Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 18-1057

REVISED FISCAL NOTE

(replaces fiscal note dated January 31, 2018)

Drafting Number:	LLS 18-0494	**Date:**	May 7, 2018
Prime Sponsors:	Rep. McKean Sen. Coram	**Bill Status:**	Senate Finance
		Fiscal Analyst:	Kerry White | 303-866-3469 Kerry.White@state.co.us

Bill Topic: CONCERNING THE COLLECTION OF DEBTS

Summary of Fiscal Impact:

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

This bill reduces the amount of aggregate fees that may be charged on debt owed to the state or a political subdivision, capping it at 18 percent rather than the current 21 percent. It reduces state and local government revenue, reduces state expenditures, and increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

This bill establishes new requirements concerning the collection of debts for the state and its political subdivisions. Specifically, the bill limits the amount of fees and costs of collection, exclusive of accrual of interest and court costs, to 18 percent, except if additional reasonable attorney fees are awarded by a court. This applies to any debt collected by a private agency or attorney collecting debt due to the state or a political subdivision, or debt collected by the State Controller. This provision does not apply if the state or political subdivision has sold the debt to a third party. Beginning January 1, 2023, and each January 1 five years thereafter, the State Auditor is required to review the percentage rate and aggregate fees and report them to the Finance Committees of the General Assembly. This report may include recommendations about modifying these terms.

State Revenue

Beginning in FY 2018-19, the amount that the State Controller may apply to outstanding debt is reduced from 21 percent to 18 percent. This provision is anticipated to reduce state revenue. As of this writing, the amount of the revenue reduction is not available, but the Department of Personnel and Administration (DPA) indicated that the amount could be significant. The Central Collections Services unit of the DPA provides debt collection for debts owed to the state and to participating political subdivisions. The Judicial Department also has a collections unit for court-related debt.

TABOR Refund

This bill reduces state revenue from debt collection related fees, which will reduce the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

State Expenditures

Beginning in FY 2018-19, the bill is anticipated to reduce state expenditures and increase state agency workload as discussed below.

Department of Personnel and Administration. The Central Collections unit is funded by fees for collecting debts for the state and participating political subdivisions. The bill is anticipated to reduce state revenue, which may require a corresponding decrease in state expenditures if remaining revenues are not sufficient to cover administrative costs. The fiscal note assumes that any required reductions in departmental appropriations will be addressed through the annual budget process.

Judicial Department. The Judicial Department will have a minimal workload increase in FY 2018-19 in order to update contracts with private collection agencies. This workload increase does not require any additional appropriations.

Office of the State Auditor. Workload will increase in FY 2022-23 and in future fiscal years by a minimal amount in order to prepare the required reports. No additional appropriations are required for this workload effort.

Local Governments, School Districts, and Statutory Public Entities

Beginning in FY 2018-19 and similar to the state, the bill may reduce revenue and increase workload for local governments, school districts, and statutory public entities to adjust their collection practices and contracts. The precise impact to any particular jurisdiction will depend on its current practices and has not been estimated.

Effective Date

The bill takes effect January 1, 2019, if no referendum petition is filed.

State and Local Government Contacts

Counties	Information Technology	Judicial
Labor	Law	Municipalities
Personnel	School Districts	Sheriffs
Special Districts	State Auditor	Treasury