

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE and LOCAL**  
**REVISED FISCAL IMPACT**  
(replaces fiscal note dated January 17, 2013)

**Drafting Number:** LLS 13-0504  
**Prime Sponsor(s):** Sen. Ulibarri  
 Rep. Fischer

**Date:** February 18, 2013  
**Bill Status:** House Business, Labor and Economic  
 Workforce Development  
**Fiscal Analyst:** Alex Schatz (303-866-4375)

**TITLE:** CONCERNING THE USE OF CONSUMER CREDIT INFORMATION BY EMPLOYERS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
<b>State Revenue</b>		
<b>State Expenditures</b>	See State Expenditures section.	
<b>FTE Position Change</b>		
<b>Effective Date:</b> July 1, 2013. The bill applies to acts occurring on or after this effective date.		
<b>Appropriation Summary for FY 2013-2014:</b> None required.		
<b>Local Government Impact:</b> See the Local Government Impact section.		

**Summary of Legislation**

The *reengrossed* bill restricts the use of consumer credit information by employers. Employers may not request a prospective or current employee's credit information or use such consumer credit information to evaluate the employee unless the person being evaluated is currently, or will be, in a management position related to financial information or a contract involving national security. An employer using consumer credit information to evaluate a prospective or current employee must offer the employee an opportunity to explain adverse credit information, and the employer that takes adverse action on the basis of such information must disclose this use.

The bill assigns enforcement duties for its provisions to the Division of Labor in the Colorado Department of Labor and Employment (CDLE). The CDLE must investigate complaints, hold a hearing on each complaint, and issue findings within 30 days of the hearing. Civil penalties up to \$2,500 may be awarded to aggrieved employees.

**State Expenditures**

The bill affects the CDLE and Colorado Department of Revenue (CDOR), the Judicial Branch, and other state agencies without requiring new appropriations.

**CDLE.** The Division of Labor will post guidance and reference information related to the bill on its website, respond to questions from employers, and conduct investigations and hearings. Based on minimal caseload, assuming that employers generally comply with the bill, the division will absorb these duties within existing appropriations, but, depending on the level of compliance among employers, may require additional resources, which will be requested as needed through the annual budget process.

**CDOR.** The CDOR must update screening practices for job applicants to prohibit the use of credit history. In current practice, security-sensitive positions involve such a credit history screening CDOR typically obtains a credit report for \$40 per individual or less; therefore, eliminating this practice may result in a minimal savings to the CDOR.

**Judicial Branch.** By creating a new cause of action, the bill will increase the workload of the courts. The number of cases is expected to be modest and will be managed within existing Judicial Branch appropriations.

**Other state agencies.** Other state agencies, including the Division of Civil Rights in the Department of Regulatory Agencies and the Division of Human Resources in the Department of Personnel and Administration, provide technical guidance and review cases where employment discrimination and similar violations are alleged. This bill will minimally increase workload for these agencies, which will be absorbed within existing resources.

### **Local Government Impact**

To the extent that local governments request credit history to evaluate current or prospective employees, the bill requires these agencies to update practices and, in many cases, eliminate credit screening. The fiscal note assumes that current hiring practices for most local government positions complies with the bill, and only a small number of positions are affected, with minimal savings.

### **Departments Contacted**

Judicial  
Regulatory Agencies  
Revenue

Law  
Public Safety

Labor and Employment  
Personnel and Administration