



**Colorado
Legislative
Council
Staff**

HB17-1263

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-1045
Prime Sponsor(s): Rep. McKean; Hansen
Sen. Gardner

Date: March 28, 2017
Bill Status: House Business
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: LIMITED LINES SELF-STORAGE INSURANCE LICENSE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	\$8,664	Less than \$5,855
General Fund		Less than 5,000
Cash Funds	8,664	855
State Expenditures	Workload increase.	
TABOR Impact	\$8,664	Less than \$5,855
Appropriation Required:	None.	
Future Year Impacts:	Ongoing revenue and workload increase.	

Summary of Legislation

This bill allows the Commissioner of Insurance to issue a limited lines self-storage license to an owner or operator of a self-service storage facility and requires that any owner or operator engaging in the sale of limited lines self-storage insurance must be licensed by July 1, 2018. The limited lines self-storage insurance may be sold to a self-storage occupant to provide coverage only for damage or loss to the personal property of the occupant contained in the self-storage space.

The bill specifies the disclosures that must be provided to an occupant in writing prior to policy issuance and the requirements for termination of coverage. The owner of the self-service storage facility is required to provide training for the sale, solicitation, or negotiation of the self-storage insurance to any employee or operator who is directly engaged in those activities. A self-storage insurance producer's license will be perpetually continued unless revoked or suspended as long as the continuation fee is paid.

State Revenue

This bill will increase state revenue by \$8,664 in FY 2017-18 and less than \$5,855 in FY 2018-19. The includes cash fund revenue from licensing fees of \$8,664 in FY 2017-18 and \$855 in FY 2018-19 from fees to the Division of Insurance Cash Fund, and a potential General Fund revenue increase of less than \$5,000 beginning in FY 2018-19 from penalties. The current fee that will apply to the limited lines self-storage license is \$57 for the license which will be renewed every two years automatically on the last day of the producer's birth month. The fee impact is shown in Table 1 below.

Assumptions. The fiscal note assumes that 75 percent of the 202 members of the Colorado Self Storage Association will apply for licenses in FY 2017-18 and an additional 10 percent in FY 2018-19.

Table 1. Fee Impact on Self-Storage Owners and Operators			
Type of Fee	Current Fee	Number Affected	Total Fee Impact
Limited lines self-storage license FY 2017-18	\$57	152	\$8,664
Limited lines self-storage license FY 2018-19	57	15	855

TABOR Impact

This bill increases state cash fund revenue from fees and General Fund revenue from fines, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. In years when the state collects revenue above the TABOR limit, the increase in General Fund revenue has no net impact on the amount of money available in the General Fund for the budget, as both revenue to the General Fund and the refund obligation increase by equal amounts. However, the increase in cash fund revenue increases the TABOR refund obligation, decreasing the amount of money available in the General Fund for the budget on a dollar-for-dollar basis. In future years when the state does not collect revenue above the TABOR limit, the bill's impact on General Fund revenue will increase money available for the General Fund budget.

State Expenditures

This bill will increase workload for the Division of Insurance in DORA beginning in FY 2017-18. The division will promulgate rules for the new license, respond to inquiries, and take enforcement action when indicated. The division uses a vendor to process producer licenses so license processing will not affect division workload. The workload increase can be accomplished within existing appropriations.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology

Law

Regulatory Agencies