



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 21-0191
Prime Sponsors: Rep. Baisley; Tipper

Date: June 10, 2021
Bill Status: Postponed Indefinitely
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Bill Topic: ALLOW FOREIGN PROTECTED SERIES TO DO BUSINESS IN COLORADO

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill would have defined a foreign protected series and required entities with a foreign protected series to file with the Secretary of State's Office. The bill increased state revenue and expenditures in FY 2021-22 only.

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

Fiscal Note Status: This fiscal note reflects the introduced bill. The bill was not enacted into law; therefore, the impacts identified in this fiscal note do not take effect.

Table 1
State Fiscal Impacts Under HB 21-1026

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

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
Department of State		
Personal Services	\$7,756	-
Computer Programming	\$276,000	-
Centrally Appropriated Costs ¹	\$2,702	-
Total Cost	\$286,458	-
Total FTE	0.2 FTE	-

¹ 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 was postponed indefinitely by the House Business Affairs and Labor Committee on March 11, 2021.

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
Regulatory Agencies

Law
Secretary of State