



**Colorado
Legislative
Council
Staff**

SB17-236

FISCAL NOTE

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

Drafting Number: LLS 17-0300
Prime Sponsor(s): Sen. Coram

Date: March 23, 2017
Bill Status: Senate Judiciary
Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: SUNSET PROCESS BAIL BONDING AGENTS DIVISION OF INSURANCE

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		<u>\$3,074</u>
<i>Continuing revenue</i>		
Cash Funds		3,074
State Expenditures		<u>\$32,270</u>
<i>Continuing expenditures</i>		
Cash Funds		32,270
TABOR Impact		\$3,074
FTE Position Change		0.3 FTE
Appropriation Required: None.		
Future Year Impacts: Continuation of state revenue and expenditures.		

Summary of Legislation

This bill continues the regulation of professional cash-bail agents and cash-bonding agents (bail bonding agents) by the Division of Insurance (Division) in the Department of Regulatory Agencies (DORA) until September 1, 2026. The statute is scheduled to sunset on September 1, 2017.

The bill also allows the Commissioner of Insurance to file a full release of any lien against real property used as collateral for bail when a bail bonding agent fails to do so according to the law. At least three years must have passed between the time for appealing an order that exonerated the bail bond and the petition to release the lien.

Background

As of FY 2015-16, there were 3 registered cash-bonding agents and 26 registered professional cash-bail agents. Cash-bonding agents are not limited in terms of the amount of bail they may write or defendants they may serve, while professional cash-bail agents may write bail for not more than twice the amount of the qualification bond filed with the Division. Bail bonding

agents in Colorado must post a \$50,000 cash qualification bond with the Division. Current law prohibits a bail bonding agent from charging a fee that exceeds 15 percent of the amount of bail furnished, with a minimum fee of \$50. Bail bonding agents also pay the Division a premium fee equal to 1 percent of the gross amount of all premiums and fees collected or contracted for the furnishing of bail. In 2016, the Division collected \$53,703 in premium fees. While the collection of this revenue is not subject to repeal or continuation under this sunset review, the funds do support, in part, the regulation of bail bonding agents.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Division of Insurance in DORA that is set to repeal effective September 1, 2017. In the current FY 2016-17, the program has revenue of \$3,074 and expenditures of \$32,270 and 0.3 FTE. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18 since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request.

State Revenue

By continuing the regulation of bail bonding agents, including the collection of a \$212 licensing fee for new registrations and renewals, the bill increases cash fund revenue by \$3,074 in FY 2018-19, deposited into the Division of Insurance Cash Fund. This revenue represents a continuation of existing revenue to the program.

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

By continuing the regulation of bail bonding agents, the bill increases expenditures in DORA by \$32,270 and 0.3 FTE in FY 2018-19, paid from the Division of Insurance Cash Fund. These costs represent the continuation of the program beyond its current repeal date and the subsequent wind-up period.

The bill may also reduce workload minimally for the Judicial Department, as trial courts may receive fewer petitions to release a lien against real property. The bill gives property owners the option to petition the Commissioner of Insurance rather than the court to have the lien released. No adjustment in appropriations for the Judicial Department is required.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Judicial Regulatory Agencies