



**Colorado
Legislative
Council
Staff**

HB16-1154

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0232
Prime Sponsor(s): Rep. DelGrosso

Date: February 24, 2016
Bill Status: House Local Government
Fiscal Analyst: Kerry White (303-866-3469)

BILL TOPIC: EMPLOYER DEFINITION CLARIFY FRANCHISEE STATUS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Potential minimal workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing potential minimal workload increase.		

Summary of Legislation

This bill requires that an entity have and exercise direct authority over an employee's terms and conditions of employment in order to be classified as an employer. It also clarifies that a franchisor is not an employer of a franchisee or the franchisee's employees, except when a Colorado court makes specific findings regarding the protection of the franchisor's trademarks and brand. Finally, the bill clarifies that disputes over what constitutes the exercise of control over a franchisee are to be resolved by a court of competent jurisdiction.

State Expenditures

Overall, this bill may increase workload by a minimal amount. Under current law, the Colorado Department of Labor and Employment (CDLE) makes determinations regarding the exercise of control over a franchisee. Under HB16-1154, this workload will shift to the courts. As of this writing, the number of franchisors that this bill applies to and how many would have conflicts with franchisees is unknown. The fiscal note assumes that changing the relationship between franchisor and franchisee will not affect unemployment insurance premiums and any new filings in trial courts will be minimal. As such, no adjustment in appropriations is required for the CDLE or the Judicial Department.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

All Departments

Research Note Available

An LCS Research Note for HB16-1154 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.