



**Colorado
Legislative
Council
Staff**

SB17-216

FISCAL NOTE

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

Drafting Number: LLS 17-0298 **Date:** March 17, 2017
Prime Sponsor(s): Sen. Gardner **Bill Status:** Senate Judiciary
 Rep. Becker K.; Lontine **Fiscal Analyst:** Erin Reynolds (303-866-4146)

BILL TOPIC: SUNSET CONTINUE FAIR DEBT COLLECTIONS ACT

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		\$779,900
<i>Continuing revenue</i>		
Cash Funds		779,000
<i>New revenue</i>		
Cash Funds		
State Expenditures	(\$860)	\$798,140
<i>Continuing expenditures</i>		
Cash Funds		799,000
<i>New expenditures</i>		
Cash Funds	(860)	(860)
TABOR Impact		\$779,000
FTE Position Change		7.0 FTE
Appropriation Required: (\$860) - Department of Law (FY 2017-18).		
Future Year Impacts: Continuation of revenue and expenditures through FY 2028-29.		

Summary of Legislation

The bill continues the Colorado Fair Debt Collection Practices Act for 11 years, through September 1, 2028, and implements the Department of Regulatory Agencies' (DORA) sunset report recommendations, including:

- repealing the Collection Agency Board;
- defining what is expected of a collection agency, solicitor, or debt collector that purchases, sells, or attempts to collect on purchased debt by modifying the definition of "debt" and adding a definition for "retired debt";
- clarifying that the statute of limitations for a collection agency, solicitor, or debt collector to contact a debtor is four years after the last payment was made on a debt;
- clarifying that the statute of limitations for the Uniform Consumer Credit Code administrator to bring an action or proceeding against a collection agency, solicitor, or debt collector is four years after the date the violation occurred; and

- allowing consumers who have a monetary judgement against a collection agency, solicitor, or debt collector to access surety bond funds.

Fiscal Impact of Programs Set to Expire

This bill continues a program in the Department of Law that is set to repeal effective July 1, 2017. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2018-19, one year after the repeal date. There is no need for an appropriation of the current base funding for the program in FY 2017-18 since its authorization has not yet expired and ongoing funding for the program has been included in the department's base budget request. Based on the budget request for FY 2017-18, the program is anticipated to have continuation revenue of \$779,000 and continuation expenditures of \$799,000, which includes an allocation of 7.0 FTE, in FY 2018-19.

State Revenue

By continuing the Colorado Fair Debt Collection Practices Act, the bill increases cash fund revenue to the Department of Law by an estimated \$779,000 in FY 2018-19 from licensing fees and enforcement fines, deposited into the Collection Agency Cash Fund. This revenue represents a continuation of existing revenue to the program.

TABOR Impact

This bill will increase state cash fund revenue from licensure fees and enforcement fines, which will increase the amount of money required to be refunded under TABOR for FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

State Expenditures

By continuing and modifying the Colorado Fair Debt Collection Practices Act in the Department of Law, the bill decreases expenditures by \$860 in FY 2017-18, and increases expenditures by \$798,140 in FY 2018-19 and an allocation of 7.0 FTE, paid from the Collection Agency Cash Fund. The cost savings beginning in FY 2017-18 results from the repeal of the Collection Agency Board under the bill. The FY 2018-19 costs represent the continuation of the program beyond its current repeal date and wind-up period, and the ongoing cost savings.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

In FY 2017-18, a reduction in cash fund appropriations of \$860 is required for the Department of Law from the Collection Agency Cash Fund.

State and Local Government Contacts

Information Technology

Law