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Fiscal Note

Drafting Number:	LLS 21-0577	Date:	February 26, 2021
Prime Sponsors:	Sen. Rodriguez Rep. Bird	Bill Status:	Senate Business
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Bill Topic: RESTRICTIONS ON THIRD-PARTY FOOD DELIVERY SERVICES

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill prohibits a third-party food delivery service from selling food and beverages from a restaurant without an agreement with the restaurant, and reducing the compensation rate to a delivery driver or withholding gratuities from a restaurant or driver. It will increase state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$35,588 to the Department of Labor and Employment.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under SB 21-035**

	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	-	-
Expenditures		
General Fund	\$35,588	\$36,567
Centrally Appropriated	\$6,598	\$8,247
Total Expenditures	\$42,186	\$44,814
Total FTE	0.4 FTE	0.5 FTE
Transfers	-	-
TABOR Refund	-	-

Summary of Legislation

The bill prohibits a third-party food delivery service from offering or arranging for the sale of food and beverages from a restaurant without an agreement with the restaurant. If a third-party delivery service violates this provision, a restaurant can file a civil claim for damages, capped at \$1,000 per violation plus injunctive relief. The prevailing party is entitled to reasonable attorney fees. The bill also prohibits a third-party food delivery service from reducing the compensation rate paid to a delivery driver or withholding gratuities to a restaurant, its staff, or a delivery driver.

State Expenditures

This bill will increase General Fund expenditures in the Department of Labor and Employment by \$42,186 and 0.4 FTE in FY 2021-22 and \$44,814 and 0.5 FTE in FY 2022-23. It will also increase workload in the Judicial Department. These impacts are shown in Table 2 and explained below.

Table 2
Expenditures Under SB 21-35

	FY 2021-22	FY 2022-23
Department of Labor and Employment		
Personal Services	\$28,713	\$35,892
Operating Expenses	\$675	\$675
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs ¹	\$6,598	\$8,247
Total Cost	\$42,186	\$44,814
Total FTE	0.4 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Labor and Employment. Expenditures will increase for the Division of Labor Standards and Statistics to conduct rulemaking and investigate claims brought under the Colorado Wage Act for tip theft or compensation reduction. The division requires additional compliance investigation staff to handle claims and support rulemaking. The costs for FY 2021-22 are prorated to reflect an October 1, 2021, start date and the General Fund payday shift.

Judicial Department. This bill will increase civil filings from restaurants that have food delivered by a third-party delivery service without an agreement. The fiscal note assumes that delivery services will comply with the new requirements and that any increase in filings can be addressed within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$6,598 in FY 2021-22 and \$8,247 in FY 2022-23.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires a General Fund appropriation of \$35,588 and 0.4 FTE to the Department of Labor and Employment.

State and Local Government Contacts

Counties
Labor

Information Technology
Municipalities

Judicial