Colorado Legislative Council Staff

SB17-216

REVISED FISCAL NOTE

(replaces fiscal note dated March 17, 2017)

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

Drafting Number:	LLS 17-0298	**Date:**	April 25, 2017
Prime Sponsor(s):	Sen. Gardner Rep. Becker K.; Lontine	**Bill Status:**	House Finance
		Fiscal Analyst:	Erin Reynolds (303-866-4146)

BILL TOPIC: SUNSET CONTINUE FAIR DEBT COLLECTIONS ACT

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		$779,000
Continuing revenue		
Cash Funds		779,000
New revenue		
Cash Funds		
State Expenditures	$6,640	$805,640
Continuing expenditures		
Cash Funds		799,000
New expenditures		
Cash Funds	6,640	6,640
TABOR Impact		None. See TABOR Impact section.
FTE Position Change		7.0 FTE
Appropriation Required: $6,640 - Department of Law (FY 2017-18).		
Future Year Impacts: Continuation of revenue and expenditures through FY 2028-29.		

Summary of Legislation

The ***reengrossed*** bill continues the Colorado Fair Debt Collection Practices Act for 11 years, through September 1, 2028, and implements the recommendation from the Department of Regulatory Agencies' (DORA) sunset report that the Collection Agency Board be repealed.

The bill also makes clarifications to debt collection laws that apply to consumer debts bought or sold on or after January 1, 2018. It defines the term "debt buyer"; makes debt buyers exempt from bond requirements, with an exception for debt buyers that provide third-party debt collections; and outlines the legal process for actions on debts owned by a debt buyer by a debt collector or a collection agency.

The bill also clarifies that the one-year statute of limitations on debt collection-related actions applies to private actions, and a two-year statute of limitations applies to public actions brought by the Administrator of the Uniform Consumer Credit Code.

Finally, the bill requires the administrator to prepare a biannual report to be submitted to the Judiciary committees of the General Assembly and published online on the Attorney General's website by July 1 and December 1 of each year. The report must address enforcement actions, complaint outcomes, and how changes to the program relate to industry and customer concerns, as well as several other detailed requirements outlined in the bill. In addition, to promote information sharing, the administrator must host biannual meetings to share the report and attend a variety of other meetings, as outlined in the bill. The bill's reporting and meeting requirements are repealed July 1, 2020.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Department of Law that is set to repeal effective July 1, 2017. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18 since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request. Based on the budget request for FY 2017-18, the program is anticipated to have continuation revenue of $779,000 and continuation expenditures of $799,000, which includes an allocation of 7.0 FTE, in FY 2018-19.

State Revenue

By continuing the Colorado Fair Debt Collection Practices Act, the bill increases cash fund revenue to the Department of Law by an estimated $779,000 in FY 2018-19 from licensing fees and enforcement fines, deposited into the Collection Agency Cash Fund. This revenue represents a continuation of existing revenue to the program.

TABOR Impact

Because the Legislative Council Staff revenue forecast already accounts for continued revenue from the Colorado Fair Debt Collection Practices Act, the bill does not require an adjustment to the amount required to be set aside in the budget for TABOR refunds.

State Expenditures

By continuing and modifying the Colorado Fair Debt Collection Practices Act in the Department of Law, the bill increases net expenditures by $6,640 in FY 2017-18 and $805,640 and an allocation of 7.0 FTE in FY 2018-19, paid from the Collection Agency Cash Fund. This includes a $860 cost savings from the repeal of the Collection Agency Board beginning in FY 2017-18 and an estimated $7,500 increase to cover travel, conference registration, and hotel for two employees, estimated at $1,250 per employee per conference from FY 2018-19 through FY 2019-20. The FY 2018-19 cost also includes the continuation of the program beyond its current repeal date and wind-up period.

The bill also requires the Department of Law to create a biannual report and to host biannual meetings to present its reports. The department can create the reports within existing workloads. Assuming that the two meetings take place in the Carr Colorado Judicial Center and that the department is under no obligation to pay any portion of travel costs or refreshments associated with these meetings, the meetings are also assumed to be accomplished within existing appropriations. Should the department require additional resources, it will be requested during the annual budget process.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that Sections 3, 4, and 7 take effect January 1, 2018.

State Appropriations

In FY 2017-18, the bill includes a reduction in cash fund appropriations of $860 for the Department of Law from the Collection Agency Cash Fund. The bill requires an increase in cash fund appropriations of $6,640 to the Department of Law from the Collection Agency Cash Fund.

State and Local Government Contacts

Information Technology	Law	Personnel