



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

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<b>Drafting Number:</b>	LLS 21-0227	<b>Date:</b>	September 21, 2021
<b>Prime Sponsors:</b>	Rep. Kipp; Boesenecker Sen. Rodriguez	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** PROTECTIONS IN CONSUMER SALES TRANSACTIONS

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**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill amends the Colorado Consumer Protection Act to address cancellation of dating services and automatic renewal contracts. It increases state revenue and workload on an ongoing basis.

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

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

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## Summary of Legislation

This bill amends the Colorado Consumer Protection Act to address dating services and automatic renewal contracts.

**Dating service contracts.** The bill gives the buyer of a dating service contract three business days to cancel after signing the contract. Contracts must include a notice of cancellation with information specified in the bill and provisions for the death, disability, or relocation of the buyer beyond the geographical area covered by the dating service. A dating service is also required to maintain a reference to dating safety awareness and a way for members to report issues or concerns with the service. An online dating service is required to provide timely notice to all members in the state who have received or responded to an on-site message from a banned member.

**Automatic renewal contracts.** The bill requires that specific automatic renewal offer terms are provided for paid subscriptions or purchasing agreements that are automatically renewed at the end of a definite term. It is unlawful for a person to:

- fail to present the automatic renewal offer terms in a clear and conspicuous manner;
- fail to provide a written acknowledgment of terms; and
- fail to provide a simple mechanism for cancelling an automatic renewal.

If the offer includes a trial period, it must include a clear and conspicuous explanation of the price that will be charged and any further purchase obligations placed on the consumer after the trial period ends.

A person that sells a good or service to a consumer subject to an automatic renewal must notify the consumer between 25 and 40 days prior to the automatic renewal that the contract will renew unless cancelled by the consumer.

**Enforcement.** Under current law, the Attorney General or a district attorney may bring a civil action on behalf of the state to seek the imposition of civil penalties against a person who violates the Colorado Consumer Protection Act. Civil penalties vary by type of violation and are paid to the General Fund.

**Exceptions.** The bill does not apply to a service provided to certain regulated entities such as banks, insurance companies, airlines, or cable television companies.

## **State Revenue**

This bill may result in an increase in revenue from civil penalties and filing fees for trial courts. This revenue is subject to TABOR and has not been estimated.

## **State Expenditures**

This bill will increase workload in the Department of Law and the Judicial Department beginning in FY 2021-22 as described below.

**Department of Law.** By requiring a three day cancellation policy, the bill may reduce the number of complaints received by the department under the Colorado Consumer Protection Act. The department currently prioritizes consumer complaints and addresses the complaints that are deemed the highest priority. As such, the department does not require a change in appropriations.

**Judicial Department.** This bill may lead to the filing of civil lawsuits for remedies around the execution of such contracts. While the workload may increase due to this legislation, any increase is minimal, and can be addressed within existing resources.

**TABOR refunds.** The bill is expected to minimally increase the amount of state revenue required to be refunded to taxpayers. TABOR refunds are paid from the General Fund. This estimate is based on the June 2021 LCS revenue forecast, which incorporates the revenue impacts of bills passed during the 2021 session. A forecast of state revenue subject to TABOR is not available beyond FY 2022-23.

**Federal ARPA funds.** This bill increases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

## Local Government

This bill may increase workload for district attorneys to bring actions for violations of the Colorado Consumer Protection Act. The fiscal note assumes there will be few, if any, cases addressed at the local level.

## Effective Date

The bill was signed into law by the Governor on July 2, 2021, and takes effect January 1, 2022, assuming no referendum petition is filed. It applies to dating service contracts and automatic renewal contracts executed on or after January 1, 2022.

## State and Local Government Contacts

District Attorneys  
Judicial

Information Technology  
Law