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# Final Fiscal Note

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**Drafting Number:** LLS 23-0508 **Date:** July 13, 2023  
**Prime Sponsors:** Sen. Rodriguez **Bill Status:** Postponed Indefinitely  
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**Bill Topic:** **GIG WORK TRANSPARENCY**

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**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 would have required delivery network companies and transportation network companies to provide payment disclosures to drivers and consumers, and would have subjected noncompliant companies to fines. It would have increased state revenue and expenditures on an ongoing basis.

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**Appropriation Summary:** For FY 2023-24, the bill would have required an appropriation of \$216,438 to the Department of Labor and Employment.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee. This bill was postponed indefinitely by Senate Finance Committee on May 2, 2023; therefore, the impacts identified in this analysis do not take effect.

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**Table 1**  
**State Fiscal Impacts Under SB 23-098**

		<b>Budget Year FY 2023-24</b>	<b>Out Year FY 2024-25</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$216,438	\$189,457
	Centrally Appropriated	\$58,369	\$49,709
	<b>Total Expenditures</b>	<b>\$274,807</b>	<b>\$239,166</b>
	<b>Total FTE</b>	<b>1.7 FTE</b>	<b>1.4 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$32,466	\$28,419

## **Summary of Legislation**

Beginning January 1, 2024, this bill requires a delivery network company (DNC) or a transportation network company (TNC) to make disclosures to drivers and consumers regarding payments a consumer makes to a DNC or TNC, the amount the company then pays to the driver, and any amount a third party pays to a DNC. Companies are required to disclose certain information to the driver prior to acceptance of a drive or delivery, including the consumer's location and destination, among other information. Companies are prohibited from retaliation against any driver who declines to accept a task after receiving this information.

The Division of Labor Standards and Statistics (DLSS) in the Colorado Department of Labor and Employment must also outline rules regarding payment disclosures—including take rate and take amount transparency, destination and fare transparency, nonlinear compensation system transparency, and wage transparency—as well as transparent termination procedures. These rules must be adopted no later than January 1, 2024. The DLSS may impose fines against DNCs and TNCs for violations of these disclosure requirements. These companies are also subject to civil actions and injunctive relief.

## **State Revenues**

The bill increases state revenue to the Wage Theft Enforcement Fund from fines collected from DNCs and TNCs. Overall, any revenue is expected to be minimal as the Colorado Wage Act encourages the DLSS to waive most fines assessed against employers if the employer complies with the law. Any revenue from court filing fees is also expected to be minimal.

## **State Expenditures**

The bill increases state expenditures in the Department of Labor and Employment by \$274,807 in FY 2023-24 and \$239,166 in FY 2024-25 and ongoing, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under SB 23-098**

	FY 2023-24	FY 2024-25
<b>Department of Labor and Employment</b>		
Personal Services	\$128,730	\$102,726
Operating Expenses	\$10,599	\$7,426
Capital Outlay Costs	\$20,010	-
Legal Services	\$57,100	\$79,305
Centrally Appropriated Costs <sup>1</sup>	\$58,369	\$49,709
FTE – Personal Services	1.4 FTE	1.2 FTE
FTE – Legal Services	0.3 FTE	0.4 FTE
<b>Total Cost</b>	<b>\$274,807</b>	<b>\$239,166</b>
<b>Total FTE</b>	<b>1.7 FTE</b>	<b>1.6 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Labor and Employment.** Beginning in FY 2023-24, the CDLE requires funding for staff to implement and enforce the provisions of the bill. The CDLE will also require general counsel and advice for rule promulgations and support with the ongoing administration of this bill, as well as legal assistance establishing procedures with the submittal of complaints and the associated investigations, hearings, and remedies.

- **Staff.** The department requires 1.4 FTE in 2023-24 and 1.2 FTE in FY 2024-25 and ongoing. First-year costs assume a start date of July 1 for staff involved in rulemaking and program start-up, and a start date of January 1, 2024 for staff involved in enforcement and hearings. Standard operating and capital outlay costs are included for these staff. Required staff are described in more detail below.

*Program implementation and management.* The CDLE will require staff to assist in program implementation and rulemaking, as well as to provide ongoing management to the program. This will include 0.5 FTE for a program manager and 0.2 FTE for a program assistant in FY 2023-24 and ongoing. In the first year only, 0.5 FTE for a policy advisor will be needed to assist with rulemaking and establishing program policies and procedures.

*Compliance and hearing staff.* Once the program takes effect in 2024, the CDLE will require 0.5 FTE for a compliance investigator to process complaints about retaliation and transparency requirements under the bill. The fiscal note assumes 24 complaints and an average time of 40 hours for staff to investigate, communicate with the parties, and adjudicate each complaint.

- **Legal services.** The CDLE will require about 540 hours of legal services for general counsel and rulemaking support in FY 2023-24, provided by the Department of Law at a rate of \$105.74 per hour. Legal service needs will total 750 hours in FY 2024-25 and out years to represent the CDLE in appeals and other hearings regarding decisions resulting from complaints. The Department of Law requires the equivalent of 0.3 FTE in FY 2023-24 and 0.4 FTE in FY 2024-25 and ongoing to provide these services.

**Judicial Department.** Any trial court workload impact is expected to be minimal. Since the DLSS will adjudicate cases administratively, additional case filings in district court will be small in number.

**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 shown in Table 2.

## **Other Budget Impacts**

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to conduct occurring on or after January 1, 2024.

## **State Appropriations**

For FY 2023-24, the bill requires an appropriation of \$216,438 and 1.7 FTE to the Department of Labor and Employment from the General Fund. Of this amount, \$57,100 is reappropriated to the Department of Law.

## **State and Local Government Contacts**

Information Technology  
Law  
Transportation

Judicial  
Regulatory Agencies

Labor  
Revenue