



**Colorado
Legislative
Council
Staff**

HB17-1263

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-1045 **Date:** September 15, 2017
Prime Sponsor(s): Rep. McKean; Hansen **Bill Status:** Signed into Law
 Sen. Gardner **Fiscal Analyst:** Clare Pramuk (303-866-2677)

BILL TOPIC: LIMITED LINES SELF-STORAGE INSURANCE LICENSE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	<u>\$15,219</u>	<u>Less than \$9,560</u>
General Fund		Less than 5,000
Cash Funds	15,219	4,560
State Expenditures	Workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue and workload increase.		

Summary of Legislation

The bill creates a limited lines self-storage insurance producer license under the Division of Insurance in the Department of Regulatory Agencies. Limited lines self-storage insurance may be offered for sale by an employer or authorized representative of a self-storage retailer supervised by a supervising entity licensed by the division. A person currently engaging in the sale of limited lines self-storage insurance must be licensed by July 1, 2018, or cease selling of self-storage insurance. The limited lines self-storage insurance may be sold to a self-storage occupant to provide coverage only for damage or loss to the personal property of the occupant contained in the self-storage space.

The bill specifies the disclosures that must be provided to an occupant in writing prior to policy issuance and the requirements for termination of coverage. The supervising entity is required to provide training for the sale, solicitation, or negotiation of the self-storage insurance to any employee or operator who is directly engaged in those activities. A self-storage insurance producer's license will be perpetually continued unless revoked or suspended as long as the continuation fee is paid.

State Revenue

This bill will increase state revenue by \$15,219 in FY 2017-18 and less than \$9,560 in FY 2018-19. The includes cash fund revenue from licensing fees of \$15,219 in FY 2017-18 and \$4,560 in FY 2018-19 from fees to the Division of Insurance Cash Fund, and a potential General Fund revenue increase of less than \$5,000 beginning in FY 2018-19 from penalties. The current

fee that will apply to the limited lines self-storage license is \$57 for the license which will be renewed every two years automatically on the last day of the producer's birth month. The fee impact is shown in Table 1 below.

Assumptions. The fiscal note assumes that one third of the approximately 800 self storage facilities in Colorado will apply for licenses in FY 2017-18 and an additional 10 percent in FY 2018-19.

Table 1. Fee Impact on Self-Storage Owners and Operators			
Type of Fee	Current Fee	Number Affected	Total Fee Impact
Limited lines self-storage license FY 2017-18	\$57	267	\$15,219
Limited lines self-storage license FY 2018-19	57	80	4,560

State Expenditures

This bill will increase workload for the Division of Insurance in DORA beginning in FY 2017-18. The division will promulgate rules for the new license, respond to inquiries, and take enforcement action when indicated. The division uses a vendor to process producer licenses so license processing will not affect division workload. The workload increase can be accomplished within existing appropriations.

Effective Date

The bill was signed into law by the Governor on June 6, 2017, and became effective on August 9, 2017.

State and Local Government Contacts

Information Technology Law Regulatory Agencies