



Legislative
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FISCAL NOTE

Drafting Number: LLS 18-0175
Prime Sponsors: Rep. Winter
 Sen. Fenberg

Date: April 24, 2018
Bill Status: House Business
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Bill Topic: REGULATE STUDENT EDUCATION LOAN SERVICERS

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure (*minimal*)
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill requires entities that service student loans per a federal contract to be licensed by the Department of Law. It will increase state revenue and workload beginning in FY 2018-19.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 18-1415**

		FY 2018-19	FY 2019-20
Revenue	Cash Funds	\$4,000	\$4,000
Expenditures		-	-
Transfers		-	-
TABOR Refund	General Fund	\$4,000	\$4,000

Summary of Legislation

This bill requires student education loan servicers to obtain a supervised vendor license from the administrator of the Uniform Consumer Credit Code in the Department of Law. The bill exempts certain entities from these licensing requirements, such as loan originators and lenders who are already licensed under current law. The Department of Law must adopt rules for the new license requirement.

Assumptions and Data

The fiscal note assumes 10 entities will be licensed under the bill.

The Department of Law has undergone recent changes in staffing in its Consumer Credit Unit that will allow it to accomplish the workload increases under the bill within existing appropriations; specifically, the unit's change from a legal assistant position to a complaint manager position. The department has also modified how it conducts exams, increasing the availability of its examiners. Finally, the department has decreased licensing fees to bring its fund into balance compliance by the end of FY 2018-19.

State Revenue

Beginning in FY 2018-19, state cash fund revenue to the Uniform Consumer Credit Cash Fund from fees charged to student education loan servicers is expected to increase by approximately \$4,000 per year, assuming 10 licensees and an annual fee of \$400.

Fee impact on student education loan servicers. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency, shown in Table 2. Actual fee amounts will be determined by rule by the administrator of the Uniform Consumer Credit Code.

**Table 2
Fee Impact on Student Education Loan Servicers**

Fiscal Year	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2018-19	Annual license fee	\$400	10	\$4,000
FY 2018-19 Total				\$4,000

TABOR Refund

The bill minimally increases state cash fund revenue from licensing fees, which will minimally increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. 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 revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

The bill increases workload in the Department of Law beginning in FY 2018-19. The department will adopt rules for the licensing program, provide outreach and technical support, verify participant eligibility, and issue vendor licenses. In future fiscal years, this work will also include conducting annual audits to ensure that regulatory requirements are being met. The Department of Law will also have increased workload to investigate and respond to complaints. As discussed in the Assumptions and Data Section, this workload increase can be accomplished within existing appropriations.

Effective Date

The bill takes effect September 1, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed. It applies to conduct occurring on or after the effective date.

State and Local Government Contacts

Higher Education

Information Technology

Law