

**Legislative Council Staff**
*Nonpartisan Services for Colorado's Legislature***Revised Fiscal Note**

(replaces fiscal note dated January 26, 2022)

Drafting Number:	LLS 22-0446	Date:	February 18, 2022
Prime Sponsors:	Sen. Kolker; Priola Rep. Bird; Sandridge	Bill Status:	House Business
		Fiscal Analyst:	Matt Bishop 303-866-4796 Matt.Bishop@state.co.us

Bill Topic: BUSINESS FILING ADDRESS & NAME FRAUD

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 creates a complaint and remediation process for a person whose business identity or personal identifying information has been used fraudulently in business filings. It increases state expenditures on an ongoing basis beginning in FY 2022-23.

Appropriation Summary:	No appropriation is required. See State Appropriations section for additional detail.
Fiscal Note Status:	The revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 22-034

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$27,209	\$49,676
	Centrally Appropriated	\$7,747	\$16,153
	Total Expenditures	\$34,956	\$65,829
	Total FTE	0.3 FTE	0.7 FTE
Transfers		-	-
Other Budget Impacts		-	-

Summary of Legislation

Under current law, a business entity submits documents that concern the creation, organization, and operations of the entity to the Secretary of State to be filed online. The bill creates a complaint process for a person whose business identity or personal identifying information has been used in the filing of these documents without authority or for fraudulent activity. If a complaint is submitted, starting February 1, 2023, the Secretary of State may forward it to the Attorney General for further investigation, who may then prosecute the complaint before an Administrative Law Judge. The bill establishes the process for resolving the complaint, and establishes that the prohibited behavior constitutes a deceptive trade practice.

State Expenditures

The bill increases state cash fund expenditures in several departments by \$34,956 in FY 2022-23 and \$65,829 in FY 2023-24 from various cash funds. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 22-034

Cost Components	FY 2022-23	FY 2023-24
Department of Law		
Personal Services	\$21,009	\$44,427
Operating Expenses	-	\$1,386
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs ¹	\$7,747	\$14,806
FTE – Personal Services	0.3 FTE	0.6 FTE
Dept. of Law Subtotal	\$34,956	\$60,619
Department of State		
Personal Services	-	\$3,863
Centrally Appropriated Costs ¹	-	\$1,347
FTE – Personal Services	-	0.1 FTE
Dept. of State Subtotal	\$0	\$5,210
Total	\$34,956	\$65,829
Total FTE	0.3 FTE	0.7 FTE

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

Department of Law. Workload will increase by an estimated three hours per complaint to communicate with alleged fraudulent entities and with the Secretary of State's office. This is estimated to require 0.6 FTE in the Department of Law, which is prorated in FY 2022-23 for the bill's effective date. Standard operating and capital outlay costs are included. Expenditures are paid from the Consumer Protection Custodial Fund.

Workload may also increase to the extent that enforcement of a deceptive trade practice is required. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Department of State. Workload will likewise increase in the Secretary of State's office to respond to and evaluate complaints, and to update online business registration database as necessary. This is expected to require 0.1 FTE annually, and is absorbable in FY 2022-23 due to the bill's effective date. Standard operating and capital outlay costs are included. Expenditures are paid from the Department of State Cash Fund.

Department Personnel and Administration. Expenditures may increase in the department's Integrated Document Solutions Group, which handles centralized mailing services for state agencies. The volume of potential mail generated by this bill is expected to be absorbable within existing appropriations. The bill may also increase the number of cases heard by the Office of Administrative Courts. A small additional caseload can be absorbed within existing appropriations. Should a large number of cases be referred to the office, the department will request additional resources through the annual budget process.

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 shown in Table 2.

Effective Date

The bill takes effect February 1, 2023, assuming no referendum petition is filed, and applies to complaints and offenses submitted on or after this date.

State Appropriations

For FY 2022-23, expenditures for the Department of Law are paid from the Consumer Protection Custodial Fund. As a custodial fund, it is not subject to appropriation.

State and Local Government Contacts

Information Technology Personnel	Law Secretary of State
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