



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

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| <b>Drafting Number:</b> | LLS 23-0467                           | <b>Date:</b>           | May 16, 2023  |
| <b>Prime Sponsors:</b>  | Rep. Sirota; Soper<br>Sen. Hinrichsen | <b>Bill Status:</b>    | Signed into Law                                       |
|                         |                                       | <b>Fiscal Analyst:</b> | Colin Gaiser   303-866-2677<br>colin.gaiser@coleg.gov |

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| <b>Bill Topic:</b> | <b>PROHIBIT DIRECT-HIRE FEE HEALTH-CARE STAFF AGENCY</b> |
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| <b>Summary of Fiscal Impact:</b> | <input checked="" type="checkbox"/> State Revenue     | <input type="checkbox"/> TABOR Refund            |
|                                  | <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government        |
|                                  | <input type="checkbox"/> State Transfer               | <input type="checkbox"/> Statutory Public Entity |

The bill prohibits a health-care staffing agency from seeking compensation when a contracted employee is hired as a permanent employee to a health-care facility. It may increase state revenue and workload on an ongoing basis.

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| <b>Appropriation Summary:</b> | No appropriation is required. |
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| <b>Fiscal Note Status:</b> | The fiscal note reflects the enacted bill. |
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## Summary of Legislation

This bill prohibits a health-care staffing agency from requiring fees or damages when a contracted employee is hired as a permanent employee to a health-care facility or assisted living residence. If a health-care staffing agency collects or attempts to collect any compensation from a health-care worker or health-care facility in violation of the bill, the worker or facility may bring an action to court for damages, a civil penalty not to exceed \$5,000 per violation, and injunctive relief. The prevailing party in such an action is entitled to reasonable attorney fees.

## Background

Temporary staffing firms often charge direct-hire fees when a customer, such as a health-care facility or assisted living residence, hires a temporary employee for a permanent position. These are known as “conversion fees” or “liquidated damages.”

## State Revenue

Beginning in FY 2023-24, the Judicial Department may have a minimal increase in fee revenue as a result of additional civil filings. Civil filing fee revenue is subject to TABOR.

## State Expenditures

Beginning in FY 2023-24, the trial courts in the Judicial Department may have a minimal workload increase from any civil actions filed. The fiscal note assumes that staffing agencies will comply with the law and that any impact will be minimal. No change in appropriations is required.

## Effective Date

The bill was signed into law by the Governor and took effect on May 1, 2023.

## State and Local Government Contacts

|                               |                                  |                |
|-------------------------------|----------------------------------|----------------|
| Counties                      | Health Care Policy and Financing | Human Services |
| Information Technology        | Judicial                         | Labor          |
| Public Health and Environment | Regulatory Agencies              |                |