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Fiscal Note Memorandum

April 13, 2022

TO: Representatives Edie Hooton and Naquetta Ricks

FROM: Will Clark, Fiscal Analyst
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SUBJECT: Fiscal Assessment of Proposed Amendment HB1314_L.001

This memorandum is an assessment of the fiscal impact of the attached proposed amendment L.001 to House Bill 22-1314. This fiscal assessment is for the impact of the bill with inclusion of this amendment **only**. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

Amendment L.001 removes creation of the Office of Tow Hearings in the Department of Regulatory Agencies (DORA), the right for individuals to recover damages through adjudication with the Office of Tow Hearings if their vehicle was towed non-consensually, and the mechanism that allowed towing companies and individuals impacted by a non-consensual tow to enter into mediation.

Fiscal Impact of Amendment

The amendment eliminates all costs associated with creation of the Office of Tow Hearings shown in the published fiscal note from April 4, 2022. This includes a reduction of \$816,343 and 3.9 FTE in FY 2022-23 and \$526,320 and 5.0 FTE in FY 2023-24.

Bill's Revised Fiscal Impact with Amendment

With Amendment L.001, HB 22-1314 is preliminarily estimated to increase state expenditures by \$88,072 and 0.8 FTE in FY 2022-23 and by \$106,271 and 1.0 FTE in FY 2023-24. These impacts are shown in Table 1 and discussed below.

**Table 1
State Fiscal Impacts Under HB 22-1314**

	Budget Year FY 2022-23	Out Year FY 2023-24
Revenue	-	-
Expenditures		
General Fund	\$68,826	\$82,185
Centrally Appropriated	\$19,246	\$24,086
Total Expenditures	\$88,072	\$106,271
Total FTE	0.8 FTE	1.0 FTE
Transfers	-	-
Other Budget Impacts		
General Fund Reserve	\$10,324	\$12,328

State Revenue

As amended, the bill may increase state revenue beginning in FY 2022-23. The bill creates additional violations of motor carrier rules and regulations, which may increase cases heard in trial courts. Given existing administrative remedies under DORA to regulate towing companies and resolve complaints and the historic availability of alternative causes of action against towing companies, the fiscal note assumes that the increase in civil filing fees will be minimal. This fee revenue is subject to TABOR.

State Expenditures

As amended, the bill increases state expenditures in DORA by \$88,072 in FY 2022-23 and \$106,271 in FY 2023-24. It is assumed these costs are paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB 22-1314**

	FY 2022-23	FY 2023-24
Department of Regulatory Agencies		
Personal Services	\$52,342	\$69,790
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,200	-
Vehicle Lease	\$5,733	\$6,879
Vehicle Operating	\$3,472	\$4,166
Centrally Appropriated Costs ¹	\$19,246	\$24,086
Total Cost	0.8 FTE	1.0 FTE
Total FTE	\$88,072	\$106,271

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

Department of Regulatory Agencies. DORA requires 1.0 FTE to investigate additional towing complaints from expanded towing requirements. Standard operating and capital outlay costs are included, along with leasing and operating costs for one vehicle. The fiscal note assumes a September 1 start date, and first year costs reflect the General Fund pay date shift.

- **Complaint investigator.** DORA will require one additional staff to investigate complaints against towing companies, respond to questions, and provide enforcement. The new investigator will require a vehicle, with lease costs reappropriated to the Department of Personnel and Administration.
- **Rulemaking.** Workload will increase for Public Utilities Commission staff to adopt new rules and make other administrative changes as required by the bill. This increase in workload can be accomplished within existing legal services appropriations.

Judicial Department. Workload will increase in the trial courts for any civil actions brought under the bill. The fiscal note assumes that increases to trial court workload will be minimal and absorbable using existing resources. However, if there is a significant increase in case filings as a result of the bill, the Judicial Department will seek additional resources through the annual budget process.

Department of Revenue. The bill requires DMV administrative changes and updates to rules, forms, manuals, and websites upon the effective date of this bill. Training will also be provided to authorized agents, Vehicle Services Section staff, law enforcement, and other entities affected by this bill. No appropriation is required.

Department of Law. Violations of new requirements under the bill are considered deceptive trade practices, which allows the Attorney General to investigate and prosecute as appropriate. Violations will be addressed within the department's consumer protection resources, and no change in appropriations is required.

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.

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1 above, which will decrease the amount of General Fund available for other purposes.

Local Government

Local governments may have costs to update requirements related to towing carrier notifications, particularly for local law enforcement agencies. Similar to the Department of Law, district attorneys may have increased workload to prosecute the deceptive trade practice.

Technical Note

The bill provides no authority to the PUC to increase fees to support administrative costs; therefore, the fiscal note indicates a General Fund requirement.

State Appropriations

For FY 2022-23, the bill as amended requires an appropriation of \$68,826 from the General Fund to the Department of Regulatory Agencies, and 0.8 FTE. Of this amount, \$5,733 is reappropriated to the Department of Personnel and Administration.

HB1314_L.001

HOUSE COMMITTEE OF REFERENCE AMENDMENT

Committee on Business Affairs & Labor.

HB22-1314 be amended as follows:

- 1 Amend printed bill, page 10, line 1, strike "(6.5), and (13.5)" and
- 2 substitute "and (6.5)".

- 3 Page 11, strike lines 13 and 14.

- 4 Page 11, lines 16 and 17, strike "40-10.1-409, 40-10.1-410, and
- 5 40-10.1-411" and substitute "and 40-10.1-409".

- 6 Page 16, strike lines 23 through 27.

- 7 Page 21, strike lines 16 through line 27.

- 8 Strike pages 22 and 23.

- 9 Renumber succeeding C.R.S. sections accordingly.

- 10 Page 24, line 17, strike "COURT, ADMINISTRATIVE LAW JUDGE, OR
- 11 HEARING OFFICER" and substitute "COURT".

- 12 Page 25, line 7, strike "OR ADMINISTRATIVE PROCEEDING".

- 13 Page 25, line 13, strike "COURT, ADMINISTRATIVE LAW JUDGE, OR
- 14 HEARING OFFICER" and substitute "COURT".

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