



Legislative
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REVISED FISCAL NOTE

(replaces fiscal note dated June 2, 2020)

Drafting Number: LLS 20-1277
Prime Sponsors: Sen. Winter; Gonzales
Rep. Herod

Date: June 9, 2020
Bill Status: House Finance
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Bill Topic: **LIMITATIONS ON EXTRAORDINARY COLLECTION ACTIONS**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a prohibition on new extraordinary collection actions in Colorado through November 1, 2020, and requires certain notifications. The bill reduces state revenue and increases state workload in FY 2020-21 only.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 20-211

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	at least (\$1.7 million)	-
Expenditures		-	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

On its effective date, the bill prohibits any new extraordinary debt collection actions through November 1, 2020. Extraordinary collection actions are defined as any action or proceeding related to an attachment, garnishment, levy, or execution to collect or enforce a judgment on a debt. Extraordinary collections actions do not include child support obligations. Through November 1, any action constitutes an unfair and unconscionable means of collecting a debt under the Colorado Fair Debt Collection Practices Act (FDCPA). The administrator of the Uniform Consumer Credit Code in the Department of Law may issue an order extending the prohibition through February 1, 2021, to preserve and prioritize the resources of state and local agencies or to protect Colorado residents from economic hardship as a result of the COVID-19 disaster emergency.

During the prohibition period, the bill requires a judgment creditor to provide a written notice to a judgment debtor as outlined in the bill. In addition, through February 1, 2021, the bill increases the value of property that is exempt from levy and sale under a writ of attachment or execution of up to up to \$4,000 cumulative in the depository accounts in the name of the debtor.

Finally, any attempt to collect debt amounts in excess of what is permitted is an unfair or unconscionable debt collection practice under the FDCPA.

Background and Assumptions

The current filing fee for a writ of garnishment is \$45. During FY 2019-20, Colorado courts issued an average of 9,304 civil garnishments per month.

State Revenue

In FY 2020-21 only, the bill will reduce state cash fund revenue in the Judicial Department by at least \$1,674,720 due to the prohibition on extraordinary collections actions. If the prohibition is extended to February 2021, state cash fund revenue may decline by at least an additional \$1.3 million.

State Expenditures

The bill increases workload in the Judicial Department and the Department of Law in FY 2020-21.

Judicial Department. The bill increases workload for trials courts in the Judicial Department to deny writ requests and to direct any party to refile their request after November 1, 2020. Workload may also increase for clerks to field and answer any questions related to the prohibition. Trial courts may also see an increase in cases related to unfair trade practices under the bill. The fiscal note assumes most collectors will comply with the law and any increase in cases will be minimal. These workload impacts can be accomplished within existing resources and no appropriation is required.

In addition, if revenue to several Judicial Department cash funds falls below the cost of administering collections, this fiscal notes assumes these impacts will be addressed through the annual budget process.

Department of Law. The bill may increase workload for the Department of Law related to the actions of the regulated debt community. Workload may also increase in order to determine whether to extend the prohibition through February 2021. This workload is expected to be minimal and can be accomplished within existing resources.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. Section 3 of the bill applies to writs of garnishment, attachment, or execution ordered on or after the bill's effective date.

State and Local Government Contacts

Counties	Judicial	Law
Municipalities	Personnel	Revenue