



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 18-1267
Prime Sponsors: Rep. Esgar

Date: April 30, 2018
Bill Status: House Finance
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Bill Topic: PROTECTION OF COLORADO CALL CENTER JOBS

**Summary of
Fiscal Impact:** State Revenue (*potential*)
 State Expenditure (*potential*)
 State Transfer TABOR Refund (*potential*)
 Local Government
 Statutory Public Entity

This bill requires a call center business to notify the Office of Economic Development and International Trade before it plans to terminate or relocate customer service positions. It potentially increases state revenue and expenditures on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** The fiscal note reflects the introduced bill.

Summary of Legislation

This bill requires a call center business that employs at least 50 people to notify the Office of Economic Development and International Trade (OEDIT) at least 120 days before it plans to:

- terminate Colorado customer service employee positions that handle at least 50 percent of total call volume for the business; and
- relocate the duties of those positions to persons in one or more call centers located outside of the United States.

Violations. Businesses that violate the bill's requirements are liable to the state for a civil penalty of up to \$5,000 per day of being in violation. The Attorney General is authorized to recover civil penalties on behalf of the state. The OEDIT must maintain, publish, and distribute a list of call center businesses that have terminated and relocated customer service positions. Businesses retain their position on the list for five years, unless the business relocates as many customer service positions in the state as it previously terminated.

Public subsidies. The state is prohibited from awarding or providing a public subsidy to any business on the list except when doing so would result in a substantial job loss to Colorado or harm the environment. The bill defines a public subsidy as an economic stimulus benefit including a grant, loan, loan guarantee, fee waiver, land price subsidy, matching funds, tax refund, tax rebate, tax abatement, infrastructure development or improvement, or other benefit allowed in an enterprise zone. A business that has received a public subsidy and is subsequently placed on the list must repay that subsidy. Repayments are credited to the General Fund.

Public contracts. When awarding a contract for services, the state must give preference to a business that doesn't appear on the violation list. In addition, any call center services performed on behalf of the state must be performed in Colorado by employees in the state. If any such services are currently performed outside of Colorado, they must be relocated to the state within two years.

State Revenue

Beginning in FY 2018-19, this bill may increase state General Fund revenue from any public subsidy repayments or civil penalties assessed under the bill. These amounts are not estimated.

TABOR Refund

To the extent that this bill increases state revenue from civil penalties and public subsidy repayments, it will increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. Since the bill may increase revenue to the General Fund and the refund obligation by equal amounts, there is no net impact on the amount of money available in the General Fund for the budget. However, the bill may increase money for the General Fund budget in the future during years when the state does not collect revenue above the TABOR limit. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

Beginning in FY 2018-19 and to the extent that affected businesses choose to terminate or relocate customer service positions, workload will increase for the OEDIT to maintain, publish, distribute, and update a list of businesses. For businesses that do not provide appropriate notice requirements, workload will increase for the Attorney General's Office in the Department of Law and trial courts to recover civil penalties. These workload impacts are minimal and do not require an increase in appropriations for any of the affected agencies.

The fiscal note assumes that the bill will not alter the amount of public subsidies distributed by the state, although it may alter which businesses receive them. The bill has the potential to increase state expenditures if the requirements concerning public contracting result in higher prices for goods and services. These impacts are speculative and have not been estimated. As of this writing it is not known whether the state has any call center work being performed outside of Colorado. As such, no costs for relocating this work have been identified.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed. It applies to a bid for a contract submitted or an application for a public subsidy filed on or after this date.

State and Local Government Contacts

All State Agencies