



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

<b>Drafting Number:</b>	LLS 22-0721	<b>Date:</b>	June 30, 2022
<b>Prime Sponsors:</b>	Rep. Cutter; Sullivan Sen. Pettersen; Kolker	<b>Bill Status:</b>	Signed into Law
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**Bill Topic:** REDUCE FEES FOR BUSINESS FILINGS

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill transfers \$8.4 million from the General Fund to the Department of State Cash Fund in order to reduce business filing fees. The bill reduces state revenue from fees in FY 2022-23 only.

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

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

**Table 1**  
**State Fiscal Impacts Under HB 22-1001**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>	Cash Fund	(\$8,435,000)	-
	<b>Total Revenue</b>	<b>(\$8,435,000)</b>	-
<b>Expenditures</b>		-	-
<b>Transfers</b>	General Fund	(\$8,435,000)	-
	Cash Funds	\$8,435,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>	TABOR Refund	(\$8,435,000)	-

## Summary of Legislation

The bill transfers \$8.4 million from the General Fund to the Department of State Cash fund for use by the Department of State to establish a credit program to reduce certain business filing fees. The credit program ends on or before June 30, 2023, unless otherwise extended by the General Assembly.

## Background

Under current law, the Department of State (DOS) is primarily cash funded through fees for business filings. Fees and penalties from the department's other programs, including bingo-raffle, charities, durable medical equipment suppliers, notary publics, uniform commercial code, lobbyists, and campaign and political finance generate the rest of the department's revenue. The DOS sets and adjusts fees in order to approximate its direct and indirect costs. Total DOS revenue in FY 2020-21 was approximately \$27.35 million.

## State Revenue

The bill reduces cash fund revenue from business filing fees in the DOS by \$8.4 million in FY 2022-23 only. It is assumed that the DOS will create a credit program to reduce several business registration fees to \$1.00 for FY 2022-23, which may include:

- business registrations;
- new trade name registrations, and
- updates to business information.

Current fee amounts range from \$10 to \$50 per transaction.

## State Transfers

On July 1, 2022, the bill transfers \$8,435,000 from the General Fund to the Department of State Cash Fund.

## Other Budget Impacts

**TABOR refunds.** The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by \$8.4 million in FY 2022-23. This estimate assumes the December 2021 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2023-24. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available, which offsets the cost of the General Fund transfer described above.

## Effective Date

The bill was signed into law by the Governor and took effect on May 16, 2022.

## State and Local Government Contacts

Secretary of State

Treasury