HB 24-1380

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number:	LLS 24-1053	**Date:**	August 6, 2024
Prime Sponsors:	Rep. Mabrey Sen. Cutter; Jaquez Lewis	**Bill Status:**	Signed into Law
		Fiscal Analyst:	Brendan Fung | 303-866-4781 brendan.fung@coleg.gov

Bill Topic: **REGULATION OF DEBT-RELATED SERVICES**

Summary of Fiscal Impact:

☒ State Revenue ☐ State Transfer ☐ Local Government
☒ State Expenditure ☒ TABOR Refund ☐ Statutory Public Entity

The bill establishes new regulatory protections for consumers under the Consumer Credit Code related to credit and debt-management services. It increases state revenue and minimally increases state expenditures starting in FY 2024-25.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 24-1380

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue	Cash Funds	$15,000	$15,000
Expenditures		-	-
Transfers		-	-
Other Budget Impacts	TABOR Refund	$15,000	$15,000

Summary of Legislation

The bill establishes new regulatory protections under the Consumer Credit Code related to credit and debt-management services.

Credit services. Credit service organizations must file a notification with, and pay a fee to, the Attorney General's Office within 30 days of commencing business in Colorado and annually thereafter. The Administrator of the Uniform Consumer Credit Code may also order a person to cease and desist from engaging in violations of the Colorado Credit Services Organization Act. Violating persons are subject to an administrative penalty of up to $1,500 per violation.

Debt management services. The bill aligns debt management service requirements with the Uniform Debt-Management Services Act and clarifies consumer consent timelines when utilizing internet or electronic disclosures, reporting, and record-keeping. Additionally, the bill updates the circumstances when a debt management service provider may levy fees on a consumer.

The bill prohibits a debt collector or collection agency from being the named plaintiff in a legal action on a debt against a consumer unless the name of the original creditor or assignor precedes the name of the debt collector or collection agency in the case caption.

Background

The Colorado Uniform Consumer Credit Code (UCCC) regulates the terms and conditions of consumer credit in the state. It sets maximum rates and charges, requires disclosure of the cost of credit so consumers may shop for the best rates, and provides remedies for consumers on default. The Colorado Attorney General's Office, through the Administrator of the Uniform Consumer Credit Code, investigates complaints about lenders and creditors, licenses non-bank lenders such as finance companies and payday lenders, and takes disciplinary or legal action when a creditor violates the law. Consumers may bring legal action against creditors under the UCCC.

State Revenue

The bill increases state cash fund revenue by an estimated $15,000 starting in FY 2024-25, paid to the Consumer Credit Unit Cash Fund in the Department of Law (DOL) from credit service organizations paying an annual notification fee. The bill also minimally increases state revenue from administrative penalties. These impacts are shown in Table 2 and discussed in more detail below.

Table 2
Fee Impact on Credit Service Organizations

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Notification Fee	$1,000	15	$15,000

Fee impact on credit service organizations. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Starting in FY 2024-25, DOL will collect about $15,000 in notification fees from 15 assumed credit service organizations each year. The fiscal note estimates a fee amount of $1,000 based on the current fee for debt management organizations. This proposed fee is an estimate only; actual fees will be set administratively by DOL.

Administrative penalties. A person violating the new provisions of the UCCC may be subject to an administrative penalty of up to $1,500 for each violation. Revenue from administrative penalties is credited to the Consumer Credit Unit Cash Fund and is subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the UCCC Administrator, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these administrative penalties.

State Expenditures

The bill may increase workload in the Department of Law and the Judicial Department beginning in FY 2024-25, as described below.

Department of Law. Workload in the Department of Law will minimally increase to the extent that administrative complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of complaints and available resources. Workload will also minimally increase for the Consumer Credit Unit to make rules regarding credit servicer notifications and fees and handle any violations by credit service organizations. No change in appropriations is required.

Judicial Department. Trial courts in the Judicial Department may have an increase in workload from judicial review of any administrator decisions. It is assumed that credit service organizations will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

The bill was signed into law by the Governor on June 6, 2024, and takes effect on August 7, 2024, except that sections 5-19-223 (d)(2)(A)(iii), (d)(4), and (e), C.R.S., as amended in Section 5 of the bill, take effect March 1, 2025, assuming no referendum petition is filed.

State and Local Government Contacts

Judicial	Law	Regulatory Agencies
Treasury

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.