



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 6, 2021)

Drafting Number:	LLS 21-0227	Date:	May 12, 2021
Prime Sponsors:	Rep. Kipp; Boesenecker Sen. Rodriguez	Bill Status:	Senate Business
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Bill Topic: PROTECTIONS IN CONSUMER SALES TRANSACTIONS

Summary of Fiscal Impact:

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

This bill amends the Colorado Consumer Protection Act to address cancellation of dating services and automatic renewal contracts. It increases state revenue and workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill amends the Colorado Consumer Protection Act to address dating services and automatic renewal contracts.

Dating service contracts. The bill gives the buyer of a dating service contract three business days to cancel after signing the contract. Contracts must include a notice of cancellation with information specified in the bill and provisions for the death, disability, or relocation of the buyer beyond the geographical area covered by the dating service. A dating service is also required to maintain a reference to dating safety awareness and a way for members to report issues or concerns with the service. An online dating service is required to provide timely notice to all members in the state who have received or responded to an on-site message from a banned member.

Automatic renewal contracts. The bill requires that specific automatic renewal offer terms are provided for paid subscriptions or purchasing agreements that are automatically renewed at the end of a definite term. It is unlawful for a person to:

- fail to present the automatic renewal offer terms in a clear and conspicuous manner;
- charge the consumer's credit card, debit card, or account without obtaining affirmative consent to the renewal;

- fail to provide a written acknowledgment of terms; and
- fail to provide a simple mechanism for cancelling an automatic renewal.

If the offer includes a trial period, it must include a clear and conspicuous explanation of the price that will be charged and any further purchase obligations placed on the consumer after the trial period ends.

Enforcement. Under current law, the Attorney General or a district attorney may bring a civil action on behalf of the state to seek the imposition of civil penalties against a person who violates the Colorado Consumer Protection Act. Civil penalties vary by type of violation and are paid to the General Fund.

Exceptions. The bill does not apply to a service provided to certain regulated entities such as banks, insurance companies, airlines, or cable television companies.

State Revenue

This bill may result in an increase in revenue from civil penalties and filing fees for trial courts. This revenue is subject to TABOR and has not been estimated.

State Expenditures

This bill will increase workload in the Department of Law and the Judicial Department beginning in FY 2021-22 as described below.

Department of Law. By requiring a three day cancellation policy, the bill may reduce the number of complaints received by the department under the Colorado Consumer Protection Act. The department currently prioritizes consumer complaints and addresses the complaints that are deemed the highest priority. As such, the department does not require a change in appropriations.

Judicial Department. This bill may lead to the filing of civil lawsuits for remedies around the execution of such contracts. While the workload may increase due to this legislation, any increase is minimal, and can be addressed within existing resources.

TABOR refunds. The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

Local Government

This bill may increase workload for district attorneys to bring actions for violations of the Colorado Consumer Protection Act. The fiscal note assumes there will be few, if any, cases addressed at the local level.

Effective Date

The bill takes effect January 1, 2022, unless a referendum petition is filed.

State and Local Government Contacts

District Attorneys
Judicial

Information Technology
Law