

**DEPARTMENT OF REGULATORY AGENCIES
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA
Monday, January 5, 2014
10:30 am – 12:00 pm**

10:30-10:40 INTRODUCTIONS AND OPENING COMMENTS

10:40-10:50 QUESTIONS COMMON TO ALL DEPARTMENTS

(The following questions require both a written and verbal response.)

1. SMART Government Act:

a. Please describe how the SMART Government Act is being integrated into the Department's existing processes (both in terms of service delivery and evaluating performance).

At its core, DORA recognizes that the SMART Government Act, and Departments' strategic, performance plans and processes, are the foundation for Governor Hickenlooper's efforts to support a statewide culture that values continuous improvement; and the efficiency, effectiveness and elegance with which we serve our customers and pursue our mission of consumer protection. In March, 2014, OSPB distributed updated Performance Management System Instructions to all Executive Branch agencies, to be used in creating Departmental performance plans in compliance with the SMART Act, as revised during the 2013 legislative session. As I will highlight in the information that follows, DORA's Performance Plan and performance planning process reflect the spirit and intent set forth by OSPB in the instructions and the SMART Act.

In fully embracing the SMART Act, and the Performance Planning model, DORA has established five Strategic Policy Initiatives that we believe are truly meaningful to the customers we serve and support our mission of consumer protection.

The Performance Plan (available on the Department's and OSPB's website) identifies the major program areas which, importantly, cross division lines: (i) licensing and permitting; (ii) regulatory program administration, which includes inspection, enforcement, investigations and disciplinary matters; (iii) economic regulation, covering such matters as rate reviews and approval; and financial and institutional examinations; and (iv) outreach and education.

The Strategic Policy Initiatives reflect the unifying objectives, goals and measures of success for the entire Department to support and contribute to the Department's mission.

Strategic Policy Initiatives

In the execution of the program areas and goals, the Department is guided by the 5 Initiatives. They are:

- **Public Trust and Confidence is Increased:** DORA provides reasonable and conscientious regulation. The Department is a recognized leader in the creation and sustainment of a fair, competitive and business friendly regulatory environment, including acting in the public interest in and for Colorado.
- **Public Protection is Enforced:** DORA brings value to the marketplace, and regulatory program processes are streamlined, standardized, consistently improve, and leverage technology.
- **Regulatory Activities and Economic Development are Connected:** The Department builds professional partnerships, and conducts outreach to create relationships that enable government to positively influence the Colorado economy.
- **Government is Accessible and Responsive:** DORA enhances professional development for a high quality, customer centric workforce by creating a robust workforce development and engagement foundation to maximize employee success, Department efficiencies and access, and ultimately, the customer experience.
- **Consumer Rights are Protected.**

To ensure integration throughout the Department's processes and functions, every goal the Department has established demonstrates a thoughtful alignment with the Strategic Policy Initiatives, and frames the Performance Plan in terms of WHAT we actually do, why, and how it impacts our licensees and regulated businesses, as well as the general public.

This reflects a significant shift from the traditional regulatory "enforcement" mind-set, to one of customer service, supporting and encouraging compliance and empowering the public and those we serve to better understand the real value of the resources that DORA brings to the Colorado economy and marketplace.

From a transparency and accountability standpoint, the public is entitled to expect compliance with the standards of practice when they engage the services or purchase products offered in the marketplace by our licensees and regulated businesses—whether a physician or other health care provider, bank or credit union, vet, plumber or electrician, real estate broker or financial advisor.

Every day there are a myriad of examples of our efforts to assist and protect consumers by weaving the Strategic Policy Initiatives into our standards of performance. DORA has carefully examined and analyzed numerous processes that are embedded in the functions and services that comprise our operations. To highlight just a couple of examples of consistently seeking ways to improve our own processes to better serve DORA's customers, it had been the practice of the Colorado Real Estate Commission, through its Forms Committee, to update, on an annual basis, the real estate forms and contracts which the industry is required to use. Based

on feedback received from licensees and industry stakeholders, the necessity of such frequent changes and the related costs, was questioned. In order to evaluate this practice, the Commission imposed a moratorium on any changes to the forms until 2016, subject to any legislative mandates during this period.

In the meantime, the Division of Real Estate created a statewide focus group of real estate stakeholders to review each form and provide input on how to simplify them so they are easier to use and understand for real estate professionals and the Colorado consumer. The feedback from the focus group has since been forwarded to the Commission to implement with the 2016 forms.

Another example comes from our Securities Division, which has assisted investors to the tune of \$46.5 million in restitution ordered in the last two fiscal years, from scammers, schemers and promoters of fraudulent investments. All too often, unsuspecting or all too trusting individuals, many of them elderly, fall victim to investment schemes. The financial and emotional impacts of losses in these fraudulent investments are devastating, and every penny we can recover for them is important.

b. How is the data that is gathered for the performance management system used?

It is important to first identify and generally describe the data. DORA's Performance Plan identifies major program areas that span multiple divisions. For each major program area, the Department has identified at least one critical process, that directly serves a customer. For those processes, the data gathered includes factors and examples such as the following:

1. Workload Statistics: The number of licensing applications received, the number of staff performing the service, budget, the number of complaints received.
2. Deliverables: An issued license, an investigation decision, a resolution to a complaint, an established fee.
3. Performance Measures: The time it takes to complete an investigation, issue a license, conduct a financial examination.

We are deliberate in establishing processes that enable us to not only measure progress, but to streamline regulatory processes and ultimately improve and substantiate the efficiency with which we deliver our services to our customers.

To illustrate, The Board of Real Estate Appraisers collected and carefully analyzed data by undertaking a Lean project to streamline the license upgrade review process for Real Estate Appraiser applicants. The initial project goal was to reduce the time for review from 2.5 months to less than 30 days. After implementation of the lean project results, for the first quarter of the fiscal year, the Division reported that the review time has in fact been reduced from 78 days to less than 25 days. Feedback from consumers has been positive, and staff is very appreciative of the thank you notes/emails they have received.

Another example stems from the data collected and analyzed during our fee setting process, in support of our measure to assure fees are set at the minimum necessary to support program operations while providing a sustainable foundation for Department funding. In September 2014, our largest division – the Division of Professions and Occupations -- announced a substantial reduction in electrical and plumbing permit fees, reflecting the impact of increased construction activity in the state. Fees charged for electrical inspections were cut by 50 percent, while plumbing inspections were reduced by 75 percent. Requests for Electrical Permits increased nearly 14 percent from 2012 to 2014, from 13,400 to 15,272. Over this same period, Plumbing Permit requests increased nearly 36 percent, from 2,689 to 3,658.

While the fee reduction will be re-evaluated next year and may be adjusted to generate sufficient revenue to cover costs, DORA was deliberate in determining a reasonable fee reduction amount, with intentions of avoiding drastic fluctuations in forthcoming years.

c. Please describe the value of the act in the Department.

The SMART Act and DORA's Performance Plan have been, and continue to be, a unifying thread across the divisions and our multitude of functions in attaining our mission of consumer protection. Before the SMART Act, the Department's strategic planning process was a wholly fragmented exercise, comprised of each of the nine divisions submitting their version of the division's goals and measures. The Department would in turn, compile the individual submissions and submit as its strategic plan in connection with the budgeting process. During the course of SMART Act implementation, we have developed a unified focus on DORA's mission of consumer protection, and have enhanced our ability to create a streamlined and understandable regulatory presence for the customers we serve.

Examples are evidenced in two of our primary functions that cross multiple divisions - inspections and investigations.

Four divisions - Banking, Professions and Occupations, the PUC and Real Estate, have partnered and launched a significant effort for the Inspections functions, demonstrating a commitment to foster a unified presence, and to continuously leverage resources and improve efficiencies. Regardless of Division or "type" of inspection, the process requires the recording of inspection points, the reporting of violations, and some form of follow up. Database applications are typically developed and used to complete these required tasks. Historically, the development of these applications was for exclusive use by the specific inspection program housed within the division, and 100% customized to meet the needs of the specific program or inspection type. Currently, this cross-division inspections team, which includes representation from OIT, is developing a database template sufficiently robust to meet the generic needs of **any** inspection program, reducing the need for customization from 100% to an estimated 20%-30%. Additionally, the code behind the template has already been leveraged by OIT for use by the Department of Agriculture in their brand inspection program.

In the investigations world, individuals from the Divisions of Civil Rights, Financial Services, Insurance, Professions and Occupations, Real Estate, the Public Utilities Commission and Securities have collectively focused on identifying and sharing investigatory best practices, and have utilized Lean processes to strike improvements in allegation intake and investigations turnaround times. Consistent and streamlined protocols are developed in the areas of interviewing, report writing and investigator core skills training will be provided to truly grow the investigatory talent bank, and expand the ability to share resources across the entire Department. The Division of Civil Rights has reduced the average time to draft and file a charge from 6-8 weeks to 9.2 days by utilizing the continuous improvement expertise and experience of a manager from the Division of Real Estate. He has used the Lean event as an opportunity to “train-the-trainer,” to further expand the scope of multi-division projects such as these.

DORA has historically been viewed, both from within and outside of the Department, as being comprised of multiple independent and autonomous “agencies.” The Department has utilized the tenets of the SMART Act to help break-down this perception, which has resulted in a much broader and deeper understanding how each and every employee contributes to our mission of consumer protection; what we, as an integrated Department, do for consumers and the marketplace; and how we collectively, can be relied on as a resource, for business professionals and consumers, alike.

2. Do you have infrastructure needs (roads, real property, information technology) beyond the current infrastructure request? If so, how do these needs fit in with the Department’s overall infrastructure priorities that have been submitted to the Capital Development Committee or Joint Technology Committee? If infrastructure should be a higher priority for the Department, how should the Department’s list of overall priorities be adjusted to account for it?

The Department does not presently have infrastructure needs requested before the JBC or the Capital Development Committee. However, as noted by the JBC staff analyst, the Department’s present leased space (approximately 160,000 square feet in the Central Business District) will expire in 18 months. Pending definitive guidance in accord with the Capitol Complex Master Plan, the Department is presently engaged in negotiating for space beyond this timeframe. At this time, we have not been advised of the proposed master plan and it is therefore unclear whether the Department will be affected by decisions made pursuant to the Capitol Complex Master Plan. The Department has advised, and sought advice and guidance from, the Department of Personnel Administration regarding its needs, requirements and activities pertaining to DORA’s facility lease.

3. Describe the Department's experience with the implementation of the new CORE accounting system.

a. Was the training adequate?

DORA recognizes the complexity and expected challenges in implementing a wholly new statewide financial system. In many cases, the training occurred well in advance of the transition, and offered a necessary, though sometimes limited, view of the system. However, once the new system was deployed, staff sometimes didn't remember what they had learned from the training and had to rely heavily on the Department's accounting and budget staff, who were already challenged by managing the additional and unexpected demands of the transition and implementation. The Department looks forward to additional training opportunities that may be made available in the future.

b. Has the transition gone smoothly?

Fully transitioning to a completely new system, with entirely new coding requirements, and revenue recognition, and a wholly different reporting functionality, is not something that occurs easily or without unexpected issues. This is particularly true given the complexity of a Department like DORA, which has many separate programs, license types and fiscal codes. The transition has gone much as expected. Some aspects of the system continue to be challenging. DORA remains hopeful that with operational experience, staff efficiency will increase.

c. How has the implementation of CORE affected staff workload during the transition?

The implementation of and transition to CORE has naturally had a significant impact on staff workload, and required a substantial investment of time and expertise. During the system's design phases, as well as the training and initial implementation periods, it is estimated that the demands on the Department's budget and accounting staff increased by approximately 30%, exclusive of the time commitments of supervisory and training requirements in the nine divisions.

d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the Department is requesting additional funding for FY 2015-16 to address it.

The Department recognizes that the implementation of such a substantial new system will drive additional short-term workload as employees adjust to new ways of doing business. As employees adjust to new business processes and become more familiar with the CORE system, it is expected that this short-term workload increase will dissipate. Any long-term staffing changes resulting from CORE -- whether increases or decreases -- will not be known before the

system reaches a steady operational state. At this time, the Executive Branch is not submitting any requests for FY 2015-16 to address the impact of CORE on normal Departmental financial services operations.

10:50-11:15 DEPARTMENT OVERVIEW

4. What caused the substantial growth in legal services from FY 2012-13 to FY 2013-14?

The substantial growth in legal services during these two years is primarily attributable to the increase in the hourly legal rate charged by the Law Department, which increased 17.9% between FY 12-13 and FY 13-14. The following table shows increases associated with Department legal services appropriations over the last three years, including dollar amounts attributable to increases in this hourly legal rate, as well as increases as a result of additional legal hours appropriated in bills passed by the General Assembly.

Legal Services Appropriations Increases	FY 12-13	FY 13-14	FY 14-15
Blended Hourly Legal Rate	\$77.25	\$91.08	\$99.01
Increase in Blended Hourly Legal Rate (from Prior Year)	\$1.54	\$13.83	\$7.93
Percent Increase	2.0%	17.9%	8.7%
Number of Legal Hours Appropriated in Long Bill	104,340	105,435	108,364
Increase in Number of Legal Hours (from Prior Year)	1,137	1,095	2,929
Percent Increase	1.1%	1.0%	2.8%
Total Amount of Legal Services Appropriated in Long Bill	\$8,060,265	\$9,603,020	\$10,729,120
Increase in Long Bill Appropriation (from Prior Year)	\$246,766	\$1,542,755	\$1,126,100
Percent Increase	3.2%	19.1%	11.7%
<u>Break-out of Increase</u>			
Cost of Increase in Hourly Legal Rate (over Prior Year)	\$158,933	\$1,443,022	\$836,100
Cost of Increase in Number of Legal Hours (over Prior Year)	<u>\$87,833</u>	<u>\$99,733</u>	<u>\$290,000</u>
Total Increase in Legal Services (over Prior Year)	\$246,766	\$1,542,755	\$1,126,100

5. Has the Department made adjustments to the sunset review cycle to create a more even distribution of reviews in any given year? If so, has that adjustment had a positive impact on the workload of the Office of Policy, Research and Regulatory Reform?

The sunset review schedules are established by statute, and the Department has not requested any adjustments in the review cycle of existing programs. In proposing future sunset review dates, the cumulative effect on the workload of the OPRRR is one of the considerations taken into account by the Department.

The schedule for sunset reviews conducted under Title 24, C.R.S., which includes most of the state's regulatory programs, is relatively consistent for the next several years, with 14 reports due in October 2016, 16 due in 2017, 19 due in 2018 and 15 due in 2019. The schedule for reviews conducted under Title 2, C.R.S., which generally includes Advisory Committees, is also fairly consistent with 9 reports due in 2016, 7 due in 2017, 10 due in 2018 and 4 due in 2019. Five to seven years out and sometimes longer, it is difficult to predict the issues, the intensity of interest, and thus the amount of work involved, of any single review until the review actually begins. However, the Office of Policy, Research and Regulatory Reform has successfully managed to keep up with the demanding and fluctuating workload within existing resources and staff.

6. (a) Were there any bills in the past four years that decreased the Department's regulatory requirements? (b) If so, how many, what were they, and in what years? (c) Are there any other areas that the Department believes could be deregulated?

To respond to (a) and (b), the Department has utilized information from the Secretary of State to prepare the attached table, that reflects bills that have had some regulatory impact, since 2007, and inclusive of last year. The specific Division, Program or Board, and rulemaking activity is referenced, as well as comments that may be helpful to determine if the bill increased or decreased regulatory requirements.

(c) DORA's 2014 sunset review of the Athletic Trainers Practice Act recommends that this regulatory program be allowed to sunset. Below is an excerpt from the 2014 Report:

"Sunset the Act and reenact the exemption to the Colorado Medical Practice Act for athletic trainers. Since the Act was implemented in 2009, there have been very few complaints, and even fewer disciplinary actions imposed on ATs. In fact, the Director imposed discipline once since regulatory oversight began. The lone disciplinary action was a cease and desist order, which was issued because an AT was practicing on an expired registration.

As such, the General Assembly should sunset the Act and implement an exemption to the Medical Practice Act similar to the one in existence prior to the passage of the Act, which would allow ATs to practice as long as they are certified by a national certifying entity. Doing so would

be consistent with the second sunset criterion, which mandates that regulation be the least restrictive form of regulation consistent with the public interest.”

The Report also notes that the “exemption should require ATs to achieve a minimum level of competency through education (baccalaureate degree in athletic training) and the passage of a national examination. The Colorado Medical Board should also promulgate rules to reestablish the types of services ATs can provide to the public and clarify that all ATs who are practicing under the exemption are required to work under the direction of a licensed physician, dentist or other health care professional (as defined in rule). Finally failure to comply with the aforementioned requirements of the exemption would fall under the jurisdiction of the Colorado Medical Board.” As of fiscal year 12-13, there were 614 active registrations for ATs, with a program expenditure of \$33, 691, exclusive of centralized services provided by the Division.

7. (a) Please provide any metrics collected by the Department to determine whether a sunset review bill has increased regulations on professions and occupations. (b) Who determines the need to increase regulations on licensed professions and occupations during the sunset review process? (c) Which bills have done so? (d) Does the Department have a way to measure how much the regulations are increased or decreased, as compared to the existing regulation?

- (a) The Department does not have the capability, resources, or subject matter expertise to measure or determine whether a sunset review bill increased or decreased regulations on professions and occupations. Developing and deploying such metrics requires technical analytics and base case benchmarks which the Department does not have and has not historically collected.
- (b) As part of the sunset review process, the Department conducts extensive stakeholder outreach, soliciting as much diverse input as is practicable. This stakeholder input, which can include calls for increased, as well as decreased regulation, as well as additional research (such as any data that may be available, literature reviews and the experiences of other jurisdictions) are measured against the statutory sunset criteria. If a sunset recommendation is made by the Department to either increase or decrease regulation, our goal is to assure public safety in the least restrictive manner possible. The General Assembly then either adopts or rejects these recommendations.

Sunset report recommendations for program termination have not always been accepted by the General Assembly. For example, in October 2012, we recommended sunsetting the regulation of occupational therapists due to lack of practice-related harm. In SB 13-180, the General Assembly rejected this recommendation, and in fact expanded regulation by moving from a registration program to a full licensing program and by requiring occupational therapy assistants to also obtain licenses.

(c) The attached table, referenced in the response to question 6, identified bills associated with a sunset report with an X in the respective column. As previously noted, the Department does not have the capability to determine and measure the effective impact of increases or decreases on regulatory requirements.

(d) No. Please see response to (a) above.

8. Please provide the number of new and active licenses for the Division of Real Estate (Brokers, Mortgage Loan Originators, and Appraisers) and the Division of Securities.

- Real Estate Brokers: 3,354 new Licenses in FY 14 and currently 31,194 active licensees
- Mortgage Loan Originators: 2,296 new licenses in FY14 and currently 8,647 active licensees
- Appraisers: 124 new licenses in FY14 and currently 2,795 active licensees
- Securities sales representatives: 13,633 new licensees to date this calendar year and currently 186,092 active licensees.
- Investment adviser representatives: 1,044 new licensees to date this calendar year and currently 12,147 active licensees.

9. Which federal law(s) increased the oversight requirements for Division of Securities, which resulted in the increase of examinations from FY 2010-11 to FY 2011-12?

The federal Dodd-Frank Act increased state oversight of investment advisers by raising assets under management (AUM) threshold for state jurisdiction over advisers from \$25 million to \$100 million. Prior to Dodd-Frank, the SEC had jurisdiction over all advisers with AUM over \$25 million. As a result of Dodd-Frank, 119 firms switched from federal oversight to the Division's oversight, increasing the number of firms over which the Division has sole regulatory oversight from 615 firms to about 728 firms.

Following the financial crises of 2008, as well as the discovery of the massive Bernie Madoff and Alan Stanford ponzi scheme frauds, specific questions were raised about the SEC's low investment adviser examination rate. The infrequency of regular SEC examinations of adviser firms was believed to have created an investor protection gap in the area of adviser regulation. Congress recognized that state securities regulators are the "local cops on the beat" and had the ability to develop a familiarity with the advisers' businesses, understand their operations, services and their customers, and respond to their concerns. This level of customer service is not as easily done by a federal regulator whose primary focus is the larger multi-region or national firms. Because of the greater contact and communication with firms located in our backyard, the Division can be extremely responsive to issues raised by advisers, as well as to customer complaints. Congress noted that the "SEC, by concentrating its examination and enforcement resources on the largest investment advisers, will improve its record in uncovering major cases of investment fraud, and that the States will provide more effective surveillance of smaller funds."

Because many of the firms now falling under the Division's jurisdiction had never been examined by the SEC, the Division made it a priority to examine these firms, and place all adviser firms on a 5 year examination cycle. The Division's experience of oversight of these local firms has shown an increased accountability, responsiveness, and commitment on the part of the Division and the firms towards each other. Additionally, the Division has found that its examinations program can identify and address hazards to investors before larger issues develop.

10. Please provide the license term lengths for Brokers, Mortgage Loan Originators, and Appraisers. Please also provide the license term lengths of the Division of Insurance Producer Licenses and the Division of Securities Sales Representative License and Investment Advisor Licenses.

- Real Estate Broker Licenses have a 36 month term, renewable on the anniversary of the issuance date.
- Mortgage Loan Originator Licenses have a 12 month term, renewable at the end of each calendar year.
- Appraiser Licenses have a 36 month term, renewable at the end of the calendar year.
- Insurance Producer Licenses have a 24 month term, renewable on the Producers birthdate. When a license is initially issued, the time is prorated allowing for a license to be issued anywhere from 13-24 months depending on what month the application is approved and the birth month of the producer.
- Licenses for securities sales representatives and investment adviser representatives are renewed on an annual basis, based on the calendar year.

11. With respect to seizure, removal, and forfeiture, what are the privacy and notification rules and laws for safety deposit boxes, savings and checking accounts, and other private assets held at financial institutions by individuals?

The relationship between a financial institution and its customer with respect to safety deposit boxes, savings and checking accounts and other transactions is primarily governed by the contractual and account agreements between the parties, and depend on the specific asset. The contractual or account agreement specifies the responsibilities of the customer and the financial institution regarding matters pertaining to the utilization, access, control, suspension, or any other activity related to that asset. Contractual or account agreements between these parties are subject to laws and regulations as specified in Articles 3 and 4 of the Uniform Commercial Code (UCC), that apply to banks and other financial institutions. In addition, federal consumer protection regulations, such as Regulation DD, Truth-In-Savings and Regulation CC, Availability of Funds and Collection of Checks, provide consumer rights and protection for various account categories. Compliance with rules such as the UCC and

Regulations DD and CC fall outside the scope of state bank examinations, and are within the purview of federal regulators.

The particular privacy, notification and other rules pertaining to the bank-customer relationship in any instance, will depend on the particular circumstances. If customers have questions regarding their rights and expectations under that contractual agreement relationship, they should refer to their account disclosure information or contact their financial institution directly.

In a situation where property has been abandoned, or deemed to be abandoned, Colorado has adopted the Unclaimed Property Act (found at article 13 of title 38 C.R.S. 2004) which governs the safeguarding, reclamation, disposition, etc., of the abandoned property. Should a financial institution determine that the property is abandoned, the Act describes the responsibilities of the holder to report the abandoned property to the Administrator. The Act also outlines the steps for the purported owner to file a claim with the Administrator and reclaim their property.

It's important to note that private assets held in a safety deposit box are not federally insured by the FDIC or NCUA. For example, if a depositor keeps cash in a safety deposit box and it's lost for any reason then no federal insurance exists to replace it.

12. Please provide an explanation for the drop in licensed appraisers.

The Department believes a number of factors have contributed to the decline in the number of licensed appraisers over the last few years. These factors include:

- (a) The impact of the Great Recession on the real estate market. The decline in licensed appraisers from 2007 to 2013 is 18%;
- (b) The large portion of the licensed appraiser population entering retirement, with fewer new people entering the profession due, in part, to increased federal regulations, and starting salaries that are not competitive; and
- (c) According to appraisal trade organizations, the recent increased reliance on automated valuation models (AVMs). These AVMs are database programs that are used by lenders to determine property values without the assistance of an appraiser.

13. Please provide an assessment of the benefits and outcomes resulting from the increase in the Division of Securities' examinations.

Investment advisers manage and invest funds for investors. The potential for public harm is immense, as these firms control large amounts of uninsured financial resources on behalf of investors, including retirees. During examinations, the Division ensures that the firms are in compliance with statutory requirements ranging from non-compliance of record keeping

requirements to uncovering outright fraud. The Madoff ponzi scheme is an example of the potential harm that can be caused at the national level. Locally, the Division's staff, during a routine examination of a local investment advisory firm in Arvada, uncovered a multimillion dollar fraud. The adviser was recently indicted by the Jefferson County grand jury where he was charged with 5 counts of securities fraud and 12 counts of theft. The charges were a result of information obtained during the Division's examination and then developed by the investigative staff. According to the indictment, the adviser obtained funds from approximately 26 clients totaling around \$5 million and then used those funds to pay himself and other clients in a ponzi-like fashion. While handling funds in this manner, he told his clients that the funds have been invested in entities or products that, in reality, were defunct or non-existent. In addition to the criminal charges, the Division had obtained a court order in 2013 taking control of the remaining \$25 million in assets the adviser controlled to ensure there was no further misappropriation of investor funds during the investigation.

The increase in examinations has also resulted in an increase in the identification of the number of regulatory deficiencies in the business practices of investment advisers. These include unsuitable recommendations, failure to disclose soft dollar charges, executing trades not authorized by the client, or activity inconsistent with the adviser's stated philosophy or brochure. Some of the more common deficiencies include: custody of or access to client funds (access to a client's funds is prohibited by statute, both federally and statewide); charging fees that do not match the contract, are miscalculated, undisclosed, or excessive; books and records deficiencies such as failure to document investment suitability assessments, missing client contracts, failure to maintain adequate client financial information; contract deficiencies; privacy policy deficiencies; and, advertising deficiencies, such as misleading statements, professional designations or performance advertising.

In addition, the Division has been able to suggest best practices to the firms including how to maintain, record, review and revise the Form ADV (the form used by investment advisors to register with both the Securities and Exchange Commission (SEC) and state securities authorities), review and update contracts, prepare a privacy policy, and deliver an appropriate, compliant disclosure brochure. For example, the Division has recommended that investment advisors implement document changes to help avoid client confusion, such as executing separate contracts for asset management and financial planning services instead of having both services covered under one document.

14. Pertaining to the Department's request, does the 3.5 FTE reduction represent currently vacant FTE?

Yes, in part. However, there is no direct correlation between the Division's vacancy savings and the requested budget reduction, as is indicated in the response to question 15 below.

15. Please provide a detailed explanation of the cause(s) leading to the Department's request to reduce personal services appropriations in the Division of Professions and Occupations.

Over the last couple of years, the Division of Professions and Occupations (DPO) has initiated and implemented improvements that resulted in operational efficiencies and improved organizational management. These initiatives included a division re-organization to eliminate duplication, establish clear accountability for performance outcomes, and maximize economies of scale. Examples of improvements include:

- technology management consolidated in one group instead of two--the elimination of duplicative functions has created bandwidth in the group to drive more efficient operations;
- several disparate Division-wide programs (e.g., continued competency, healthcare profiles, etc.) were consolidated to operate from a single office and maximize efficiencies;
- travel requests in the Healthcare Branch are now managed by a single person instead of eight individuals in separate program areas having travel requests as part of their job responsibilities.

DPO also conducted six Lean projects over the past two years, many of which built on the reorganization and are already yielding efficiency savings in areas such as online systems, staff productivity, and error reduction. Examples include the following:

- Call center operations: each of 5 customer service metrics improved by up to 22 percent and staff productivity increased (more calls handled per staff member)
- Online license renewals (external): eliminated 69 percent of questions required for licensees to complete
- Online license renewals (internal): reduced staff preparation time for each renewal by 26 percent while also reducing errors
- Investigations: improved process management for investigations, increasing staff productivity by at least 12 percent

As a result of these examples and more, DPO has reduced its spending and expects that reduction to continue permanently. Rather than continue large reversions of spending authority, the Division is proposing a permanent reduction of \$250,000 in its personal services appropriation.

11:15-11:35 DEPARTMENT'S LEASE EXPIRATION

16. Please provide details on how the Department's pursuit of a new lease integrates with the Capitol Complex Master Plan.

To the knowledge of the Department, the Capitol Complex Master Plan has not been finalized, and has not been released to the Department or, to our knowledge, the public. The Department has advised the Department of Personnel and Administration (DPA) of our activities with respect to negotiations of a new lease, and has not been otherwise informed of any relevant requirements or guidelines pursuant to the plan.

17. Please provide a description of the leasing process the Department must follow.

The leasing process for the Department includes protocols established by the Office of State Planning and Budgeting and DPA's Division of State Buildings and Real Estate Programs, and makes use of the State's contracted broker, Jones, Lang, LaSalle (JLL). JLL prepared Requests for Proposals (RFP's) on behalf of the Department, setting forth the facility requirements based on our current needs. The Department understands DPA's Division of State Buildings and Real Estate Programs was made aware of the RFP terms, and the RFP's were sent out by JLL on or about July 30, 2014, with responses due on August 22, 2014.

The Department, with the assistance of JLL, has been and is in the process of reviewing and evaluating the proposals received, and in some cases, counter proposals have been requested and received.

Any proposed final lease agreement is subject to the review and approval of DPA, the Department and OSPB. Presumably, any approval would be consistent with the Central Capitol Complex Master Plan. Finally, the JBC must approve any funding request in connection with the proposed new lease.

18. Please provide an anticipated timeline for the Department signing a new lease. Does the Department have a deadline established? When does the Department anticipate having a detailed proposal to bring before the Committee?

The Department does not yet have an anticipated timeline or deadline for signing a new lease, pending the release and review of the Capitol Complex Master Plan. Once the plan is finally determined, the Department can adjust its lease negotiations appropriately and will establish a timeline accordingly.

11:35-12:00 COLORADO CREDIT UNIONS SERVING THE MARIJUANA INDUSTRY

19. Does the Department anticipate other credit unions and financial institutions following in the wake of Fourth Corner Credit Union, whether or not it succeeds in commencing operations?

The Department anticipates that a limited number of other credit unions and financial institutions will begin the process of due diligence to explore the costs and benefits of serving the marijuana industry. Some may test the waters by opening a limited number of accounts if leaders within the banking and financial services industry begin to feel comfortable with federal guidance concerning marijuana accounts. It is anticipated that even if progress is made in this area, it will remain mostly in the shadows because federal guidance can change quickly. The guidance provided by the Treasury Department or the Department of Justice does not provide a safe haven under current federal law which maintains that marijuana is illegal. Federal and state regulators share joint supervisory oversight and examinations of financial institutions. It is unclear how federal regulators will react going forward with respect to any state chartered federally insured depository that provides services to the marijuana industry, as the Department does not yet have any experience in this regard.

20. Assuming approval from the Federal Reserve and the National Credit Union Administration, will Fourth Corner Credit Union operate as a normal credit union would?

Yes. It will operate as a normal credit union serving the financial needs of its members.

21. Please provide an explanation as to why the decision was made to pursue a chartered credit union rather than establishing a marijuana financial services cooperative.

The decision to pursue a credit union charter was exclusively that of the applicant, and not one made by DORA or the Division of Financial Services.

22. (a) Please provide details regarding the federal government's response to attempts to establish financial institutions to specifically serve marijuana-related businesses. (b) Are there similar initiatives to charter financial institutions in other states that have legalized recreational or medicinal marijuana?

(a) The federal government's response thus far has been muted, providing neither a "yes" nor a "no" answer to questions regarding access to the Federal Reserve System, or to federal deposit insurance. At a minimum these are questions that must be answered

before a newly established financial institution can plan to serve the needs of consumers.

- (b) The Department is not aware of any similar initiative in other states to charter financial institutions specifically created to serve marijuana related businesses.

23. (a) Has the Department identified requirements contained in Title 11, Article 33, which are not currently, but should be applicable to financial institutions serving the marijuana industry? (b) Does the Department believe statutory changes need to be made to ensure that financial institutions are properly regulated in regards to serving the marijuana industry?

- (a) Proposed additional requirements to the statute have not been identified or determined to be necessary.
- (b) Under the current circumstances and pending decisions and actions by the federal government, the Department does not believe statutory changes are necessary to properly regulate financial institutions serving the marijuana industry.

24. (a) Does the Department foresee additional restrictions being placed on Fourth Corner Credit Union that would prohibit it from functioning as a normal credit union? (b) Would the credit union be able to conduct foreign transaction or convert cash deposits into bullion?

- (a) After commencing operations The Fourth Corner Credit Union would function as a normal credit union and would be subject to the same statutory and regulatory constraints as any other state chartered credit union.
- (b) Similarly, The Fourth Corner Credit Union will be subject to the rules, policies, guidelines, reporting requirements and oversight applicable to any state chartered financial institution under current state and federal laws pertaining to foreign banking transactions and asset acquisition or disposition.

25. (a) Please provide a description of federal reporting requirements for financial institutions providing services to marijuana-related businesses. (b) Will Fourth Corner Credit Union be subject to federal reporting requirements under the Bank Secrecy Act?

- (a) The Financial Crimes Enforcement Network (FinCen), a division of the US Treasury Department, issued guidance, FIN-2014-G001 (Guidance), on February 14, 2014, addressing Bank Secrecy Act/Anti-money Laundering (BSA/AML) expectations for financial institutions (FI) providing services to Marijuana-related businesses. The Guidance states that providing financial services to the marijuana industry is a business decision by each individual FI based upon certain risk factors such as the FI's business objectives, risk assessment associated with a particular product or business, and its capacity to manage these risks.

Outlined below are the general criteria included in the Guidance.

1. A thorough customer due diligence is required and includes:
 - a. Verifying that business is duly licensed and registered
 - b. Reviewing license documentation
 - c. Requesting from state regulators available information
 - d. Understanding normal and expected activity
 - e. On-going monitoring of publicly available activity
 - f. On-going monitoring for suspicious activity
 - g. Periodic updating of information
2. The Guidance requires three levels of suspicious activity reports (SAR) filings.
 - a. “Marijuana limited” SAR- a FI providing financial services to a marijuana-related business that it reasonably believes, based upon its customer due diligence, does not implicate one of the Cole Memo priorities, or violate state law, should file a marijuana limited SAR.
 - b. When a FI has a reasonable belief that one of Cole Memo priorities or a state law is violated, then the FI should file a “marijuana priority” SAR.
 - c. If an FI decides to terminate a relationship with a marijuana-related business in order to maintain an effective anti-money laundering compliance program, the FI should file a Marijuana termination SAR,
3. The Guidance also outlines basic red flags to help a FI identify potential violations of the Cole Memo priorities or state law.

The “Cole Memo,” a U.S. Department of Justice (DOJ) advisory, dated August 29, 2013, offers guidance to U.S. attorneys regarding enforcement priorities for civil and criminal investigations related to marijuana. Enforcement efforts outlined in the Cole Memo are centered on:

1. Preventing distribution to minors.
2. Preventing marijuana revenue from going to criminal enterprises.
3. Preventing the diversion of marijuana from states where it is legal in some form to other states.
4. Preventing state-authorized marijuana activity from being used as a cover or pre-text for trafficking other illegal drugs.
5. Preventing violence and the use of firearms in the cultivation and distribution of marijuana.
6. Preventing drugged driving and exacerbating other adverse public health consequences.
7. Preventing the growing of marijuana on public lands.
8. Preventing marijuana possession or use on federal property.

The Cole Memo guidance rests on the expectation that states and local governments will implement strong and effective regulatory and enforcement

systems. The memo is intended as a guide to U.S. Attorneys, but does not alter the DOJ's authority to enforce federal law.

(b) Yes, see response to (a) above.

**ADDENDUM: OTHER QUESTIONS
FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED**

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implement or has partially implemented the legislation on this list.

All of the bills noted in the table below are in various stages of implementation:

Bill #	Short Title	Update	Deadline
SB14-125	Transportation Network Companies Regulation	Partially implemented. Temporary rules became effective this past summer. A permanent rulemaking is ongoing, including a collaborative workshop and meetings with representatives of the TNCs.	
SB14-133	Mandatory Licensure Private Investigators	Licensure of private investigators is statutorily required by June 1, 2015. DPO is on-schedule to implement the requirements of the bill and anticipates making applications available in March 2015. Applications are generally processed in two weeks meaning a March launching will allow ample time for private investigators to become licensed before the deadline. Refunds to licensees under the previous voluntary program will be issued beginning in late January 2015.	June 2015 (on-schedule)
HB14-1173	Sunset Controlled Substances Abuse Act	The changes associated with HB14-1173 are identical to those made the more extensive PDMP bill, HB14-1283. See HB14-1283 above.	January 2015 (on-schedule)
HB14-1180	Sunset Continue Hunting Fishing Outfitters	The Outfitter Sunset implementation continues on-schedule with rulemaking anticipated in Winter 2015 following extensive stakeholder input in Fall 2014. Bill implementation remains on schedule for April 2015.	April 2015 (on-schedule)
HB14-	Sunset Continue Dental	The extensive changes made by the Dental	April 2015

1227	Examiners Board	Sunset are on-track for implementation with rulemaking taking place in January 2015 and rules becoming effective in March 2015. The bill will be fully implemented when rules become effective. The continuing education requirements will begin at the next renewal of dental licenses in 2016.	(on-schedule)
HB14-1283	Modify Prescription Drug Monitoring Program	<p>Implementation of the PDMP bill remains on-schedule and nearly complete pending a final technology enhancement being launched in January 2015.</p> <p>Rulemaking implementing the changes to the PDMP as a result of HB14-1283 was completed on August 21, 2014 with those rules becoming effective on October 15, 2014. Additionally, the Division Director for DPO set deadlines for mandatory PDMP registration by prescribers that are sequenced throughout the Fall with all prescribers registered by November 30, 2014 (well before the January 1, 2015 deadline set in statute). The technology enhancements necessary to implement several provisions in this bill were also completed, including push notices that launched in October 2015. The final technology modification allowing delegated access will complete in January 2015. Outreach efforts have been and will continue to be extensive and coordinated with the state's Colorado Consortium for Prescription Drug Abuse Prevention. This bill implementation is on-schedule.</p>	January 2015 (on-schedule)
HB14-1328, 1329, 1330, 1331	Telecommunications regulation	Partially implemented. Portions of the new laws requiring rulemaking are ongoing. New draft rules are currently being reviewed by the Commission's legal counsel, and a rulemaking docket is expected to be opened in early 2015.	Early 2015
HB13-1136	The Job Protection and Civil Rights	The Colorado Civil Rights Commission needs to officially adopt an outreach plan to inform	January 2015

	Enforcement Act of 2013	and educate employers and employees about the change in remedies available under the Colorado Anti-Discrimination Act. The Division has already proceeded with the outreach plan unofficially, and has been conducting training sessions and engaging in outreach with employer and employee groups throughout the state. It is expected the Commission will address this matter at its meeting scheduled for January 23, 2015.	
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2. What is the turnover rate for staff in the Department? Please provide a breakdown by office and/or division, and program.

Please see the table below provided by the Department of Personnel and Administration:

Summary of Classified Staff Turnover for FY 2013-14 by Department			
FY 2013-14 Separations By Department			
Department	Separations	Total Employees	Turnover Rate
DEPARTMENT OF REGULATORY AGENCIES	46	597	7.7%
STATEWIDE – ALL DEPARTMENTS	3,668	35,289	10.4%

Summary of Classified Staff Turnover for FY 2013-14 by Division			
FY 2013-14 Separations By Division			
Division	Separations	Total Employees	Turnover Rate
DORA - EXECUTIVE DIRECTOR'S OFFICE	2	28	7.1%
DIVISION OF BANKING	10	43	23.3%
CIVIL RIGHTS DIVISION	4	28	14.3%
DIVISION OF FINANCIAL SERVICES	0	14	0.0%
DIVISION OF INSURANCE	4	96	4.2%

PUBLIC UTILITIES COMMISSION	7	96	7.3%
OFFICE OF CONSUMER COUNSEL	1	7	12.5%
DIVISION OF REAL ESTATE	5	54	9.3%
DIVISION OF PROFESSIONS AND OCCUPATIONS	11	205	5.4%
DIVISION OF SECURITIES	2	25	8.0%
DEPARTMENT OF REGULATORY AGENCIES TOTAL	46	597	7.7%

4. Please identify the following:

a. The Department's most effective program:

The Department believes that the vast majority of the over 50 regulatory programs it administers are highly effective and serve the public's interest for which each of them was intended to protect. Today, however, I will nominate the upgraded and enhanced Prescription Drug Monitoring Program (PDMP) as the most effective program, given its scope and impact over a relatively short period of time with respect to our efforts to prevent prescription drug abuse and misuse. Such abuse is a pervasive and devastating problem in our state and around the country.

The PDMP is a tool for prescribers and pharmacists to stop doctor-shopping and reduce deaths from prescription drug abuse. New authorities granted to the PDMP in 2014, pursuant to HB14-1283, are making a significant impact. For example, the Department's Division of Professions and Occupations is now alerting practitioners when one of their patients obtains multiple painkiller prescriptions over a short period of time. The Division recently alerted practitioners when a patient obtained prescriptions from 11 different prescribers and 10 different pharmacies within 30 days, and when another person obtained over 1,600 pills of oxycodone and hydrocodone from multiple prescribers and dispensers in one month.

The Division is especially pleased to report that practitioner utilization of the PDMP has increased by more than one-third just since the summer, as reflected in the table below. At an overall 86% registration rate Division-wide, this result almost triples the historical 30% registration rate seen prior to the effective date of HB14-1283.

**DEA Registered Prescribing Practitioner and Pharmacist PDMP
User Account Registration Statistics**

	Nov 2013	Nov 2014
Advanced Practice Registered Nurses	35%	92%
Dentists	28%	91%
Veterinarians	1%	65%
Optometrists	1%	69%
Podiatrists	29%	97%
Physicians	30%	84%
Physician Assistants	56%	99%
Pharmacists	49%	92%
OVERALL	31%	86%

PDMP Utilization Statistics

	July 2013	Dec 2013	July 2014	Oct 2014	Nov 2014
Prescriptions Dispensed	546,231	673,836	633,952	591,235	509,238
Patients Receiving Prescriptions	372,256	445,394	415,673	395,274	352,749
Total Queries Performed	135,284	149,733	169,387	211,241	196,817
Overall Utilization Rate (Patients Receiving Prescriptions Relative to Queries Performed)	36%	34%	41%	53%	56%

b. The Department’s least effective program (in the context of management and budget):

Under current law, Non-Emergent Medical Transportation (NEMT) and Non-Medical Transportation (NMT) service providers are required to obtain contract carrier permits from the PUC. The statutory requirements to obtain this permit are substantial and time consuming for both the Commission and the applicants. The services are provided only to Medicaid recipients and paid for only through Medicaid.

c. Please provide recommendations on what will make this program (2.b.) more effective based on the Department’s performance measures.

Unnecessary regulatory burdens could be avoided if this class of service was moved out from under section 40-10.1, Part 2 (contract carriage) and into section 40-10.1, Part 3

(limited regulation). To ensure the services provided under this type of permit are truly NEMT or NMT, restrictions against providing service to airports, hotels and motels are currently imposed. The same should be required if the service is moved to Part 3. Part 3 providers are subject to insurance and safety requirements and by moving the service to Part 3, drivers would be subject to criminal history checks, a provision that is currently not a requirement for contract carrier drivers. Finally, the creation of a new class of carrier in Part 3 should include appropriate fees to pay for the insurance and safety regulatory oversight that would be required for such a program.

4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.

The Department has a capital outlay appropriation of \$99,116 for the fiscal year 2013-2014 that is included in the Operating Expenses appropriation within the Executive Director's Office. During FY 2013-14, because of prior years' scheduled or phased capital improvements, the Department only expended a total of \$10,621 from capital funds.

5. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the Department doing to resolve the outstanding high priority recommendations?

The 2014 "Annual Report of Audit Recommendations Not Fully Implemented" observes that during the period in question, the Department had no Financial Audit recommendations and 42 Performance/IT recommendations, of which 41 have been implemented.

The one remaining recommendation pertains to the annual Cash Funds Uncommitted Reserves in specific reference to the Mortgage Broker Cash Fund. The Department has taken action to ensure compliance of this Fund with the reserve balance limitation within the current fiscal year.

[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/\\$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf)



Attachment Table for Questions 6 and 7

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
<p>Using the Secretary of State's site (http://www.sos.state.co.us/CCR/NumericalDeptList.do), insert appropriate CCR Number for each bill, if applicable. If legislation did not result in rulemaking or did not create a new CCR Number, enter "0" in the New CCR Number Count column. When counting the number of new rules, do not count rules that only reflect the Scope and/or Basis of the rules. If existing rules were modified, enter the number of those rules in the Existing Rules Modified column. If rules were repealed, please note in the Comments section.</p>							
FY 13-14 Special Bills							
X	HB 14-1181 - Nurse-Physician Advisory Task Force for Colorado Health Care		0	Division of Professions and Occupations - NPATCH			No Rulemaking required.
X	HB 14-1180 - Regulation Outfitters	4 CCR 733-1	0	Division of Professions and Occupations - Outfitter Licensure			Rules are currently being drafted to reflect pre-rulemaking stakeholder input. It is unknown at this time how many rules will be repealed, amended, or newly adopted. Notice of Proposed Rulemaking has not yet been issued.
X	HB 14-1227 - Board of Dental Examiners	3 CCR 709-1	0	Division of Professions and Occupations - Dental Board	Yes	Anticipated	Rulemaking is anticipated.
X	SB14-117 Concerning the Reauthorization of the Regulation of Real Estate Appraisers	4 CCR 725-2	0	Division of Real Estate			

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	SB 14-125 Concerning the Regulation of Transportation Network Companies			Public Utilities Commission			The Commissioners sought to implement a collaborative process and opened a miscellaneous docket to facilitate this through an ALJ. Once a Notice of Proposed Rulemaking is complete, a rulemaking process will take place that could take up to 210 days. The final date will be determined by all the participants' cooperation or objection. Estimate 3Q 2015.
	SB 14-133 Concerning the Regulation of Private Investigators	4 CCR 750-1	1	Division of Professions and Occupations -- Private Investigator Licensure	10	0	The rulemaking for Private Investigators (hearing will be on Jan. 5, 2015) will also result in the repeal of 17 rules in 4 CCR 746-1, due to the repeal of the Voluntary Licensure of Private Investigators Program.
	SB 14-137 Certification of Workers Compensation Forms	3 CCR 702-5	0	Division of Insurance	0	0	Certification Elements will be placed in bulletin - DOI currently working with the AG's on what elements should be required for the certification
	SB 14-152 Standard Financial Transactions for Insurers	3 CCR 702-3	1	Division of Insurance	1	0	Promulgated Regulation 3-2-8 - Internal Controls Related to Derivatives - Effective 1/1/2015
	SB 14-209 Insurer Investment in Real Property		0	Division of Insurance	0	0	DOI Financial Affairs currently determining if a regulation needs to be promulgated or if existing regulations need to be revised

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB 14-1053 Consistent Regulation of Pediatric Dental Benefits	3 CCR 702-4	1	Division of Insurance	1	0	Promulgated Regulation 4-2-50 - Concerning Pediatric Dental Coverage Requirements - Effective 7/15/2014
	HB 14-1282 Insurance Transactions in a Foreign Language		0	Division of Insurance	0	0	Will review forms regulations to determine if any changes will need to be made in early 2015
	HB 14-1315 Concerning the Enactment of Certain Model Acts adopted by the NAIC	3 CCR 702-3	0	Division of Insurance	0	1	Repealed and repromulgated regulation 3-3-3 - Credit for Reinsurance in accordance with NAIC model that is in accordance with the adopted NAIC model law
	HB 14-1199 - Changes to the Regulation of Service Contracts	3 CCR 702-2	1	Division of Insurance	1	0	Proposed New Regulation 2-5-1 has been noticed for hearing in January, with an anticipated effective date of 4/1/2015
	SB 14- 95 Pharmacy Compounding	3 CCR 719-1	0	Division of Professions and Occupations - State Board of Pharmacy	0	1	Rulemaking implementing the changes was completed on August 21, 2014 with those rules becoming effective on October 15, 2014. Board of Pharmacy Rule 21 modified.
	HB14-1283 Prescription Drug Monitoring Program	3 CCR 719-1	0	Division of Professions and Occupations - State Board of Pharmacy	0	1	Rulemaking implementing the changes to the PDMP as a result of HB14-1283 was completed on August 21, 2014 with those rules becoming effective on October 15, 2014. Board of Pharmacy Rule 23 modified.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB14-1083 Acute Treatment Units Stock Medications	3 CCR 719-1	0	Division of Professions and Occupations - State Board of Pharmacy	0	2	Rulemaking implementing the changes was completed on August 21, 2014 with those rules becoming effective on October 15, 2014. Board of Pharmacy Rules 10, 14 modified.
	SB14-099 Provisional Physical Therapy License	4 CCR 732-1	0	Division of Professions and Occupations - Physical Therapy Board	1	0	An emergency rule to implement the creation of a provisional physical therapy license was adopted by the State Physical Therapy Board on May 16, 2014 to be effective June 2, 2014 in anticipation of SB14-099 being signed into law by the Governor, which occurred on May 31, 2014 and became effective that same day. Subsequently, a permanent rulemaking hearing was held on July 18, 2014 and the rule that was adopted as a result of that public hearing became effective September 14, 2014
	HB 14- 1328 Broadband Bill			Public Utilities Commission - Telecommunications			3 separate rulemaking dockets are in process to implement the 4 telecommunications bills (HB 1328, 1329, 1330 and 1331). Expected completion is 3Q - 4Q 2015.
	HB 14- 1290 Addition in Definition of Other Outlet to Enable the Operation of a Remotely Located Telepharmacy Outlet	3 CCR 719-1	0	Division of Professions and Occupations - State Board of Pharmacy	0	1	Rulemaking implementing the changes was completed on August 21, 2014 with those rules becoming effective on October 15, 2014. Board of Pharmacy Rule 14 modified.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB 14- 1329 VOIP Bill			Public Utilities Commission			3 separate rulemaking dockets are in process to implement the 4 telecommunications bills (HB 1328, 1329, 1330 and 1331). Expected completion is 3Q - 4Q 2015.
	HB 14- 1330 Telecom Terminology Bill			Public Utilities Commission			3 separate rulemaking dockets are in process to implement the 4 telecommunications bills (HB 1328, 1329, 1330 and 1331). Expected completion is 3Q - 4Q 2015.
	HB 14- 1331 Local Carrier Deregulation			Public Utilities Commission			3 separate rulemaking dockets are in process to implement the 4 telecommunications bills (HB 1328, 1329, 1330 and 1331). Expected completion is 3Q - 4Q 2015.
	HB 14-1398 Concerning the provision of Financial Services to Licensed Marijuana Businesses		0	Division of Financial Services	0	0	Promulgation of regulations is not required at this time.
FY 12-13 Special Bills							
X	SB 13-154 Banking Continuation	3 CCR 701-2 3 CCR 701-6	0	Division of Banking	0	36 5	Remaining IB (Industrial Bank) rules repealed, eff. 11/14/13 TC23 - TC27, Private Family Trust Company rules repealed, eff. 11/14/13
X	SB 13-159 Financial Services Continuation		0	Division of Financial Services	0	0	
X	SB 13-171 Money Transmitters Continuation	3 CCR 701-7	0	Division of Banking	0	0	No amendment, promulgation, or repeal of rules required in response to passage of this bill.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	SB 13-155 Real Estate Appraisers Continuation	4 CCR 725-2	0	Division of Real Estate	5	10	The Division repealed 2 rules related to the registered appraisal credential which was extinguished in the bill. Most of the new/modified rules relate to establishing license requirements for Ad Valorem which was a new license credential created in the bill.
X	SB 13-156 Mortgage Loan Originators Continuation	4 CCR 725-3	0	Division of Real Estate	0	0	
	SB 13-014 Use of Opiate Agonists	3 CCR 719-1	0	Division of Professions and Occupations - State Board of Pharmacy	1	1	Gave Board authority to regulate the dispensing of a specific class of drugs, which they had never done.
	SB 13-026 Michael Skolnik Medical Transparency Act		0	Division of Professions and Occupations	0	0	
	SB 13-039 Continuation of Audiologists Regulation		0	Division of Professions and Occupations	0	0	
	SB 13-125 Preneed Funeral Contracts	3 CCR 702-4	0	Division of Insurance -- Regulation 4-1-15 -- Preneed Life Insurance Minimum Mortality Standards for Determining Reserve Liabilities and Nonforfeiture Values	1	1	Reg. 4-1-5 (2009) will be updated and new rule "Concerning Preneed Contract Sellers" will be promulgated in the summer of 2014
X	SB 13-151 Continuation of Massage Therapists Regulation		0	Division of Professions and Occupations	0	0	
X	SB 13-161 Continuation of Architects, Engineers & Land Surveyors Regulation		0	Division of Professions and Occupations	0	0	
X	SB 13-162 Continuation of Plumbing Regulation		0	Division of Professions and Occupations	0	0	
X	SB 13-172 Continuation of Acupuncturists Regulation		0	Division of Professions and Occupations	0	0	

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	SB 13-180 Continuation of Occupational Therapists Regulation	3 CCR 715-1	0	Division of Professions and Occupations - Occupational Therapy Program	2	0	Added 2 new rules for OTA licensure.
	SB 13-189 Motor Carrier Fines	4 CCR 723-6	0	Public Utilities Commission - Transportation	0	0	
	SB 13-194 Repeal of Low Income Telephone Assistance Program (LITAP)	4 CCR 723-2	0	Public Utilities Commission - Telecommunications	0	0	Rules repealed
	SB 13-204 Chiropractic Examiners	3 CCR 707-1	0	Colorado State Board of Chiropractic Examiners Rules and Regulations	0	0	Bill added two members to the Board
	SB 13-207 Auricular Acudetox by Mental Health Professionals		0	Division of Professions and Occupations	0	0	
	SB 13-221 Conservation Easement Review	4 CCR 725-4	0	Division of Real Estate - Conservation Easements	0	1	A-6
	SB 13-238 Hearing Aid Providers		0	Division of Professions and Occupations	0	0	
	SB 13-277 Prior Authorization for Drug Benefits	3 CCR 702-4	0	Division of Insurance -- Regulation 4-2-49 Concerning the Development and Implementation of a Uniform Drug Benefit Prior Authorization Process	1	0	Regulation 4-2-49 has been noticed for hearing on May 15, 2014 to be effective July 15, 2014.
	HB 13-1111 Regulation of Naturopathic Doctors	4 CCR 749-1	1	Division of Professions and Occupations - Naturopathic Doctors Registration, Practice, and Discipline	6	0	
	HB 13-1136 Employment Discrimination Remedies		0	Division of Civil Rights	0	0	
	HB 13-1277 HOA Managers	4 CCR 725-5	0	Division of Real Estate - HOA Information And Resource Center	0	0	1/1/2015 will be creating CCR
FY 11-12 Special Bills							
	HB 12-1052 Collection of Health Care Workforce Data		0	Division of Professions and Occupations	0	0	

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB 12-1059 Military Residence Licensing Requirements		0	Division of Professions and Occupations - Pharmacy Board	0	0	
	HB 12-1065 Advance Practice Nursing Prescriptive Authority Plans	3 CCR 716-1	0	Division of Professions and Occupations - Nursing Board	0	0	
	HB 12-1071 Portable Electronics Insurance		0	Division of Insurance	0	0	Limited line -- Portable Electronics insurance vendor license established. Division is assessing whether promulgation of regulations required.
	HB 12-1110 Appraisal Management Companies	4 CCR 725-2	0	Division of Real Estate - Board of Real Estate Appraisers	0	3	13.5, 13.11, 13.12, Chapter 17 and 18
	HB 12-1221 Billing for Pathology Services		0	Division of Insurance	0	0	Regulation promulgation not required.
	HB 12-1263 Criminal Record Employment and Licensing Requirements		0	Division of Professions and Occupations	0	0	

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	HB 12-1300 Professional Review Committees	3 CCR 702-1 and 3 CCR 702-7	0	Division of Insurance -- Regulation 1-2-11 Standards and Approval for Required Education Courses for Producers to be Appointed by a Bail Insurance Company; Regulation 1-2-13 Cash- Bonding Agent and Professional Cash Bail Agent Provisions for Release of Qualification Bond; Regulation 1-2-14 Concerning Record Keeping and Reporting Requirements for Insurance Producers Authorized to write Bail Bonds, and the Format of the required Disclosure Statement; Regulation 1-2-16 Insurance Producer Appointment and Termination Requirements for Bail Insurance Companies and Credentials Required by §10-2-418(2), C.R.S.; Regulation 7-1-1 Registration Requirements, Fees for Cash-Bonding Agents and Professional Cash-Bail Agents; Regulation 7-1-2 Cash-Bonding Agent and Professional Cash-Bail Agent Cash Qualification Bond Requirements and Provisions for Release of Qualification Bond; Regulation 7-1-3 Concerning Record Keeping and Reporting Requirements for Cash-Bonding Agents and Professional Cash-Bail Agents, and the Format of the Required Disclosure Statement	0	0	Bail bond producers were previously regulated by Division under a different statutory structure. In 2012, Regulations 1-2-11, 1-2-13, 1-2-14, and 1-2-16 were repromulgated. Regulation 1-2-15 was repealed. New regulations 7-1-1, 7-1-2 and 7-1-3 were promulgated to address cash bail agent registration.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	HB 12-1300 Professional Review Committees	4 CCR 747-1	1	Division of Professions and Occupations - Registration Requirements For Governing Boards	1	0	
X	HB 12-1300 Professional Review Committees	3 CCR 716-1	0	Division of Professions and Occupations - State Board of Nursing	2	0	New Chapters 22 and 23, adopted 4/23/13
	HB 12-1303 Speech Language Pathologists	4 CCR 748-1	1	Division of Professions and Occupations - Rules Regulating Speech-Language Pathologist Certification, Practice, and Discipline	16	0	
X	HB 12-1311 Continuation of Pharmacy Regulation	3 CCR 719-1	0	Division of Professions and Occupations - Pharmacy Board	4	23	New regulation of specialized prescription drug outlets and hospital satellite pharmacies.
	HB 12-1332 Licensure of Anesthesiologist Assistants	3 CCR 713-40	1	Division of Professions and Occupations - Regarding Regulations For Licensure Of And Practice By Anesthesiologist Assistants	18	0	
	FY 10-11 Special Bills						
X	SB 11-88 Direct-entry midwives Continuation		0	Division of Professions and Occupations	0	0	
X	SB 11-91 Veterinary Medicine Continuation	4 CCR 728-1	0	Division of Professions and Occupations - Board of Optometry	0	0	
	SB 11-128 Child Only Health Plans	3 CCR 702-4	0	Division of Insurance -- Regulation 4-2-33 Mandatory Open Enrollment Periods for Carriers Issuing Child-Only Plans	1	0	Regulation 4-2-33 was subsequently repealed after enactment of HB13-1266, the health insurance alignment bill.
X	SB 11-169 Physical Therapists Continuation		0	Division of Professions and Occupations	0	0	
X	SB 11-187 Mental Health Boards Continuation	4 CCR 744-1	1	Division of Professions and Occupations - Board of Addiction Counselor Examiners Rules	20		

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	SB 11-192 Prescription Drug Monitoring Program Continuation	3 CCR 719-1	0	Division of Professions and Occupations - Pharmacy Board	0	0	
	HB 11-1033 Repeal Schedule P Filings	3 CCR 702-3	0	Division of Insurance -- Regulation 3-1-10 Concerning Financial Statement Filings, Accounting Standards and Reporting of Liabilities	0	0	Legislation removed requirement for a state specific form. Regulation 3-1-10 was amended to remove requirement for state specific form.
	HB 11-1100 Military Experience Licensure Qualifications		0	Division of Professions and Occupations	0	0	
	HB 11-1195 Voluntary Licensure of Private Investigators	4 CCR 746-1	1	Division of Professions and Occupations - Office of Private Investigator Voluntary Licensure	17	0	
	HB 11-1198 Recodification of Motor Carrier Statutes	4 CCR 723-6	0	Public Utilities Commission - Transportation	0	0	New citations only
	HB 11-1300 Disputed Conservation Easements	4 CCR 725-4	0	Division of Real Estate - Conservation Easements	0	1	Rules under A-6 (B, C, D, E)
	FY 09-10 Special Bills						
	SB 10-109 Medical Marijuana Regulation		0	Division of Professions and Occupations	0	0	
	SB 10-124 Skolnick Medical Transparency Act Revisions	4 CCR 743-1	1	Division of Professions and Occupations - Requirement to Timely Update Information Required by the Michael Skolnik Medical Transparency Act 2010	2	0	
	HB 10-1001 Increase Renewable Energy Targets	4 CCR 723-3	0	Public Utilities Commission - Electricity	1	11	
	HB 10-1081 Money Laundering Criminal Fraud	3 CCR 701-7	0	Division of Banking	1	0	Promulgation of MO8, eff. 12/15/10
	HB 10-1114 Money Transmitters	3 CCR 701-7	0	Division of Banking	0	1	Amendment to MO3, eff. 10/15/10
	HB 10-1128 Regulatory Efficiencies		0	Division of Professions and Occupations	0	0	

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB 10-1141 Mortgage Company Registrations	4 CCR 725-3	0	Division of Real Estate - Mortgage Loan Originators And Mortgage Companies	0	0	Included in SB 07-203
	HB 10-1148 Repeal Continuing Competency for Architects		0	Division of Professions and Occupations	0	0	
	HB 10-1197 Conservation Easement Tax Credit Cap	4 CCR 725-4	1	Division of Real Estate - Conservation Easements	5	0	A-1 to A-5
X	HB 10-1224 Continuation of Podiatry Regulation	3 CCR 712-1	0	Division of Professions and Occupations - Colorado Podiatry Board	0	0	
X	HB 10-1260 Continuation of Medical Examiners Board		0	Division of Professions and Occupations	0	0	
	HB 10-1278 HOA Ombudsman	4 CCR 725-5	1	Division of Real Estate - HOA Information And Resource Center	1	0	ER Rule, repealed after 90 days. Rules subsequently repealed
	HB 10-1365 Conversion of Coal to Gas	4 CCR 723-3	0	Public Utilities Commission - Electricity	0	0	
	HB 10-1385 Insurance Fraud Fees to Department of Law		0	Division of Insurance	0	0	Legislation amended the amount of the insurance fraud fee which is collected by the Division and transmitted to the Attorney General's Office.
	HB 10-1415 Registration of Surgical Assistants	4 CCR 745-1	1	Division of Professions and Occupations - Surgical Assistant And Surgical Technologist Registration	4	0	
FY 08-09 Special Bills							
	SB 09-26 Athletic Trainer Practice Act	4 CCR 735-1	1	Division of Professions and Occupations - Athletic Trainer Registration Rules	9		9 rules adopted 11/30/09; Rule 8 repealed 10/30/11
	SB 09-138 Continuation of Certified Nurse Aides	3 CCR 716-1	0	Division of Professions and Occupations - State Board of Nursing	0	0	Chapter 19 (med aide authority rules) repealed 10/21/09 as a result of this bill

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	SB 09-167 Continuation of Chiropractic Examiners		0	Division of Professions and Occupations	0	0	
X	SB 09-239 Continuation of State Board of Nursing	3 CCR 716-1	0	Division of Professions and Occupations - State Board of Nursing	0	0	
	HB 09-1053 Regulation of Financial Institutions under Banking Board	3 CCR 701-4	0	Division of Banking	0	1	Amendment to PDP5, eff. 12/30/09
	HB 09-1085 Mortgage Loan Originator Licensing Act	4 CCR 725-3	0	Division of Real Estate - Mortgage Loan Originators And Mortgage Companies	0	0	Included in SB07-203
	HB 09-1086 Continuing Professional Competency of Mental Health Professionals	CCR 726-1 4 CCR 774-1 4 CCR 736-1 4 CCR 737-1	0	Division of Professions and Occupations - Board of Social Work Examiners, Board of Addiction Counselor Examiners, Board of Marriage and Family Therapist Examiners, Board of Licensed Professional Counselor Examiners	0	0	
	HB 09-1136 Competency to Perform Electrical Work		0	Division of Professions and Occupations	0	0	
	HB 09-1202 Regulation of Disposition of Dead Human Bodies (BYOB)	4 CCR 742-1	1	Division of Professions and Occupations - Office of Funeral Home and Crematory Registration	5	0	
	HB 09-1244 Exempt Property Carriers from PUC Regulation	4 CCR 723-6	0	Public Utilities Commission - Transportation	0	0	Deleted references to property carriers
	FY 07-08 Special Bills						
	SB 08-11 Trauma Care Funding		0	Division of Insurance	0	0	
	SB 08-28 Architects - Continuing Education		0	Division of Professions and Occupations	0	0	

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	SB 08-135 Insurance Standardized Benefits	3 CCR 702-4	1	Division of Insurance -- Regulation 4-2-29 Concerning the Rules for Standardized Cards Issued to Persons Covered by Health Benefit Plans	1	0	New Regulation 4-2-29 promulgated due to legislation.
	SB 08-152 Occupational Therapists	3 CCR 715-1	1	Division of Professions and Occupations - Occupational Therapy Registration Rules & Regulations	9		
	SB 08-188 Direct Care Nurses - Pilot	3 CCR 716-1	0	Division of Professions and Occupations - State Board of Nursing	0	0	
	SB 08-200 Prohibitions Against Discrimination		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	SB 08-217 Centennial Choices		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	SB 08-219 Massage Therapists	3 CCR 722-1	1	Division of Professions and Occupations - Massage Therapy Registration	9	0	
	HB 08-1058 Uniform Athlete Agents	4 CCR 724-1	1	Division of Professions and Occupations - Colorado Athlete Agent Registration	6	0	The 6 new rules created in 2008 were subsequently repealed after the Act was repealed in 2010 -HB10-1128.
	HB 08-1216 Consumer Outreach / Education		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	HB 08-1226 Foreign CPAs	3 CCR 705-1	0	Division of Professions and Occupations - Colorado Board of Accountancy	0	4	These statutory changes allowed out of state CPA's and CPA firms to practice in Colorado without a Colorado license known as the practice privilege/mobility.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
X	HB 08-1227 PUC Continuation	4 CCR 723-1,2,3,4,5,6,7	0	Public Utilities Commission - ALL (Practice and Procedure, telecom, electricity, gas, water, rail, transportation)	12	9	New regulations for fining authority and regulation of sewer
	HB 08-1353 Conservation Easement	4 CCR 725-2	0	Division of Real Estate - Board of Real Estate Appraisers	0	0	Prior to FY 06-07
	HB 08-1383 Nursing License - Inactive Status		0	Division of Professions and Occupations	0	0	
	HB 08-1385 Health Insurance Transparency		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	HB 08-1389 Ins. Rates - Increased Oversight	3 CCR 702-4	0	Division of Insurance -- Regulation 4-2-11 Rate Filing Submissions for Health Insurance, Limited Benefit Plans, Excess Loss Insurance, Sickness and Accident Insurance, Other Than Health Benefit Plans (current title); Regulation 4-2-31 Annual Health Reporting and Data Retention Requirements	1	1	Legislation changed process for filing and review of health insurance premium rates. Regulation 4-2-11 was modified to incorporate changes in process and Regulation 4-2-31 was promulgated to implement report requirements.
	HB 08-1393 Health Care Transparency Act	3 CCR 702-4	0	Division of Insurance -- Regulation 4-2-31 Annual Health Reporting and Data Retention Requirements	1	0	Regulation 4-2-31 promulgated to implement legislation.
FY06-07 Special Bills							
	SB 07-04 Payment System for Early Intervention	3 CCR 702-4	0	Division of Insurance -- Regulation 4-2-28 Concerning the Payment of Early Intervention Services for Children Eligible for Benefits Under Part C of the Federal "Individuals with Disabilities Education Act"	1	0	Regulation 4-2-28 promulgated to implement legislation.
	SB 07-25 Expansion of Employment Non-Discrimination	3 CCR 708-1	0	Division of Civil Rights	11	0	
	SB 07-85 Consumer protections with Real Estate transaction	4 CCR 725-1	0	Division of Real Estate - Real Estate Brokers	0	0	Prior to FY 06-07

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	SB 07-107 Regulation of Landscape Architects	4 CCR 729-1	1	Division of Professions and Occupations - Bylaws and Rules of the State Board of Landscape Architects	18	0	
	SB 07-137 Concerning Regulation of Plumbers		0	Division of Professions and Occupations	0	0	
	SB 07-187 Modifications to Colorado Veterinary Act		0	Division of Professions and Occupations	0	0	
	SB 07-203 Regulation of Mortgage Brokers	4 CCR 725-3	0	Division of Real Estate - Mortgage Loan Originators And Mortgage Companies	0	0	Counted in HB07-1322
	SB 07-204 Creation of Prescription Drug Monitoring Program	3 CCR 719-1	0	Division of Professions and Occupations - State Board Of Pharmacy Rules	1	0	
	SB 07-216 Additional Consumer Protection for Mortgage Loans	4 CCR 725-3	0	Division of Real Estate - Mortgage Loan Originators And Mortgage Companies	0	0	Counted in HB07-1322
	SB 07-249 Application of Existing Real Estate regulations	4 CCR 725-1	0	Division of Real Estate - Real Estate Brokers	0	0	Prior to FY 06-07
	HB 07-1037 Measures to promote Energy efficiency	4 CCR 723-3	0	Public Utilities Commission - Electricity and Gas	0	10	
	HB 07-1065 Requirement that MV Carriers pass Criminal history check	4 CCR 723-6	0	Public Utilities Commission - Transportation	0	1	
	HB 07-1101 Rural study to analyze Pueblo County Health care cost		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	HB 07-1104 Concerning Insurance referrals for Property repair companies		0	Division of Insurance	0	0	No regulation or change to regulation necessary.
	HB 07-1228 Policies to establish renewable energy	4 CCR 723-3	0	Public Utilities Commission - Electricity	0	0	
	HB 07-1234 Requirement for Notice of Insurance increases		0	Division of Insurance	0	0	No regulation or change to regulation necessary.

Sunset Bill	Legislation	CCR Number	New CCR Number Count	Division - Name of Rules	New Rules within CCR	Existing Rules Modified	Comments
	HB 07-1249 Regulation of Movers of Household goods	4 CCR 723-6	0	Public Utilities Commission - Transportation	0	1	
	HB 07-1274 Creation of Visually impaired Commission		0	Public Utilities Commission	0	0	
	HB 07-1311 Review Procedures for unregulated Professions		0	Executive Director's Office	0	0	
	HB 07-1322 Measures to Prevent Mortgage fraud	4 CCR 725-3	1	Division of Real Estate - Mortgage Loan Originators And Mortgage Companies	8	0	
	HB 07-1331 Michael Skolnik Transparency Act	3 CCR 713-34	0	Division of Professions and Occupations - Requirement that Licensed Physicians Timely Update information Required by the Michael Skolnik Medical Transparency Act	2		Repealed 10/15/2010

**DEPARTMENT OF REGULATORY AGENCIES
FY 2015-16 JOINT BUDGET COMMITTEE HEARING AGENDA**

**Monday, January 5, 2014
10:30 am – 12:00 pm**

10:30-10:40 INTRODUCTIONS AND OPENING COMMENTS

10:40-10:50 QUESTIONS COMMON TO ALL DEPARTMENTS

(The following questions require both a written and verbal response.)

1. SMART Government Act:
 - a. Please describe how the SMART Government Act is being integrated into the Department's existing processes (both in terms of service delivery and evaluating performance).
 - b. How is the data that is gathered for the performance management system used?
 - c. Please describe the value of the act in the Department.
2. Do you have infrastructure needs (roads, real property, information technology) beyond the current infrastructure request? If so, how do these needs fit in with the Department's overall infrastructure priorities that have been submitted to the Capital Development Committee or Joint Technology Committee? If infrastructure should be a higher priority for the Department, how should the Department's list of overall priorities be adjusted to account for it?
3. Describe the Department's experience with the implementation of the new CORE accounting system.
 - a. Was the training adequate?
 - b. Has the transition gone smoothly?
 - c. How has the implementation of CORE affected staff workload during the transition?
 - d. Do you anticipate that CORE will increase the staff workload on an ongoing basis? If so, describe the nature of the workload increase and indicate whether the Department is requesting additional funding for FY 2015-16 to address it.

10:50-11:15 DEPARTMENT OVERVIEW

4. What caused the substantial growth in legal services from FY 2012-13 to FY 2013-14?

5. Has the Department made adjustments to the sunset review cycle to create a more even distribution of reviews in any given year? If so, has that adjustment had a positive impact on the workload of the Office of Policy, Research and Regulatory Reform?
6. Were there any bills in the past four years that decreased the department's regulatory requirements? If so, how many, what were they, and in what years? Are there any other areas that the department believes could be deregulated?
7. Please provide any metrics collected by the Department to determine whether a sunset review bill has increased regulations on professions and occupations. Who determines the need to increase regulations on licensed professions and occupations during the sunset review process? Which bills have done so? Does the Department have a way to measure how much the regulations are increased or decreased, as compared to the existing regulation?
8. Please provide the number of new and active licenses for the Division of Real Estate (Brokers, Mortgage Loan Originators, and Appraisers) and the Division of Securities.
9. Which federal law(s) increased the oversight requirements for Division of Securities, which resulted in the increase of examinations from FY 2010-11 to FY 2011-12?
10. Please provide the license term lengths for Brokers, Mortgage Loan Originators, and Appraisers. Please also provide the license term lengths of the Division of Insurance Producer Licenses and the Division of Securities Sales Representative License and Investment Advisor Licenses.
11. With respect to seizure, removal, and forfeiture, what are the privacy and notification rules and laws for safety deposit boxes, savings and checking accounts, and other private assets held at financial institutions by individuals?
12. Please provide an explanation for the drop in licensed appraisers.
13. Please provide an assessment of the benefits and outcomes resulting from the increase in the Division of Securities' examinations.
14. Pertaining to the Department's request, does the 3.5 FTE reduction represent currently vacant FTE?
15. Please provide a detailed explanation of the cause(s) leading to the Department's request to reduce personal services appropriations in the Division of Professions and Occupations.

11:15-11:35 DEPARTMENT'S LEASE EXPIRATION

16. Please provide details on how the Department's pursuit of a new lease integrates with the Capitol Complex Master Plan.
17. Please provide a description of the leasing process the Department must follow.

18. Please provide an anticipated timeline for the Department signing a new lease. Does the Department have a deadline established? When does the Department anticipate having a detailed proposal to bring before the Committee?

11:35-12:00 COLORADO CREDIT UNIONS SERVING THE MARIJUANA INDUSTRY

19. Does the Department anticipate other credit unions and financial institutions following in the wake of Fourth Corner Credit Union, whether or not it succeeds in commencing operations?

20. Assuming approval from the Federal Reserve and the National Credit Union Administration, will Fourth Corner Credit Union operate as a normal credit union would?

21. Please provide an explanation as to why the decision was made to pursue a chartered credit union rather than establishing a marijuana financial services cooperative.

22. Please provide details regarding the federal government's response to attempts to establish financial institutions to specifically serve marijuana-related businesses. Are there similar initiatives to charter financial institutions in other states that have legalized recreational or medicinal marijuana?

23. Has the Department identified requirements contained in Title 11, Article 33, which are not currently, but should be applicable to financial institutions serving the marijuana industry? Does the Department believe statutory changes need to be made to ensure that financial institutions are properly regulated in regards to serving the marijuana industry?

24. Does the Department foresee additional restrictions being placed on Fourth Corner Credit Union that would prohibit it from functioning as a normal credit union? Would the credit union be able to conduct foreign transaction or convert cash deposits into bullion?

25. Please provide a description of federal reporting requirements for financial institutions providing services to marijuana-related businesses. Will Fourth Corner Credit Union be subject to federal reporting requirements under the Bank Secrecy Act?

ADDENDUM: OTHER QUESTIONS FOR WHICH SOLELY WRITTEN RESPONSES ARE REQUESTED

1. Provide a list of any legislation that the Department has: (a) not implemented or (b) partially implemented. Explain why the Department has not implement or has partially implemented the legislation on this list.

2. What is the turnover rate for staff in the department? Please provide a breakdown by office and/or division, and program.

3. Please identify the following:

a. The department's most effective program;

b. The department's least effective program (in the context of management and budget);

- c. Please provide recommendations on what will make this program (2.b.) more effective based on the department's performance measures.
4. How much capital outlay was expended using either operating funds or capital funds in FY 2013-14? Please break it down between the amount expended from operating and the amount expended from capital.
5. Does Department have any outstanding high priority recommendations as identified in the "Annual Report of Audit Recommendations Not Fully Implemented" that was published by the State Auditor's Office on June 30, 2014? What is the department doing to resolve the outstanding high priority recommendations?
[http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/\\$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/1FE335CE3162803F87257D7E00550568/$FILE/1422S%20-%20ANNUAL%20REPORT%20OF%20AUDIT%20RECOMMENDATIONS%20NOT%20FULLY%20IMPLEMENTED%20AS%20OF%20JUNE%2030,%202014.pdf)