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Fiscal Note

Drafting Number:	LLS 24-0193	Date:	January 29, 2024
Prime Sponsors:	Sen. Ginal; Will Rep. Duran; Hartsook	Bill Status:	Senate Health & Human Services
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Bill Topic: DENTIST & DENTAL HYGIENIST COMPACT

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

The bill enters Colorado into the Dentist and Dental Hygienist Compact, pending adoption of the compact by seven states. The bill increases state expenditures starting in FY 2024-25 and revenue starting in FY 2025-26.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$78,750 to the Department of Regulatory Agencies.

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

Table 1
State Fiscal Impacts Under SB 24-010

		Budget Year FY 2024-25	Out Year FY 2025-26	Out Year FY 2026-27
Revenue	Cash Funds	-	\$942,425	-
	Total Revenue	-	\$942,425	-
Expenditures	Cash Funds	\$78,750	\$218,718	\$367,959
	Centrally Appropriated	\$9,226	\$33,394	\$31,252
	Total Expenditures	\$87,976	\$252,112	\$399,211
	Total FTE	0.5 FTE	1.8 FTE	2.7 FTE
Transfers		-	-	-
Other Budget Impacts	TABOR Refund	-	\$902,488	-

Summary of Legislation

The bill enters Colorado into the Dentist and Dental Hygienist Compact, which allows licensed dentists and dental hygienists in a participating state to more easily obtain a license and practice in another participating state, including via telehealth. The compact takes effect when seven member states have enacted the compact into law.

Dentist and Dental Hygienist Compact. Member states and dental professionals must meet specific conditions established in the compact to participate. Requirements for member states include establishing a process to grant compact privileges, conducting criminal background checks, receiving and investigating complaints, participating in the commission's data reporting system, requiring certain credentials and continued professional development for licensure, and appointing a delegate to the compact commission, among others.

The compact sets parameters for the sharing of disciplinary information between states and does not limit a licensing state's ability to handle violations and enforcement. It also establishes procedures for legal proceedings and rulemaking related to the compact.

Compact Commission. The bill establishes the Dentist and Dental Hygienist Compact Commission to oversee the compact. The commission is comprised of delegates from member states who adopt and enforce rules, elect officers of an executive board, facilitate implementation of the compact, hire employees, maintain financial records, and approve a state's participation in the compact. It must meet at least once per year, include one representative from each participating state, and prepare an annual report. The commission is funded with grants, gifts, and donations, and may levy an annual assessment on each participating state and fees on licensees to cover expenses.

Background

Interstate compacts are a constitutionally authorized, legally binding, legislatively enacted contract among participating states. States joining the compact agree to recognize a valid, unencumbered license issued by another participating state via a compact privilege. Licensure mobility is facilitated through a "privilege to practice" model, which allows individual licensees to seek a compact privilege in any participating state they choose. Dentists and dental hygienists using a compact privilege to practice in another state must adhere to laws and regulations of practice in that state and are under the jurisdiction of the state's regulatory board in which they are practicing.

The Colorado Dental Board regulates and licenses dentists and dental hygienists. The Board does not regulate or require the registration of dental assistants or expanded duty dental assistants.

Assumptions

The fiscal note assumes that the compact will take effect by July 1, 2024, following its enactment by several state legislatures during the 2024 session. As of January 2024, the compact has been enacted in three states and legislation has been filed in twelve other states. The fiscal note further assumes that the program will require 18 months to set up and that compact privileges will be available beginning January 2026.

It is assumed that the costs of the compact in Colorado will be paid through a biennial fee levied on all licensed dentists and dental hygienists in the state, regardless of their participation in the compact. Further, the fiscal note assumes that 30 percent of dentists and dental hygienists, or 3,550 licensees, will participate in the compact, beginning in FY 2025-26. Some revenue and expenditure impacts could shift between fiscal years if the compact is implemented sooner or later than this date.

State Revenue

The bill will increase state cash fund revenue by about \$942,000 in FY 2025-26, primarily to the Division of Professions and Occupations Cash Fund within the Department of Regulatory Agencies (DORA) to cover the costs of implementing and administering the compact, as well as to the Department of Public Safety for background checks. On an ongoing basis, revenue will increase to DORA by about \$802,000 every two years starting in FY 2027-28, assuming the fee is charged as part of the two-year renewal cycle for dentist and dental hygienist licenses. These impacts are shown in Table 2 and discussed in more detail below.

**Table 2
Fee Impact on Dentists and Dental Hygienists**

Fiscal Year¹	Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
FY 2025-26	Dentist Compact Fee	\$100	6,390	\$639,000
	Hygienist Compact Fee	\$30	5,440	\$163,200
	CBI Background Check Fee	\$39.50	3,550	\$140,225
FY 2025-26 Total Fee Revenue				\$942,425
FY 2027-28	Dentist Compact Fee	\$100	6,390	\$639,000
	Hygienist Compact Fee	\$30	5,440	\$163,200
FY 2027-28 Total Fee Revenue				\$802,200

¹ The Compact Privilege Fee is assumed to be charged biennially. Fee revenue is not anticipated in FY 2024-25 or FY 2026-27.

Fee impact on dentists and dental hygienists. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases licensing fees and background check fees on dentist and dental hygienist, as show in Table 2 above.

- License fees – DORA.** Beginning in FY 2025-26 and every two years thereafter, DORA will collect about \$802,000 in additional fees to cover compact related costs. As shown in Table 2, the fiscal note estimates a \$100 fee for licensed dentists and a \$30 fee for licensed dental hygienists every two years. These compact privilege fee amounts are an estimate only; actual fees will be set administratively by DORA based on cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee. The table above assumes that all licensed dentist and dental hygienists will pay an increased fee, regardless of their participation in the compact.
- Fingerprint-based background check fees – DPS.** This bill increases state cash fund revenue from fingerprint-based criminal history background checks to the CBI Identification Unit Cash Fund in the DPS by about \$140,000 in FY 2025-26. This assumes 3,550 checks will be conducted in FY 2025-26, when the state begins granting compact privileges. Revenue will minimally increase in future years for additional compact participants. The current fee for background checks is \$39.50, which includes \$11.25 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit, meaning about \$100,000 is subject to TABOR. The background check is required only upon initial participation in the compact.

State Expenditures

The bill increases state expenditures in DORA and DPS by about \$88,000 in FY 2024-25, about \$252,000 in FY 2025-26, and about \$400,000 in FY 2026-27, paid from the Division of Professions and Occupations Cash Fund and the CBI Identification Unit Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under SB 24-010**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Regulatory Agencies			
Personal Services	\$34,440	\$81,739	\$115,847
Operating Expenses	\$640	\$1,536	\$2,176
Capital Outlay Costs	\$6,670	\$6,670	-
Legal Services	-	-	\$230,436
Computer Programming	\$35,000	\$2,500	\$2,500
Travel	\$2,000	\$2,000	\$2,000
Compact Membership Dues	-	\$15,000	\$15,000
Centrally Appropriated Costs ¹	\$9,226	\$22,057	\$31,252
FTE – Personal Services	0.5 FTE	1.2 FTE	1.7 FTE
FTE – Legal Services	-	-	1.0 FTE
DORA Subtotal	\$87,976	\$131,502	\$399,211

Table 3
Expenditures Under SB 24-010 (Cont.)

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Public Safety			
Personal Services	-	\$36,049	-
Operating Expenses	-	\$768	-
FBI Pass Through	-	\$39,938	-
Processing Costs	-	\$32,518	-
Centrally Appropriated Costs ¹	-	\$11,337	-
FTE – Personal Services	-	0.6 FTE	-
DPS Subtotal	-	\$120,610	-
Total Cost	\$87,976	\$252,112	\$399,211
Total FTE	0.5 FTE	1.8 FTE	2.7 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Regulatory Agencies. Expenditures in DORA will increase by about \$88,000 in FY 2024-25, about \$132,000 in FY 2025-26, and about \$400,000 in FY 2026-27. Costs will be paid from the Division of Professions and Occupations Cash Fund.

- **Staff.** Starting in FY 2024-25, DORA will require 0.5 FTE for a Program Management II and Technician IV to oversee compact implementation, conduct rulemaking, and administer the program. Starting in FY 2025-26, DORA will require an additional 0.7 FTE for a Technician III and Criminal Investigator I to process compact privilege applications and investigate complaints. Staff costs and FTE are prorated in the first year based on a start date of September 1, 2024 and in the second year based on a start day of January 1, 2026.
- **Information technology systems.** In FY 2024-25, DORA will require \$35,000 to install data interfaces between the state licensing system and the compact data system, implemented by the Office of Information Technology. Ongoing maintenance costs are estimated at \$2,500 per year starting in FY 2025-26.
- **Travel.** Starting in FY 2024-25, costs in DORA will increase by \$2,000 for travel to each in-person compact commission meeting. Costs are based on similar meetings held by the department and include airfare, meals, lodging, incidentals, and mileage. The fiscal note assumes that there will be one in-person meeting per year.
- **Membership dues.** The fiscal note assumes that DORA will have to pay an annual due to participate in the compact. Starting in FY 2025-26, this cost is estimated at \$15,000 per year.

- **Legal services.** DORA will require 50 hours of legal services in FY 2024-25 for compact rulemaking, which can be accomplished within current appropriations. Starting in FY 2026-27 after the compact is fully implemented, DORA will require 1,800 hours of legal services on an ongoing basis for costs related to disciplinary referrals from other states, as well as increased litigation and appeals from dentists and dental hygienists facing adverse action against their license. Legal services are provided by the Department of Law at a rate of \$128.02 per hour.

Department of Public Safety. This bill increases overall expenditures from the CBI Identification Unit Cash Fund in DPS by about \$120,000 in FY 2025-26, as described below. Actual costs may vary and depend on the number and timing of dentists and dental hygienists requesting fingerprint-based background checks.

- **Personal services.** In FY 2025-26, DPS will require 0.4 FTE Fingerprint Examiner II and 0.2 FTE Technician II to process an assumed 3,550 fingerprint background applications. A Fingerprint Examiner II can process 8,250 requests per year, and a Technician II 16,500. Training costs for this FTE is included.
- **Federal Bureau of Investigation pass-through.** The DPS passes \$11.25 of every application on to the federal government. With 3,550 applications, this equates to \$39,938 per year.
- **Processing costs.** There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.58 printing and postage costs.

Judicial Department. Starting in FY 2025-26, trial courts in the Judicial Department may experience an increase in workload to adjudicate civil cases or appeals challenging jurisdictional decisions or handling compact proceedings. The fiscal note assumes that dentists and dental hygienists with a compact privilege and participating states will comply with the law and any increase will be minimal.

Department of Personnel and Administration. The bill may increase workload starting in FY 2025-26 for administrative law judges in the Office of Administrative Courts to hear cases challenging disciplinary actions by DORA. This workload is expected to be minimal and no change in appropriations is required.

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 shown in Table 3.

Other Budget Impacts

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$902,488 for FY 2025-26. This estimate assumes the December 2023 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires an appropriation of \$78,750 and 0.5 FTE from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies, of which \$35,000 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Information Technology
Personnel

Judicial
Public Safety

Law
Regulatory Agencies

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](#).