



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated January 25, 2022)

Drafting Number: LLS 22-0721 **Date:** February 4, 2022
Prime Sponsors: Rep. Cutter; Sullivan **Bill Status:** House Business
 Sen. Pettersen; Kolker **Fiscal Analyst:** Josh Abram | 303-866-3561
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Bill Topic: **REDUCE FEES FOR BUSINESS FILINGS**

Summary of Fiscal Impact:

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

The bill transfers \$16.71 million from the General Fund to the Department of State Cash Fund in order to reduce business filing fees. The bill reduces state revenue from fees in FY 2022-23 only.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill. The fiscal note has been revised to reflect additional information received from the Secretary of State.

Table 1
State Fiscal Impacts Under HB 22-1001

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	Cash Fund	(\$16,710,000)	-
	Total Revenue	(\$16,710,000)	-
Expenditures		-	-
Transfers	General Fund	(\$16,710,000)	-
	Cash Funds	\$16,710,000	-
	Net Transfer	\$0	-
Other Budget Impacts	TABOR Refund	(\$16,710,000)	-

Summary of Legislation

The bill transfers \$16.71 million from the General Fund to the Department of State Cash fund for use by the Department of State to reduce business filing fees.

Background

Under current law, the Department of State (DOS) is primarily cash funded through fees for business filings. Fees and penalties from the department's other programs, including bingo-raffle, charities, durable medical equipment suppliers, notary publics, uniform commercial code, lobbyists, and campaign and political finance generate the rest of the department's revenue. The DOS sets and adjusts fees in order to approximate its direct and indirect costs. Total DOS revenue in FY 2020-21 was approximately \$27.35 million.

State Revenue

The bill reduces cash fund revenue from business filing fees in the DOS by \$16.71 million in FY 2022-23 only. The DOS will reduce five principal business fees to \$1.00 for FY 2022-23. The fees to be reduced are for:

- annual business registration renewal;
- new trade name registrations and annual renewal, and
- updates to business information.

Fee change. Current fee amounts range from \$10 to \$50 per transaction. The DOS plans to reduce fees to \$1.00 per filing to continue processing credit card transactions, which allows the department to confirm the identity of persons requesting changes to the business registry.

State Transfers

On July 1, 2022, the bill transfers \$16,710,000 from the General Fund to the Department of State Cash Fund.

Other Budget Impacts

TABOR refunds. The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$16,710,000 in FY 2022-23. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available, which offsets the cost of the General Fund transfer described above.

Effective Date

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

State and Local Government Contacts

Secretary of State

Treasury