Colorado Legislative Council Staff

HB17-1352

REVISED FISCAL NOTE

(replaces fiscal note dated May 1, 2017)

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

Drafting Number:	LLS 17-0773	**Date:**	May 5, 2017
Prime Sponsor(s):	Rep. Winter Sen. Moreno	**Bill Status:**	Senate SVMA
		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		$31,000	$31,000
Cash Funds		31,000	31,000
State Expenditures		$25,489	$61,119
Cash Funds		23,352	56,085
Centrally Appropriated Costs		2,137	5,034
TABOR Impact		$31,000	$31,000
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 ***reengrossed*** bill requires that entities that contract with the federal government to service student education loans obtain a supervised vendor license from the administrator of the Uniform Consumer Credit Code in the Department of Law (DOL). The bill identifies exempt entities, such as loan originators and lenders who are already licensed under current law. The DOL must adopt rules for the new license requirement and begin licensing entities no later than September 1, 2018.

State Revenue

Beginning with FY 2018-19, state cash fund revenue from fees charged to entities servicing student loans increases by approximately $31,000. Beginning in FY 2018-19, the department will begin assessing a fixed $850 annual fee and a surcharge fee based on the size of the licensed entities' loan servicing portfolio. It is assumed that 10 entities will be licensed annually for the next several fiscal years. Actual fee amounts will be determined by rule by the administrator of the Uniform Consumer Credit Code in order to cover costs incurred by the DOL and described in the State Expenditures section.

TABOR Impact

This bill increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

Beginning in FY 2018-19, the bill increases state cash fund expenditures by $25,489 and 0.4 FTE. For FY 2019-20, increased expenditures are $61,119 and 1.0 FTE. Expenditures are in the DOL from the Uniform Consumer Credit Code Cash Fund.

In FY 2018-19, the department 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.

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. The Department of Law has unexpended reserves in the Uniform Consumer Credit Cash Fund. As such, the department may seek spending authority for these resources beginning with FY 2018-19, to assist with implementation of the bill.

State and Local Government Contacts

Higher Education Law