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Final Fiscal Note

Drafting Number: LLS 24-0886 Date: June 18, 2024
Prime Sponsors: Rep. Mauro; Frizell Bill Status: Signed into Law
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Bill Topic: MODIFICATION OF RECORDING FEES

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

The bill modifies the fee amounts that a county clerk and recorder may collect and delays the repeal of the Electronic Recording Technology Board. It increases state expenditures and impacts local revenue and workload starting in FY 2024-25. It also continues state revenue and expenditures starting in FY 2026-27.

Appropriation Summary: For FY 2024-25, the bill requires and includes an appropriation of \$10,444 to the Department of Revenue.

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

Table 1
State Fiscal Impacts Under HB 24-1269

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures, Transfers, and Other Budget Impacts.

Summary of Legislation

Current law permits county clerk and recorders to collect fees for filing or recording certain documents. The bill changes recording fees to a flat \$40 fee for most recorded documents and prohibits fee collection for a certificate of death, verification of death document, or certified copy of either. The statutory fee structure for county clerk and recorders is repealed on December 31, 2029.

Additionally, the bill:

- stipulates that certificates of death, verification of death documents, or a certified copy of either that are recorded with a county clerk and recorder become public record;
- permits a county clerk and recorder to leave a social security number unredacted upon request; and
- delays the repeal date and sunset review for the Electronic Recording Technology Board (ERTB) and associated grant program from September 1, 2026 to September 1, 2029.

Background

The ERTB is an enterprise in the Department of State that is authorized to impose an electronic filing charge and surcharge on all documents received by a county clerk and recorder. This fee revenue is used to award grants to counties to improve their electronic filing systems.

State Revenue

The bill continues about \$3.1 million in annual revenue associated with the ERTB for three years, from FY 2026-27 through FY 2028-29, by delaying the Board's repeal date to September 1, 2029. Revenue is deposited and spent from the Electronic Recording Technology Cash Fund. As an enterprise, ERTB revenue is not subject to the state's revenue limit under TABOR.

State Expenditures

The bill increases state expenditures in the Department of State and Department of Revenue (DOR) by about \$10,500 in FY 2024-25 and FY 2025-26, and \$3,133,260 in FY 2026-27, paid from the DRIVES Cash Fund and the Electronic Recording Technology Cash Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1269

	FY 2024-25	FY 2025-26	FY 2026-27
Department of State			
ERTB Continuation Expenses	-	-	\$3,133,260
Department of State Subtotal	-	-	\$3,133,260
Department of Revenue			
Personal Services	\$1,416	\$1,416	-
DRIVES Programming	\$7,840	\$8,160	-
Information Technology Systems	\$1,188	\$1,188	-
Department of Revenue Subtotal	\$10,444	\$10,764	-
Total	\$10,444	\$10,764	\$3,133,260

Department of State. From FY 2026-27 through FY 2028-29, expenditures in the Department of State will continue for the ERTB to administer the electronic filing program and award grants to counties. Expenditures of about \$3.1 million are assumed to match available revenue and are paid from the Electronic Recording Technology Cash Fund.

Department of Revenue. The bill increases expenditures in the DOR by about \$10,400 in FY 2024-25 for the first round of DRIVES programming and \$10,800 in FY 2025-26 for the second round of programming, paid from the DRIVES Cash Fund. The DOR requires programming to update security agreement filing fees and processes.

- **Staffing.** In FY 2024-25 and FY 2025-26, the DOR requires 42 hours of staffing support for the Innovation, Strategy, and Delivery Division and the Division of Motor Vehicles (DMV) to program and test updates to the DRIVES system.
- **DRIVES programming.** The DMV in the DOR uses its Driver License, Record, Identification and Vehicle Enterprise Solution (DRIVES) information technology system for all driver license and motor vehicle transactions. The DRIVES system requires an extensive 18-month upgrade which is scheduled to take place from July 1, 2024, through March 31, 2026. As a result, the DOR has requested that any new legislation requiring DRIVES programming have an effective date of April 1, 2026, with roll-forward spending authority through FY 2026-27, noting that each programming requirement during the system upgrade period may increase the overall project timeline. Based on the current effective date in the bill, the fiscal note includes costs for the DRIVES programming to take place twice—in the existing and new system.
- **Information technology support.** In FY 2024-25 and FY 2025-26, the DOR requires 12 hours of support from the Office of Information Technology for quality assurance and software development.

Department of Regulatory Agencies. Workload in the Department of Regulatory Agencies related to the sunset review of the ERTB will shift from FY 2025-26 to FY 2027-28. No change in appropriations is required.

Local Government

Starting in FY 2024-25, workload in the county clerk and recorder's office will decrease due to streamlined processes and administrative cost savings. The fiscal note assumes that local revenue will increase as a result of the increased security agreement filing fee amount. For information purposes, the DMV processed around 793,000 security filing transactions in FY 2023-24 across all 64 Colorado counties, at a rate of \$5 per page and a standard range of 1 to 4 pages per filing. Assuming a rounded average of 3 pages, local government revenue from security filing fees was an estimated \$11.9 million in FY 2023-24. If the bill is enacted and fees increase to \$40 per filing, local government revenue would increase to \$31.7 million on an ongoing basis.

Technical Note

The fiscal note currently includes a duplicative programming cost for the DOR's DRIVES system, as discussed in the State Expenditures section. The duplicate cost would be removed if the bill's effective date were amended to April 1, 2026, when the DRIVES upgrade is complete.

Effective Date

The bill was signed into law by the Governor on June 4, 2024, and takes effect on July 1, 2025, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires and includes an appropriation of \$10,444 from the DRIVES Cash Fund to the Department of Revenue, of which \$1,188 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties	County Clerks	Information Technology
Municipalities	Regulatory Agencies	Revenue

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](#).