

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0168 **Date:** January 13, 2014
Prime Sponsor(s): Rep. Navarro **Bill Status:** House Judiciary
 Sen. King **Fiscal Analyst:** Bill Zepernick (303-866-4777)

SHORT TITLE: FRAUD INVESTIGATORS UNIT SURCHARGE REPORT

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	<u>\$98,500</u>	<u>\$98,500</u>
Cash Funds	98,500	\$98,500
State Expenditures	Minimal workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

The bill temporarily increases the fraud investigation surcharge on Uniform Commercial Code (UCC) filings with the Secretary of State from \$3 to \$4 per filing. The increased surcharge is in effect from July 1, 2014, through June 30, 2017, at which point it reverts back to the current \$3 per filing amount. The bill also requires the Department of Public Safety (DPS) to report on the activities of the Fraud Investigators Unit as part of its annual State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearing.

State Revenue

The bill is expected to increase revenue to the Colorado Identity Theft and Financial Fraud Cash Fund in the DPS by **\$98,500 per year** for the three-year period beginning FY 2014-15. This revenue increase is based on a \$1 surcharge increase for the estimated 98,500 UCC filings with the Secretary of State each year. Over the three-year period, the total increase in revenue to the fund under the bill is expected to be \$295,500.

Fee impact on individuals and business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

Type of Fee	Current Fee	Proposed Fee	Fee Change	UCC Filings	Total Fee Impact
UCC Fraud Investigation Surcharge	\$3	\$4	\$1	98,500	\$98,500
TOTAL					\$98,500

State Expenditures

The bill affects both the DPS and the Department of State as discussed below. No changes in appropriations to either agency are required in this bill.

Fraud Investigators Unit. Currently, the DPS has cash fund spending authority of \$642,992 and 7.0 FTE for the Fraud Investigators Unit; annual revenue to the Colorado Identity Theft and Financial Fraud Cash Fund has ranged between approximately \$365,000 and \$422,000 per year over the last five years. The DPS reports that it has operated the unit with 2.7 FTE and at levels less than its spending authority, based on available revenue to the fund. The increased surcharge will allow the DPS to hire additional staff and conduct additional operations within their current spending authority (assuming the FY 2014-15 Long Bill keeps funding at current levels). Therefore, no appropriation adjustment is required at this time.

SMART Government Act reporting. The bill increases workload by a minimal amount in the DPS for the agency to report on the activities of the Fraud Investigators Unit as part of its SMART Government Act hearing. This workload can be accomplished within existing resources and no new appropriation is required.

Information technology updates. The Department of State will be required to update the UCC filing fee to include the additional surcharge on its website and in the online filing and payment system. These changes are expected to require about 10 hours of programmer staff time. This workload can be accomplished within existing resources and no new appropriation is required.

Effective Date

The bill takes effect July 1, 2014.

State and Local Government Contacts

Public Safety State