



Colorado
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SB16-071

FISCAL NOTE

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

Drafting Number: LLS 16-0129
Prime Sponsor(s): Sen. Todd
Rep. Thurlow

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Bill Status: Senate Business, Labor, & Technology
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BILL TOPIC: REVISED UNIFORM ATHLETE AGENTS ACT 2015

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019
State Revenue	<u>at least \$82,500</u>	<u>at least \$9,900</u>	<u>at least \$67,400</u>
Cash Funds	82,500	9,900	67,400
State Expenditures	<u>\$140,862</u>	<u>\$8,245</u>	<u>\$8,245</u>
Cash Funds	134,653	6,852	6,852
Centrally Appropriated Costs	6,209	1,393	1,393
TABOR Impact	\$82,500	\$9,900	Not estimated
FTE Position Change	0.5	0.1	0.1
Appropriation Required: \$134,653 - Secretary of State (FY 2016-17).			
Future Year Impacts: Ongoing expenditure increase.			

Summary of Legislation

This bill, **recommended by the Colorado Commission on Uniform State Laws**, repeals and reenacts the "Uniform Athlete Agents Act" (UAAA). An athlete agent is a person who contracts with student athletes to represent them for purposes of securing a professional sports services contract or endorsement contract or who advises the athlete in financial, business, or career management issues or manages those issues on the athlete's behalf.

The bill creates a registration program for athlete agents in the office of the Secretary of State (SOS). Athlete agents must register with the SOS every two years. The bill establishes requirements for registration and renewal, specifies circumstances in which an application may be declined, and identifies cases in which a registration may be suspended or revoked. The bill also lists requirements for contracts between athletes and agents, and specifies prohibited conduct by an agent and the criminal penalties and civil remedies for a violation.

Background

House Bill 08-1058 established the original UAAA, which required the Division of Professions and Occupations within the Department of Regulatory Agencies (DORA) to regulate athlete agents. DORA registered 6 athlete agents. House Bill 10-1128 repealed much of the UAAA and terminated the requirement that DORA regulate athlete agents. The criminal penalties under the original UAAA were not repealed and remain in current law.

State Revenue

The bill increases revenue to the SOS by an estimated \$82,500 in FY 2015-16, \$9,900 in FY 2017-18, and \$67,400 in FY 2018-19 from registration and renewal fees. The bill may also increase revenue to the General Fund from civil penalties for violations of the UAAA.

Civil penalties. The bill allows the court to impose a civil penalty of between \$25,000 and \$50,000 for a violation of the UAAA, with the fine revenue going to the General Fund. However, there have been no criminal filings under the original UAAA, so the fiscal note assumes that the General Fund will not receive additional revenue from fines.

Fee impact on individuals and business. The bill requires the SOS to determine registration and renewal fees by rule. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 estimates the fee amount necessary to cover the estimated cost of the registration program; however, actual fees will be determined by rule by the Secretary of State.

Table 1. Fee Impact on Athlete Agents			
Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
FY 2016-17 Initial Registration	\$3,300	25	\$82,500
FY 2017-18 Initial Registration	3,300	3	9,900
FY 2018-19 Initial Registration	3,300	3	9,900
FY 2018-19 Renewal Registration	2,300	25	57,500
FY 2015-16			\$82,500
FY 2016-17			9,900
FY 2017-18			67,400
3-YEAR TOTAL			\$159,800

State Expenditures

The bill increases state expenditures for the SOS by \$140,862 and 0.5 FTE in FY 2016-17 and \$8,245 and 0.1 FTE beginning in FY 2017-18 to establish and administer a registration program for athlete agents. Table 2 details the costs, which include staffing and computer programming needs.

Table 2. Expenditures Under SB16-071			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Personal Services	\$25,719	\$6,571	\$6,571
FTE	0.5	0.1	0.1
Operating Expenses and Capital Outlay Costs	5,653		
Computer Programming	103,000		
Travel	281	281	281
Centrally Appropriated Costs*	6,209	1,393	1,393
TOTAL	\$140,862	\$8,245	\$8,245

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

Assumptions. The fiscal note assumes that:

- 25 athlete agents will register in FY 2015-16, based on the 6 that were registered by DORA from 2008 through 2010, and accounting for population increases and industry growth;
- 3 new agents will register each subsequent year; and
- the program will not be ready to accept applications on the bill's effective date of August 2016, due to the need to create an online application system and program procedures.

Secretary of State. In FY 2016-17, the SOS requires 0.5 FTE to develop an online application system and program procedures, establish reciprocity with other states, complete a stakeholder process, review applications, and conduct investigations. Beginning in FY 2017-18, the SOS requires 0.1 FTE to administer the registration program and conduct investigations. Legal costs associated with rulemaking can be absorbed within existing resources.

The SOS also requires \$103,000 in FY 2016-17 for the creation of an online registration system. The estimate of 1,000 hours for contract IT work is based on the department's previous estimate for a less-complex online registration system.

Judicial Department. The bill includes a Class 2 misdemeanor for a first offense and a Class 6 felony for a second or subsequent offense; however, those are existing penalties that were established by the original UAAA. There have been no criminal filings under the original Uniform Athlete Agents Act since 2000. As a result, the bill has no impact on criminal filings and workload; however, the bill may lead to more civil filings, which are expected to be minimal and can be absorbed within existing appropriations.

Institutions of higher education. The bill slightly increases workload for institutions of higher education by requiring that certain notifications occur if the institutions know of athlete agents that violate the law.

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 3.

Table 3. Centrally Appropriated Costs Under SB16-071			
Cost Components	FY 2016-17	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,008	\$804	\$804
Supplemental Employee Retirement Payments	2,201	589	589
TOTAL	\$6,209	\$1,393	\$1,393

TABOR Impact

This bill increases state revenue from athlete agent registration fees, which will increase the amount of money required to be refunded under TABOR. 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.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2016-17, the bill requires an appropriation of \$134,653 from the Secretary of State cash fund, and an allocation of 0.5 FTE, to the Secretary of State's Office.

Departmental Difference

The SOS estimates that the bill increases state expenditures by \$483,292 and 1.1 FTE in FY 2016-17, and \$94,353 and 1.0 FTE beginning in FY 2017-18. The department estimate assumes that 50 to 100 agents will be registering with the SOS, and that 3,800 hours of IT contractor time are needed to build an online application system. Based on historical evidence, this fiscal note assumes that the number of athlete agents who register with the SOS will not exceed 25 initial registrations and 3 additional annually. State revenue and expenditures are calculated based on this assumption.

State and Local Government Contacts

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