- Statutory Public Entity

Appropriations. No appropriation is required as the newly created Fire Department Revolving Loan Fund is continuously appropriated to the Department of Local Affairs.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-\$622,910	-\$667,910
State Expenditures	\$25,083,590	\$25,091,871
State Loans	\$50,000,000	\$0
Change in TABOR Refunds	\$877,090	\$877,090
Change in State FTE	1.7 FTE	1.9 FTE

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Fire Department Revolving Loan Fund – Fees	\$124,582	\$124,582
Fire Department Revolving Loan Fund – Interest	\$752,508	\$752,508
Unclaimed Property Trust Fund - Interest	-1,500,000	-1,545,000
Total Revenue	-\$622,910	-\$667,910

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Fire Department Revolving Loan Fund	\$25,052,709	\$25,057,349
Federal Funds	\$0	\$0
Centrally Appropriated	\$30,881	\$34,522
Total Expenditures	\$25,083,590	\$25,091,871
Total FTE	1.7 FTE	1.9 FTE

**Table 1C
State Loans**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Unclaimed Property Trust Fund	-\$50,000,000	\$0
Fire Department Revolving Loan Fund	\$50,000,000	\$0
Net Transfer	\$0	\$0

Summary of Legislation

The bill creates a revolving loan program for fire departments in the Department of Local Affairs (DOLA) using a loan from the Unclaimed Property Trust Fund (UPTF) and allows the State Treasurer to invest UPTF money in the newly created Firefighter First Home Ownership Program.

Fire District Revolving Loan Fund

The bill requires that the UPTF in the Department of the Treasury make a \$50 million interest-free loan to DOLA to support a zero-interest revolving loan fund that benefits fire departments, fire protection districts, and metropolitan or county improvement districts that provide fire protection. The loan is deposited in the newly created Fire Department Revolving Loan Fund, and must be repaid by July 1, 2065.

The bill specifies allowable uses of the loans, including trucks, equipment, facilities, infrastructure, capital improvements, and excess costs incurred in responding to emergencies. DOLA must consult with the Department of Public Safety and a statewide organization representing firefighters regarding the rules, policies, and procedures for the program.

DOLA may initially use up to 2 percent of the loan to cover administrative costs and may charge an administrative fee of up to 0.5 percent of the principal amount of a loan made under the program. DOLA may also use earnings from the investment of the loan to cover administrative expenses. Fee revenue and interest earnings are deposited in the Fire Department Revolving Loan Fund. The fund is continuously appropriated to DOLA.

Firefighter Housing Ownership Program

The bill creates the Firefighter First Home Ownership Program to support firefighter homeownership, address firefighter shortages, and support the retention of firefighters. The State Treasurer may invest money from the UPTF into the program, which is managed by the Colorado Housing and Finance Authority (CHFA).

If implemented, the State Treasurer must purchase mortgage products from CHFA in tranches of reasonable, mutually agreed upon amounts. CHFA is entitled to customary fees for managing the program. CHFA must establish guidelines for the program that:

- prioritize first-time homebuyers;
- provide shared equity down payment assistance to firefighters;
- allow appreciation-sharing between the program and the homeowner;
- pair a borrower with a first mortgage loan through CHFA's lender network; and
- serve home buyers across diverse geographic areas and housing markets.

The program manager must annually report to the State Treasurer on program participation. If CHFA elects to no longer serve as program manager, the State Treasurer must select another program manager.

State Revenue

On net, the bill is estimated to reduce state revenue by about \$623,000 per year. This revenue results from an increase in administrative fees and interest to the Fire Department Revolving Loan Fund and a reduction of interest to the UPTF. As discussed below, this estimate depends on the amount of loans awarded by DOLA and may be higher or lower than estimated.

Interest Earnings to Fire Department Revolving Loan Fund

Interest earnings will increase to the Fire Department Revolving Loan Fund. The amount earned will depend on the fund balance and loan cycles and is expected to range from \$0 if the full amount of available funds is awarded as loans, up to \$1.4 million per year if only 10 percent of available funds are loaned. The fiscal note assumes that 50 percent of available funds are awarded in FY 2025-26 and FY 2026-27; thus, DOLA will have about \$752,500 in interest earnings that may be used to fund its administrative expenditures. This revenue is subject to TABOR.

Fee Revenue

The bill allows DOLA to charge an administrative fee of up to 0.5 percent of the principal amount of a loan made to a fire district. This is expected to generate about \$250,000 based on the amount expected to be available for loan awards, \$49.8 million, each time that amount of funding is loaned. The fiscal note assumes that half of the available funds will be loaned out in FY 2025-26 and FY 2026-27, generating about \$125,000 each year in fee revenue. Actual fee revenue depends on the loan principal amounts and how often new loans are made over the 40-year program. Fee revenue is deposited in the Fire Department Revolving Loan Fund and is subject to TABOR.

Interest on the Unclaimed Property Fund

The \$50.0 million loan to DOLA results in a reduction of interest revenue to the UPTF. The amount of interest revenue lost depends on interest rates, and other changes to the fund's balance. Assuming a 3 percent annual interest rate, the amount of revenue lost is estimated at \$1.5 million per year in FY 2025-26 and FY 2026-27. Over the 40-year lifespan of the loan, the total revenue lost is an estimated \$113.1 million. Interest earned on money in the Unclaimed Property Trust Fund is not subject to TABOR.

If the State Treasurer invests a portion of the UPTF in the Firefighter First Homeownership program, it may produce below-market returns which would result in a reduction of interest revenue for the UPTF. Any change is conditional upon an investment in the program and depends on the amount invested. Investment income in the UPTF is not subject to TABOR.

State Loans

On July 1, 2025, the bill requires a transfer of \$50 million from the UPTF to the Fire Department Revolving Loan Fund in DOLA, in the form of an interest-free loan that must be repaid by July 1, 2065.

State Expenditures

The bill increases state expenditures by \$50 million in DOLA, starting in FY 2025-26 and spent over multiple years. In addition, the bill may increase state expenditures by an additional \$200,000, conditional on the State Treasurer investing funds in the Firefighter First Home Ownership Program. These impacts are shown in Table 2 and discussed below.

Table 2
State Expenditures
Department of Local Affairs

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$104,981	\$117,425
Operating Expenses	\$2,176	\$2,432
Capital Outlay Costs	\$13,340	\$0
Travel	\$5,280	\$5,280
Database Costs	\$10,521	\$10,521
Loans	\$24,916,411	\$24,916,411
Centrally Appropriated Costs	\$30,881	\$34,522
Total Costs	\$25,083,590	\$25,091,871
Total FTE	1.7 FTE	1.9 FTE

Department of Local Affairs

The bill increases state expenditures by \$50 million in DOLA over 40 years, from the Fire Department Revolving Loan Fund. Of this amount, about \$167,000 is expected to be used each year for administrative costs, for a total of \$6.8 million over the 40-year program, which may be offset by fees and interest earnings, as discussed in the State Revenue section.

Staff Costs

DOLA requires 1.9 FTE to administer the program, including underwriting, servicing loans, and promoting the program. First year costs are prorated for an August start date. DOLA will also incur staff travel costs, estimated at \$5,280 per year.

Database Costs

DOLA will also incur costs to modify existing databases to manage loans under the program. Costs are estimated at about \$10,500 per year.

Loans

Assuming administrative costs are covered by fee and interest revenue, the remaining \$49.8 million will be awarded as loans over the duration of the program. The fiscal note assumes 50 percent of the amount available for loans will be awarded in both FY 2025-26 and FY 2026-27.

Department of Treasury

Conditional upon the State Treasurer investing money from the UPTF into the Firefighter First Homeownership Program, the bill increases state expenditures in the Department of Treasury. Costs are estimated at \$200,000, which includes about 2.0 FTE to manage the investment of funds outside the current Treasury Portfolio.

The fiscal note assumes that if the State Treasurer decides to invest UPTF into the program, the Department of Treasury will either do so when the department can absorb the additional workload, or request the additional funding through the annual budget process. As a result, the fiscal note assumes that additional costs will not be incurred in FY 2025-26.

Department of Public Safety

The bill also minimally increases workload for the Department of Public Safety to consult with DOLA on the loan program guidelines. The fiscal note assumes this workload is absorbable.

Centrally Appropriated Costs

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. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

TABOR Refunds

Funds in the UPTF are exempt from TABOR, but may become subject to TABOR when transferred to other funds to be used for governmental purposes. If DOLA is unable to repay the loan in full, any unpaid balance will constitute a transfer to a state cash fund and that amount will count against the state's TABOR limit.

Additionally, the bill allows for a collection of an administrative fee for loans made to fire departments, and interest earnings on unspent money in the revolving loan program. As discussed above in the State Revenue section, the bill is expected to generate about \$125,000 per year in fee revenue and \$750,000 per year in interest earnings, for a total of \$877,000 subject to TABOR. The actual TABOR impact depends on how much is awarded as loans; revenue subject to TABOR could increase by up to \$1.4 million if DOLA only distributes 10 percent of available funds in a given year. This revenue is subject to TABOR.

Statutory Public Entity

Conditional upon the State Treasurer investing UPTF money into the Firefighter First Home Ownership Program, the bill increases revenue and expenditures in CHFA to administer the program. CHFA will have revenue from the Department of Treasury purchasing mortgage products in regular tranches and fees for the services provided. Expenditures will increase to provide the services to program participants and invest the funds as specified in the bill.

Local Government

Fire departments, including those run by municipalities, counties, and fire districts, are eligible to receive loans through the revolving loan program. If a fire department chooses to pursue a loan, its workload, revenue, and expenditures will increase.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Local Affairs

Treasury