



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1272: CONSTRUCTION DEFECTS & MIDDLE MARKET HOUSING

Prime Sponsors:

Rep. Bird; Boesenecker

Sen. Coleman; Roberts

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee.

Summary Information

Overview. The bill creates restrictions and requirements on construction defect claims for multifamily housing.

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

- Minimal State Revenue
- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill creates the Multifamily Construction Incentive Program to limit the grounds for which a construction defect can be claimed against participating builders. It specifies additional criteria that must be satisfied to file a construction defect on applicable middle market housing and requires a claimant to mitigate damage before filing a claim. When a participating construction professional receives a claim, they must provide documentation to the claimant related to building plans, soil reports, maintenance recommendations, and insurance. Builders of multifamily, attached housing of at least two units may participate in the program by providing warranties against defects meeting certain standards and providing a third-party inspection.

For housing in the program sold on or after January 1, 2026, the bill creates an eight-year statute of limitations for construction defect claims, unless the defect was covered by a warranty, in which case the limitation is 6 years.

Under current law, an HOA board may initiate a construction defect action with a majority vote. The bill increases this threshold to 65 percent.

State Revenue and Expenditures

The bill minimally reduces revenue and workload in the Judicial Department to the extent the changes in the bill result in fewer construction defect cases filed in trial courts. No change in appropriations is required. Filing fees are subject to TABOR.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to claims brought on or after that date.

State and Local Government Contacts

Judicial

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).