



**Colorado
Legislative
Council
Staff**

HB17-1305

FISCAL NOTE

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

Drafting Number: LLS 17-0776	Date: April 3, 2017
Prime Sponsor(s): Rep. Foote; Melton Sen. Guzman	Bill Status: House Judiciary
	Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: LIMITS ON JOB APPLICANT CRIMINAL HISTORY INQUIRIES

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		at least \$5,000
Cash Funds		at least 5,000
State Expenditures		\$38,364
Cash Funds		32,149
Centrally Appropriated Costs		6,215
TABOR Impact		at least \$5,000
FTE Position Change		0.5 FTE
Appropriation Required: None.		
Future Year Impacts: Ongoing increase in state revenue and expenditures.		

Summary of Legislation

This bill prohibits an employer from stating in a job posting or on any form of application that a person with a criminal history may not apply or from inquiring into or requiring disclosure of an applicant's criminal history on an initial application. These rules do not apply if an employer is advertising a position that federal, state, or local law prohibits individuals with specific criminal convictions from holding. The bill also exempts any employer hiring as part of a program to encourage the employment of people with criminal histories. An employer may obtain a criminal background report during any stage of the hiring process.

Individuals may file complaints alleging a violation of these rules with the Colorado Department of Labor and Employment (CDLE). CDLE must investigate any complaint received within six months of the alleged violation, unless the department deems the complaint without merit. An employer who violates the law is subject to an order requiring compliance within 30 days and the following penalties:

- for a first violation: a warning;
- for a second violation: a civil penalty of up to \$500 for employers with 14 or fewer employees and \$1,000 for employers with more than 14 employees; and
- for a third or subsequent violation: a civil penalty of up to \$1,000 for employers with 14 or fewer employees and \$2,500 for employers with more than 14 employees.

CDLE must adopt rules regarding procedures for handling complaints filed against employers, including rules for providing notice to employers and requirements for retaining and maintaining relevant employment records during an investigation.

State Revenue

Beginning in FY 2018-19, this bill is anticipated to increase state cash fund revenue from fines by at least \$5,000 per year, credited to the Employment Support Cash Fund. Fines will be collected by CDLE from employers who violate the provisions of House Bill 17-1305.

TABOR Impact

This bill increases state cash fund revenue from fines, 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

This bill increases state cash fund expenditures in CDLE by \$38,364 and 0.5 FTE beginning in FY 2018-19 and each year thereafter from the Employment Support Cash Fund. These costs are shown in Table 1 and explained below.

Cost Components	FY 2017-18	FY 2018-19
Personal Services		\$26,971
FTE		0.5 FTE
Operating Expenses and Capital Outlay Costs		5,178
Centrally Appropriated Costs*		6,215
TOTAL		\$38,364

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

Assumptions. Costs assume that beginning in FY 2018-19, there will be an estimated 2,500 inquiries and that CDLE will conduct follow-up investigations for 250 cases per year. This workload increase requires 0.5 FTE Compliance Investigator I, paid from the Employment Support Cash Fund. The estimate includes standard operating and first-year capital outlay costs.

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 HB17-1305		
Cost Components	FY 2017-18	FY 2018-19
Employee Insurance (Health, Life, Dental, and Short-term Disability)		\$3,798
Supplemental Employee Retirement Payments		2,417
TOTAL		\$6,215

Effective Date

The bill takes effect January 1, 2018, if no referendum petition is filed. It applies to acts committed on or after July 1, 2018.

State and Local Government Contacts

Information Technology

Labor

Law