



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0359 **Date:** August 23, 2021
Prime Sponsors: Sen. Liston; Rodriguez **Bill Status:** Signed into Law
Rep. Bird; Larson **Fiscal Analyst:** Sonia Hatfield | 303-866-5851
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Bill Topic: **CREDIT TRANSACTION CHARGE LIMITATIONS**

Summary of Fiscal Impact:

<input 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 allows a seller, lessor, or credit or charge card company to impose up to a 2 percent surcharge on credit and charge card transactions. Beginning in FY 2021-22, it will increase state and local expenditures and reduce state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 21-091

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	General Fund, Cash Funds, and Federal Funds	up to \$1.9 million	up to \$2.6 million
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

Under current law, a seller, lessor, or company issuing a credit or charge card is prohibited from imposing a surcharge on credit or charge card transactions. This bill repeals this prohibition and limits the maximum surcharge amount per transaction to 2 percent of the total cost to the buyer. The surcharge cannot exceed the fee the seller or lessor incurs in processing the transaction, and a seller or lessor that imposes a surcharge must post signage visible to customers on the premises, or display it online for online transactions.

Background

Colorado is currently one of five states with laws against credit card surcharges. Five additional states recently removed their ban on credit card surcharges.

State Expenditures

This bill will increase state expenditures by up to \$1.9 million in FY 2021-22 and up to \$2.6 million in FY 2022-23 and future years for all state agencies from the General Fund, various cash funds, and federal funds. It will also reduce workload in the Department of Regulatory Agencies.

All state agencies. This bill will increase expenditures across all state agencies that use any type of charge card. In FY 2019-20, state agencies and employees' transactions on commercial purchase cards, fuel cards, travel cards, OneCards, and ePayables amounted to approximately \$128.0 million. Should vendors charge the maximum 2 percent on credit card transactions, this will cost the state an additional \$2.6 million annually from multiple funding sources. The expenditure increase for FY 2021-22 has been prorated due to the bill's effective date.

The actual increase depends on whether and when vendors choose to charge the full 2 percent surcharge, whether agencies reallocate funds to cover the increase, and future state spending. If an individual agency experiences a shortfall due to the surcharge, the fiscal note assumes this will be addressed through the annual budget process.

Department of Regulatory Agencies. This bill will eliminate a restriction in the Money Transmitter Act, which will eliminate the Division of Banking's review for compliance. This will minimally decrease workload for the division, however it requires no change in appropriation.

Local Government

Similar to state government, local governments utilize agency and employee credit cards, travel cards, and fuel cards as well. A surcharge increase on credit card transactions will increase costs for local government.

Effective Date

The bill was signed into law by the Governor on July 7, 2021 and it takes effect on July 1, 2022, assuming no referendum petition is filed.

State and Local Government Contacts

Counties
Law
Personnel

Higher Education
Local Affairs
Regulatory Agencies

Information Technology
Municipalities
Transportation