



## Legislative Council Staff

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# Fiscal Note

**Drafting Number:** LLS 24-0416

**Prime Sponsors:** Rep. Ricks

**Date:** February 13, 2024

**Bill Status:** House Business Affairs & Labor

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**Bill Topic:** **DISCLOSE MANDATORY FEES IN ADVERTISEMENTS**

**Summary of Fiscal Impact:**

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

The bill prohibits the nondisclosure of mandatory or nondiscretionary fees in advertisements for products, goods, or services. Starting in FY 2024-25, the bill may minimally increase state revenue and state and local workload.

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

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

## Summary of Legislation

The bill prohibits advertising a price for a product, good, or service unless the price advertised includes all mandatory or nondiscretionary fees or charges. Mandatory or nondiscretionary fees or charges are amounts that consumers are required to pay, and are not based on choices by consumers to accept additional products, goods, or services. Exceptions apply for:

- taxes or fees imposed by a government on transactions;
- postage or shipping charges reasonably and actually incurred;
- broadband internet services that comply with federal consumer label requirements;
- banks, credit unions, air carriers, and powersports or motor vehicle dealers; and
- retail food establishments that provide notice of charges at their physical location or website.

Finally, the bill makes violations of these provisions an unfair or deceptive trade practice.

## State Revenue

**Civil penalties.** Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is deposited in the General Fund, but is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

**Filing fees.** The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

## State Expenditures

**Department of Law.** Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

**Judicial Department.** The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that online marketplaces will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

## Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

## Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## State and Local Government Contacts

District Attorneys

Judicial

Law

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).