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Revised Fiscal Note

(replaces fiscal note dated March 4, 2024)

Drafting Number: LLS 24-0573 Date: April 11, 2024
Prime Sponsors: Rep. English; Clifford Bill Status: Senate Finance
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Bill Topic: SUNSET CONTINUE MONEY TRANSMITTER REGULATION

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 money transmitters in the Department of Regulatory Agencies, which is scheduled to repeal on September 1, 2024. State fiscal impacts include both the continuation of the program's current revenue and expenditures, and minimal impacts to revenue and expenditures as a result of the change in the bill. The program is continued through September 1, 2030.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 24-1328^1

Table with 3 columns: Category, Budget Year FY 2024-25, and 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. 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 of money transmitters by the Department of Regulatory Agencies (DORA) repeals on September 1, 2024. The bill continues the program until September 1, 2030 and makes the following changes:

- allows the banking board to suspend a license and issue cease-and-desist orders;
- expands the requirement to provide surety bond coverage to include all money transmission, rather than just exchange;
- increases the penalty for failure to allow a records examination from \$100 per day to \$1,000 per day;
- increases the penalty for failure to report to DORA from \$250 per day to \$750 per day;
- allows the State Banking Commissioner to forward fingerprints directly to the Federal Bureau of Investigation for a criminal history record check; and
- repeals the requirement that licenses report contact information for each agent who owns at least 10 percent interest in the building.

Under current law, licensing requirements do not apply to federal, state, or local agencies, or banking, savings, loan, credit unions that are organized under laws of Colorado or the United States. The bill expands this exemption to include those chartered in other states and repeals an exemption for telegraph or cable companies.

## Background

Money transmitters are nonbank financial companies that transfers funds electronically and are used by customers to pay bills, buy products online, or sent money to other companies. Money transmitters are regulated by the State Banking Board in DORA. In 2022, there were 135 money transmitters.

The sunset report published by DORA is available [here](#).

## Continuing Program Impacts

Based on recent data, DORA is expected to have revenue of \$637,320 and expenditures of \$927,938 and 10.0 FTE to administer the regulatory program. 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 limits. If this bill is not enacted, the program will end on September 1, 2025, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2025-26 by the amounts shown in Table 1. The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditures sections below.

## State Revenue

The bill minimally increases fine revenue to the Division of Banking Cash Fund in DORA. The bill increases penalties for failure to report from \$250 per day to \$750 per day and failure to allow a records examination from \$100 to \$1,000 per day. However, no fines were assessed over the five years that the sunset report reviewed. As a result, the fiscal note assumes that the number of fines assessed and the associated revenue increase will be minimal.

To the extent that the bill decreases licensure renewals due to expansion of licensing exemptions, application fee revenue will decrease. The current renewal fee is \$3,000. Any change in fee revenue is expected to be minimal.

## State Expenditures

The bill increases workload for the Division of Banking in DORA to adjust their procedures and rules to align with the bill. To the extent the bill decreases licensure renewals due to expansion of licensing exemptions, workload will decrease. No change in appropriations is required.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

Law	Regulatory Agencies
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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](#).