



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0299
Prime Sponsors: Rep. Soper

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Bill Status: House Finance
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Bill Topic: **ELECTRONIC FILING OF DOCUMENTS WITH GOVERNMENT ENTITIES**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill requires state and county governments to have an electronic filing process for all documents that each entity requires or allows to be filed. The bill increases state and local expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$3.0 million to multiple state agencies.

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

Table 1
State Fiscal Impacts Under HB 21-1100

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Fund	up to \$1,403,000	-
		up to \$1,403,000	-
Expenditures	General Fund	\$1,535,926	\$323,485
	Cash Funds	\$1,448,133	-
	Federal Funds	\$32,900	\$35,891
	Centrally Appropriated	\$63,422	\$59,749
	Total Expenditures	\$3,080,381	\$419,125
	Total FTE	4.0 FTE	3.9 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill requires government entities to have an electronic filing option for each document that is capable of electronic delivery, and that is required or allowed to be filed with the entity. The bill applies to each principal department of the state and each county, including any agency, board or division therein. Government entities subject to the bill must comply by January 1, 2022.

Acceptance of scanned documents by email or through a secure file transfer system are allowable options under the bill, and a document is considered filed for deadline purposes when it is submitted by email or through a secure filing system. The bill does not grant government entities the authority to require electronic filing of documents, unless they are already authorized under law to do so. The bill also requires government entities to ensure the protection of personal identifying information in submitted documents from unauthorized access, use, modification, disclosure or destruction.

State Revenue

The bill will increase cash fund revenue to the Department of State (DOS) by up to \$1.4 million in FY 2021-22. This revenue is from business filing fees, which are deposited into the Department of State Cash Fund. This additional fee revenue is subject to TABOR.

Fee impact on businesses and professions. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Under current law, the DOS is authorized to adjust fees so that the revenue generated approximates its direct and indirect costs. The DOS is primarily funded through business filing fees. To cover the costs described in the State Expenditures section below, fees will need to be raised to cover all or some of the costs of this bill. The fees affected and the actual amount of fee changes will be set administratively by the DOS based on cash fund balance, total program costs, and the estimated number of professional activities subject to fees.

State Expenditures

The bill increases state expenditures by \$3,080,381 and 4.0 FTE in FY 2021-22 and \$419,125 and 3.9 FTE in FY 2022-23 from multiple fund sources. These impacts are shown in Tables 2 and 3, and discussed in more detail below.

**Table 2
 Expenditures Under HB 21-1100 in FY 2021-22**

Department	Personal Services	Capital & Operating	Computer Programming	Centrally Appropriated¹	Total	FTE
Health Care Policy and Financing	\$65,801	\$7,550	-	\$14,954	\$88,305	0.9
Human Services	-	-	\$397,650	-	\$397,650	-
Labor and Employment	-	-	\$32,336	-	\$32,336	-
Local Affairs	-	-	\$627,299	-	\$627,299	-
Personnel and Administration	-	\$87,728	\$10,000	-	\$97,728	-
Public Safety	\$28,125	\$8,020	\$7,870	\$10,563	\$54,578	0.3
Revenue	\$96,676	\$47,245	\$184,862	\$33,747	\$362,530	2.5
Secretary of State	\$12,797	-	\$1,403,000	\$4,158	\$1,419,955	0.3
Total	\$203,399	\$150,543	\$2,663,017	\$63,422	\$3,080,381	4.0 FTE

**Table 3
 Expenditures Under HB 21-1100 in FY 2022-23**

Department	Personal Services	Capital & Operating	Computer Programming	Centrally Appropriated¹	Total	FTE
Health Care Policy and Financing	\$71,783	\$1,350	-	\$16,495	\$89,628	1.0
Human Services	-	-	-	-	-	-
Labor and Employment	-	-	-	-	-	-
Local Affairs	-	-	-	-	-	-
Personnel and Administration	-	\$100,456	-	-	\$100,456	-
Public Safety	\$18,457	\$8,220	-	\$6,711	\$33,388	0.2
Revenue	\$105,465	\$53,645	-	\$36,543	\$195,653	2.7
Secretary of State	-	-	-	-	-	-
Total	\$195,705	\$163,671	-	\$59,749	\$419,125	3.9 FTE

Department of Health Care Policy and Financing. Expenditures in the department will increase by \$88,305 and 0.9 FTE in FY 2021-22 and \$89,628 and 1.0 FTE in FY 2022-23 to develop a new record retention process and create and maintain a secure upload portal. The FTE will be responsible for department-wide coordination to ensure compliance with security protocols, tracking, and compliance with ADA accommodations and accessibility requirements, and will be paid with 55 percent General Fund and 45 percent federal funds.

Department of Human Services. The department will have an increase in General Fund expenditures of \$397,650 in FY 2021-22 only for Office of Information Technology (OIT) contractor expenses to assess the scope of necessary system upgrades, and for development and coding of existing applications that will be used to meet the requirements of this bill. Funds will be reappropriated to OIT.

Department of Labor and Employment. The bill will increase expenditures for the Division of Unemployment Insurance by \$32,336 from the Employment Support Cash Fund in FY 2021-22 for computer software licenses and to transition five employer correspondence documents to an electronic format.

Department of Local Affairs. The Division of Property Taxation will have an increase in General Fund expenditures of \$627,299 in FY 2021-22 for contractors to update three processes in their county portal system.

Department of Personnel and Administration. The Department of Personnel and Administration (DPA) will have an increase in expenditures of \$97,728 in FY 2021-22 and \$100,456 in FY 2022-23. Costs will cover additional digital storage related to permanent record retention at the Colorado State Archives and an expansion of file size capacity for the CORE system that DPA uses to accept competitive sealed bids, as well as an allocation for additional CORE-related network utilization. Costs for CORE are generally paid from reappropriated funds but given the complexity of allocating costs to individual agencies, the fiscal note assumes that General Fund will be used. DPA will also have workload increases related to its public records requests and consulting services, but this work can be accomplished within existing resources.

Department of Public Safety. General Fund expenditures for the department will increase by \$54,578 and 0.3 FTE in FY 2021-22 and \$33,388 and 0.2 FTE in FY 2022-23 and future years. These expenditures are for OIT staff to identify electronic documents that contain sensitive data, and to secure the systems used to receive the documents. Funds will be reappropriated to OIT.

Department of Revenue. The Department of Revenue (DOR) will have an increase in General Fund expenditures of \$362,530 and 2.5 FTE in FY 2021-22 and \$195,653 and 2.7 FTE in FY 2022-23 and future years. These costs are discussed in more detail below.

Online vehicle services staffing. The DOR will require an additional \$96,676 and 2.5 FTE in FY 2021-22, and \$105,465 and 2.7 FTE in FY 2022-23 and future years to process additional payments over the phone for the customers who will submit additional documents and utilize additional online services as a result of this bill.

Computer programming. This bill requires expenditures of \$184,862 to program, test, and update database fields in the DOR's GenTax software system. Programming costs are estimated at \$118,125, representing 525 hours of contract programming at a rate of \$225 per hour. Costs for testing at the department are estimated at \$53,305, representing 1,523 hours of Systems Support Office contract testing at a rate of \$35 per hour and \$13,432 for 533 hours of User Acceptance Testing at a rate of \$25.20 per hour.

Colorado lottery winner claims. The DOR will require \$25,000 in FY 2021-22 and \$50,000 in FY 2022-23 and future years to process winning lottery claims electronically. This is based on a \$5 per document fee to handle winning lottery claims filed per month, retailer applications, background checks and other documents through an online vendor.

Department of State. The DOS will have an increase in expenditures of \$1,419,955 and 0.3 FTE in FY 2021-22, paid from the Department of State Cash Fund. These costs are discussed in more detail below.

Business and Bingo and Raffles programs. The DOS will require 0.3 FTE to draft forms for e-filing, conduct business analysis, revise eLearning materials, revise training materials, train employees and update documentation and other materials in the DOS Business Program, and the Bingo and Raffles Program.

Computer programming. The DOS will require contractors to provide 12,200 hours of computer programming at a rate of \$115 per hour to allow forms and transactions to be filed electronically for the Bingo and Raffle applications; create and review the Oaths of Office application; and update the Authentications application to allow electronic submission of documents.

Department of Public Health and Environment. The department has an electric filing option for the majority of its documents, but will require minimal workload to explain new filing options to the public for documents where this is currently not the case. This can be accomplished within existing appropriations.

Department of Transportation. The department currently allows several documents to be signed electronically, however, it will require minimal workload to review various construction forms to ensure they meet the requirements of this bill. This can be accomplished within existing appropriations.

Office of Alternate Defense Counsel. The office already allows electronic filing of most documents, and will require minimal workload to ensure all documents meet the requirements of this bill. This can be accomplished within existing appropriations.

Department of Military and Veterans Affairs. The department will have an increase in workload to determine which forms will need to be automated under the bill. If costs are identified to make these changes, these will be addressed through the annual budget process.

Department of Natural Resources. The Department of Natural Resources (DNR) accepts electronic filing for a majority of its documents. However, one form that can be accepted electronically does not have an associated electronic payment method. The DNR will have increased costs to bring the form and payment into compliance with the bill requirement. This cost has not been estimated.

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 \$63,422 in FY 2021-22 and \$59,749 in FY 2022-23.

Local Government

The bill will increase costs for county governments to accept filings electronically. Costs will vary depending on each county's current practices for accepting electronic documents. Some counties may have significant costs to update existing, or develop new, electronic systems to comply with the bill.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires the following General Fund appropriations:

- \$397,650 to the Department of Human Services, which is reappropriated to the Office of Information Technology;
- \$627,299 to the Department of Local Affairs ;
- \$97,728 to the Department of Personnel and Administration;
- \$44,015 to the Department of Public Safety, which is reappropriated to the Office of Information Technology; and
- \$328,783 to the Department of Revenue, and 2.5 FTE

Along with the reappropriation from DPS listed above, the Office of Information Technology requires 0.3 FTE.

In addition, the Department of Health Care Policy and Financing requires an appropriation of \$73,351, of which \$40,451 is General Fund and \$32,900 is federal funds, and 0.9 FTE

Lastly, the bill requires the following cash fund appropriations:

- \$1,415,797 to the Department of State from the Department of State Cash Fund, and 0.3 FTE; and
- \$32,336 to the Department of Labor and Employment from the Employment Support Fund.

State and Local Government Contacts

All State and Local Agencies