



Legislative Council Staff  
Nonpartisan Services for Colorado's Legislature

# Fiscal Note

**Drafting Number:** LLS 21-0191      **Date:** February 16, 2021  
**Prime Sponsors:** Rep. Baisley; Tipper      **Bill Status:** House Business  
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**Bill Topic:**      **ALLOW FOREIGN PROTECTED SERIES TO DO BUSINESS IN CO**

**Summary of Fiscal Impact:**

<input checked="" 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 defines a foreign protected series and requires entities with a foreign protected series to file with the Secretary of State's Office. The bill increases state revenue and expenditures in FY 2021-22 only.

**Appropriation Summary:** In FY 2021-22, the bill requires an appropriation of \$283,756 to the Department of State.

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

**Table 1**  
**State Fiscal Impacts Under HB 21-1026**

		Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>	Cash Funds	\$286,458	-
	<b>Total Revenue</b>	<b>\$286,458</b>	-
<b>Expenditures</b>	Cash Funds	\$283,756	-
	Centrally Appropriated	\$2,702	-
	<b>Total Expenditures</b>	<b>\$286,458</b>	-
	<b>Total FTE</b>	<b>0.2 FTE</b>	-
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

The bill requires that any foreign series entity that has a protected series file a statement of foreign entity authority with the Secretary of State's office. The statement must include the name and principal place of business for any protected series doing business in Colorado. The bill specifies that each protected series of a foreign series entity has the same rights and restrictions as an equivalent domestic entity, and is liable for debts, obligations, and liabilities arising out of transactions in Colorado.

The bill defines a protected series as a structure established by a foreign series entity under which:

- the assets associated with a protected series are not subject to claims against or the liabilities of the foreign series entity or any other of its protected series; and
- the assets associated with the foreign series entity or any other of its protected series are not subject to claims against or liabilities of the protected series.

## State Revenue

Beginning in FY 2021-22, the bill increases revenue by approximately \$286,458 to the Department of State Cash Fund from filing fees. Because the costs to implement the bill are one time in nature, actual filing fees for foreign protected series will be set and adjusted along with all business filings to cover total business licensure administrative costs. For informational purposes, the current filing fee for a statement of foreign entity authority is \$100. Fee revenue is subject to TABOR.

## State Expenditures

In FY 2021-22 only, the bill increases state expenditures from the Department of State Cash Fund by \$286,458 and 0.2 FTE, as shown in Table 2 and discussed below.

**Table 2**  
**Expenditures Under HB 21-1026**

	FY 2021-22	FY 2022-23
<b>Department of State</b>		
Personal Services	\$7,756	-
Computer Programming	\$276,000	-
Centrally Appropriated Costs <sup>1</sup>	\$2,702	-
<b>Total Cost</b>	<b>\$286,458</b>	<b>-</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>-</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of State.** The department's Information Technology Division requires 2,400 hours of computer programming at a developer rate of \$115 per hour to create 13 new forms and modify four additional forms. Hours include the required development, software, and testing costs. In addition, the department requires 0.2 FTE in the Business Licensing Division to draft forms, conduct testing, update the website and customer guide, and train staff.

**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 \$2,702 in FY 2021-22.

**TABOR refunds.** Under the December 2020 Legislative Council Staff Economic and Revenue Forecast, the state is not expected to collect revenue above the TABOR limit in either FY 2021-22 or FY 2022-23, and refund obligations are not anticipated for these years. This bill does not change these expectations concerning refunds to taxpayers.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to conduct occurring on or after the date the bill takes effect.

## State Appropriations

In FY 2021-22, the bill requires an appropriation of \$283,756 from the Department of State Cash Fund to the Department of State, and 0.2 FTE.

## State and Local Government Contacts

Information Technology

Law

Regulatory Agencies

Secretary of State