



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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|-------------------------|----------------|------------------------|---|
| <b>Drafting Number:</b> | LLS 23-0197    | <b>Date:</b>           | January 17, 2023                                  |
| <b>Prime Sponsors:</b>  | Sen. Rodriguez | <b>Bill Status:</b>    | Senate Business                                   |
|                         |                | <b>Fiscal Analyst:</b> | Josh Abram   303-866-3561<br>josh.abram@coleg.gov |

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**Bill Topic:** VEHICLE VALUE PROTECTION AGREEMENT

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**Summary of Fiscal Impact:**

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| <input checked="" type="checkbox"/> State Revenue     | <input checked="" 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 sets limitations and requirements for vehicle value protection plans. The bill may minimally increase state workload and revenue beginning in FY 2023-24.

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**Appropriation Summary:** No appropriation is required.

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

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## Summary of Legislation

The bill establishes requirements for a vehicle value protection agreement, which can be offered by licensed dealers of cars and other motor vehicles. A value protection agreement offers the contract holder a benefit against the lost value of a motor vehicle from an adverse event or theft.

A dealer or other entity providing the agreement may only offer a vehicle value protection agreement meeting specified requirements, and must not condition the extension of credit or the terms of a sale or lease on the purchase of a protection agreement. Dealers must have liability insurance that guarantees payment if the dealer fails to meet obligations in the agreement

A vehicle value protection agreement that is in compliance with all the bill's requirements is not itself considered insurance, and is exempt from regulation as insurance by the Division of Insurance in the Department of Regulatory Agencies.

## State Revenue and Expenditures

The bill does not change revenue or expenditures for the Division of Motor Vehicles or the Motor Vehicle Dealer Board in the Department of Revenue, or for the Division of Insurance in the Department of Regulatory Agencies. This fiscal note assumes that licensed dealers and other

providers will comply with the law and offer agreements that conform to legal requirements. If a vehicle purchaser seeks a compliance remedy in civil courts, workload and fees increase for the trial courts in Judicial Department; however, new court cases are assumed to be minimal and do not require additional appropriations. Any related court filing fees, which are subject to TABOR, are also assumed to be minimal.

### **Effective Date**

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

### **State and Local Government Contacts**

Law

Regulatory Agencies

Revenue