



**Colorado
Legislative
Council
Staff**

HB17-1352

**REVISED
FISCAL NOTE**

(replaces fiscal note dated April 24, 2017)

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

Drafting Number: LLS 17-0773
Prime Sponsor(s): Rep. Winter
Sen. Moreno

Date: May 1, 2017
Bill Status: House Appropriations
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: REGULATE STUDENT EDUCATION LOAN SERVICERS

Fiscal Impact Summary	FY 2017-18	FY 2018-2019	FY 2019-20
State Revenue			
State Expenditures		\$120,539	\$160,966
General Fund		118,402	155,838
Centrally Appropriated Costs		2,137	5,128
FTE Position Change		0.4 FTE	1.0 FTE
Appropriation Required: None required. See State Appropriations section.			
Future Year Impacts: Ongoing expenditure and revenue impact.			

Summary of Legislation

This bill requires that entities that contract with the federal government to service student education loans obtain a license from the Department of Higher Education (DHE). The bill identifies exempt entities, such as loan originators and lenders who are already licensed under current law. The DHE must adopt rules for the new license requirement and begin licensing entities no later than September 1, 2018.

State Expenditures

Beginning in FY 2018-19, the bill increases General Fund expenditures in the DHE by \$120,539 and 0.4 FTE. For FY 2019-20, increased expenditures are \$160,966 and 1.0 FTE.

In FY 2018-19, the DHE requires 0.4 FTE Administrative Assistant III to adopt rules for the licensing program, provide outreach and technical support, verify participant eligibility, and to prepare to issue vendor licenses by September 1. Beginning with FY 2019-20, personal service needs increase to 1.0 FTE for the department to conduct annual audits to ensure regulatory requirements are being met by the newly licensed community. The department will also have increased workload to investigate and respond to complaints. The Department of Law will provide 1,000 hours of legal services annually. New expenditures are displayed in Table 1.

Table 1. Expenditures Under HB 17-1352		
Cost Components	FY 2018-19	FY 2019-20
Personal Services	\$22,972	\$55,135
FTE	0.4 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	380	5,653
Legal Services	95,050	95,050
Centrally Appropriated Costs*	2,137	5,128
TOTAL	\$120,539	\$160,966

* Centrally appropriated costs are not included in the bill's appropriation.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under HB17- 1352		
Cost Components	FY 2018-19	FY 2019-20
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$78	\$188
Supplemental Employee Retirement Payments	2,059	4,940
TOTAL	\$2,137	\$5,128

Effective Date

The bill takes effect September 1, 2018, if no referendum petition is filed, and applies to conduct occurring on or after that date.

State Appropriations

Since the bill is not effective until September 1, 2018, no appropriation is necessary for FY 2017-18. New expenditures will begin in FY 2018-19.

State and Local Government Contacts

Higher Education Law