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Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 24-0563 Date: June 13, 2024
Prime Sponsors: Rep. Snyder; Mabrey Bill Status: Signed into Law
Sen. Gonzales Fiscal Analyst: Anna Gerstle | 303-866-4375
anna.gerstle@coleg.gov

Bill Topic: SUNSET DEBT-MANAGEMENT SERVICE PROVIDERS

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [X] TABOR Refund [] Statutory Public Entity

Sunset bill. This bill continues the regulation of debt-management service providers in the Department of Law, which is scheduled to repeal on September 1, 2024. State fiscal impacts under the bill include the continuation of the program's current revenue and expenditures, and minimal workload increase to implement the changes in the bill. The program is continued through September 1, 2035.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 24-1251^1

Table with 3 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26. Rows include New Impacts (Revenue, Expenditures), Continuing Impacts (Revenue, Expenditures), and Other Budget Impacts (TABOR Refund).

^1 Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program without making any changes that require additional appropriations, there are no new impacts. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

Under current law, the regulation debt-management service providers by the Department of Law repeals September 1, 2024. The bill continues the program through September 1, 2035. In addition, the bill:

- requires that providers maintain records of personal finance education provided to individuals as a condition of providing debt-management services;
- specifies that settlements between a consumer and creditor must be in writing; and
- requires fees paid by debt-management service providers be set administratively instead of through the rulemaking process.

Background

Debt-management service providers serve as intermediaries between a consumer and creditor for the purposes of debt management. Providers must register with the Administrator of the Uniform Consumer Credit Code in the Department of Law, pay a fee, obtain a surety bond, identify and review consumer trust accounts, and comply with applicable all laws and rules. In FY 2021-22, there were 41 active registrants.

The sunset review conducted by the Department of Regulatory Agencies can be found [here](#).

Continuing Program Impacts

Based on recent revenue and expenditures, the Department of Law is expected to have annual revenue of \$41,500 and expenditures of \$171,294 and 1.4 FTE to administer the registration program for debt-management service providers. Revenue will be deposited into, and expenditures are paid from, the Consumer Credit Unit Fund beginning in FY 2024-25.

If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2025-26. This continuing revenue is subject to the state TABOR limit. If this bill is not enacted, the program will end on September 1, 2024, followed by a one-year wind-down period, and state revenue and expenditures will decrease starting in FY 2025-26 by the amounts shown in Table 1, above.

State Expenditures

The changes to the regulation of debt-management services providers may minimally increase workload in the Department of Law. No change in appropriations is required.

Effective Date

The bill was signed into law by the Governor on May 22, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State and Local Government Contacts

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).