



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0699	Date:	January 13, 2021
Prime Sponsors:	Sen. Winter; Gonzales Rep. Herod	Bill Status:	Senate Finance
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Bill Topic: **EXTENDING LIMITATIONS ON DEBT COLLECTION ACTIONSS**

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 extends the suspension of extraordinary debt collections through June 1, 2021. The bill decreases state revenue and increases state workload in the current FY 2020-21 only.

Appropriation Summary: No appropriation is required.

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

**Table 1
State Fiscal Impacts Under SB 21-002**

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	(\$1,138,810)	-	-
Expenditures		-	-	-
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

Currently, debtors experiencing financial hardship due to COVID-19 may have extraordinary debt collection actions suspended until February 1, 2020. A judgement creditor must provide written notice of the suspension to a debtor, who must notify the creditor that they are experiencing financial hardship in order to request the temporary suspension.

The bill extends the suspension until June 1, 2021. If a collection action has already been suspended by the debtor, the creditor must notify them that the suspension is now effective through June 1, 2021. If the debtor did not respond to the initial written notice and the creditor has not started an extraordinary collection process, the creditor must provide a new notice to the debtor prior to any action.

Currently, up to \$4,000 in a debtor's depository accounts is exempt from levy and sale under a writ of attachment or writ of execution until February 1, 2021. The bill extends this exemption until June 1, 2021.

Background

Senate Bill 20-211 allowed debtors experiencing financial hardship due to COVID-19 to have extraordinary debt collection actions suspended through November 1, 2020, and allowed the Department of Law to extend the suspension through February 1, 2021, if necessary. The department took action to extend the suspension on October 25, 2020. In addition, it exempted up to \$4,000 from levy and sale under a writ of attachment or writ of execution.

State Revenue

In the current FY 2020-21 only, the bill will reduce state cash fund revenue in the Judicial Department by an estimated \$1,138,810 due to extending the prohibition on extraordinary collection actions. The estimated revenue drop is based on an average 9,304 civil garnishments per month in FY 2019-20, and a 68 percent drop in filings in the first half of FY 2020-21, since the suspension was initially implemented. The current filing fee for a writ of garnishment is \$45.

State Expenditures

In the current FY 2020-21 only, the bill increases the workload in the Judicial Department by a minimal amount. The bill increases workload for the trial courts to deny writ requests, and for collections staff to answer questions and provide outreach related to the extension of the prohibition. No change in appropriations is required.

Cash fund revenue impacted by the bill is used for judicial administration. If revenue to Judicial Department cash funds fall below the cost of administering collections, this fiscal note assumes that any change in appropriations will be addressed through the annual budget process.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties	Judicial	Law
Municipalities	Personnel	Revenue