



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 19-0470 Date: January 30, 2019
Prime Sponsors: Sen. Lee Bill Status: Senate Judiciary
Rep. Bird Fiscal Analyst: Todd Herreid | 303-866-3522
Todd.Herreid@state.co.us

Bill Topic: UPDATE BUSINESS ENTITY LAWS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill makes changes to the Colorado Business Corporation Act and the Colorado Corporations and Associations Act. The bill creates a one-time increase in expenditures in FY 2019-20.

Appropriation Summary: For FY 2019-20, the bill requires a cash fund appropriation of \$194,961 to the Department of State.

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

Table 1 State Fiscal Impacts Under SB 19-086

Table with 3 columns: Category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditure (Cash Fund, Centrally Appropriated), Transfer, TABOR Refund, Total, and Total FTE.

## Summary of Legislation

The bill makes various modifications and clarifications to the Colorado Business Corporation Act and conforming changes to the Colorado Corporations and Associations Act. This includes, for instance, provisions governing articles of incorporation, mergers, standards of conduct for employees and officers, and procedures for seeking judicial dissolution.

## State Expenditures

The bill is expected to increase cash fund expenditures by \$196,274 and 0.1 FTE in FY 2019-20 only, from the Department of State Cash Fund. Various provisions in the bill will require the Department of State to create 11 new business forms that function within the electronic filing system for business entities. Most of these new forms relate to the creation of Articles of Validation for when there are filings of defective corporation action. This one-time work is expected to take 1,800 hours of contracted IT staff at a rate of \$106 per hour. The department will also require 0.1 FTE in FY 2019-20 only to draft the forms, update webpages, and conduct testing of the new filing forms. Table 2 shows the personal services expenses, prorated for the payday shift, and the contract IT costs for the department.

**Table 2**  
**Expenditures Under SB 19-086**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Department of State</b>		
Personal Services	\$4,161	-
Operating Expenses and Capital Outlay Costs	-	-
Contract IT Services (1,800 hours @ \$106/hr)	\$190,800	-
Centrally Appropriated Costs*	\$1,313	-
<b>Total Cost</b>	<b>\$196,274</b>	<b>-</b>
<b>Total FTE</b>	<b>0.1 FTE</b>	<b>-</b>

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

**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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$1,313 in FY 2019-20 only.

## Effective Date

The bill takes effect July 1, 2020, if no referendum petition is filed.

**State Appropriations**

For FY 2019-20, the bill requires a cash fund appropriation of \$194,961 and an allocation of 0.1 FTE to the Department of State from the Department of State Cash Fund.

**State and Local Government Contacts**

Regulatory Agencies

Secretary of State

Judicial