



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 24-0688 Date: February 26, 2024
Prime Sponsors: Rep. Weinberg Bill Status: House State Affairs
Fiscal Analyst: Alexa Kelly | 303-866-3469 alexa.kelly@coleg.gov

Bill Topic: FOREIGN GOVERNMENT OWNERSHIP OF REAL PROPERTY

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [] TABOR Refund [] Statutory Public Entity

The bill requires a covered foreign government that owns or obtains a real property interest in Colorado to register with the Secretary of State. It increases state expenditures on an ongoing basis and may increase revenue.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$164,097 to the Secretary of State.

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

Table 1
State Fiscal Impacts Under HB 24-1238

Table with 4 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts.

Summary of Legislation

Beginning on March 1, 2025, the bill requires a covered foreign government that owns or obtains a real property interest in Colorado to register with the Secretary of State (SOS). A covered foreign government includes any country classified as a state sponsor of terrorism by the United States Department of State. The SOS may create rules for implementation.

State Revenue

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Under current law, the SOS is authorized to adjust fees so that the revenue generated approximates its direct and indirect program costs. The SOS is primarily funded through business filing fees. To cover the costs described in the State Expenditures section below, fees may need to be raised to cover all or some of the costs of this bill. The fees affected and the actual amount of fee charges will be set administratively by the SOS based on cash fund balance, total program costs, and the estimated number of professional activities subject to fees. This revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in SOS by approximately \$170,000 in FY 2024-25 and \$30,000 in FY 2025-26 and future years, paid from the Department of State Cash Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1238

	FY 2024-25	FY 2025-26
Department of State		
Personal Services	\$33,907	\$23,485
Operating Expenses	\$640	\$384
Capital Outlay Costs	\$6,670	-
Computer Programming	\$122,880	-
Centrally Appropriated Costs ¹	\$8,969	\$5,676
Total Cost	\$173,066	\$29,545
Total FTE	0.5 FTE	0.3 FTE

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

Secretary of State. The SOS will incur costs to create and administer a new application procedure to capture and store registration information. This registration system requires 0.2 FTE in the Business and Licensing Division in FY 2024-25 only, and an ongoing addition of 0.3 FTE in the Information Technology (IT) Division beginning in FY 2024-25. Work in the Business and Licensing Division will include drafting forms, research for rulemaking, training SOS staff, and participating in the development and testing of the registration system. The IT Division will need to develop and maintain the new registration system. This is expected to take 960 hours, at a cost of \$128 per hour, in FY 2024-25 only.

Department of Law. Expenditures in the Department of Law are expected to increase to address any additional litigation needs that occur and to assist the SOS in the rulemaking process. The department will seek funding through the annual budget process if necessary.

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

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$164,097 from the Department of State Cash Fund to the Secretary of State, and 0.5 FTE.

State and Local Government Contacts

Law Secretary of State

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).