

**STATE  
FISCAL IMPACT**

<b>Drafting Number:</b> LLS 14-0851	<b>Date:</b> February 5, 2014
<b>Prime Sponsor(s):</b> Rep. Duran Sen. Lambert	<b>Bill Status:</b> House Business, Labor, Economic, and Workforce Development
	<b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

**SHORT TITLE:** REPEAL PRIVATE INVESTIGATORS VOL LICENSURE ACT

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
<b>State Revenue</b>		
Cash Funds	<b>(\$33,920)</b>	<b>(\$33,920)</b>
<b>State Expenditures</b>	<b>(\$16,320)</b>	<b>(\$86,320)</b>
General Fund	\$70,000	
Cash Funds	(\$82,533)	(\$82,533)
Centrally Appropriated Costs**	(3,787)	(\$3,787)
<b>FTE Position Change</b>	(1.0 FTE)	(1.0 FTE)
<b>Appropriation Required:</b> (\$12,533) General Fund - DORA - (FY 2014-15)		

\* This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.

\*\* These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

**Summary of Legislation**

In 2011, the General assembly enacted House Bill 11-1195, authorizing the creation of a voluntary licensure program for Private Investigators (PIs) in the Division of Professions and Occupations in the Department of Regulatory Agencies (DORA).

This bill, **recommended by the Joint Budget Committee (JBC)**, repeals the voluntary licensure program. Effective July 1, 2014, the division is precluded from accepting new voluntary PI license applications or renewing voluntary PI licenses issued prior to that date. The program repeals when all outstanding licenses expire.

**Background**

House Bill 11-1195 provided for the voluntary licensure of Private Investigators. At the end of 2012, the DORA informed JBC staff that the program was beginning to experience a deficit fund balance primarily due to the voluntary nature of the program. The DORA's only available response was to increase fees to pay for program expenses. As fees were increased to address the fund balance deficit, the number of PIs choosing to voluntarily obtain a license fell further, leading to a cycle of increasing deficits, higher fees, and fewer licensees. Senate Bill 13-259 (Mandatory Registration of Private Investigators) would have replaced the voluntary licensure program with a mandatory registration program. However, that bill was postponed indefinitely by the House Appropriations Committee in the last days of the 2013 session.

**State Revenue**

Beginning with FY 2014-15, the DORA will stop collecting any fee revenue for voluntary PI licenses. For FY 2014-15, the program collected \$33,920 in fee revenue; the projected revenue in FY 2015-16 is also \$33,920. Stopping the program on July 1, 2014, is estimated to reduce state revenue from fees by a similar amount each year.

**State Expenditures**

***In total, the bill reduces costs in the DORA by \$16,320 and 1.0 FTE in FY 2014-15 and by \$86,320 and 1.0 FTE in FY 2015-16.*** This change in costs includes a reduction in state cash fund expenditures by \$86,320 and 1.0 FTE in the DORA beginning FY 2014-15, as well as a one-time increase in General Fund backfill of \$70,000 to replace lost revenue from the program's structural deficit resulting from unrealized license applications. These costs are described below.

***Phase out and enforcement.*** The division will stop accepting applications and issuing voluntary licenses to PIs effective July 1, 2014; however, management and enforcement of the program will continue until all remaining licenses expire on February 28, 2015 (FY 2014-15). This fiscal note assumes that savings from ending PI registrations will be realized beginning with FY 2014-15, but that residual enforcement activities and related workload require General Fund appropriations to maintain activities through February 2015.

***General Fund backfill.*** Beginning with FY 2014-15, the DORA's projected fund deficit is about \$40,000. The DORA must continue regulating licensed PIs until the last renewal license expires on February 28, 2015. At that time, the fund is projected to have accumulated another deficit of \$30,000. For this reason, the fund will require a backfill in total of \$70,000 for FY 2014-15. Table 1 shows the cost savings to the state to implement the bill and the required General Fund backfill.

<b>Table 1. Expenditures Under HB 14-1168</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Personal Services	(\$66,315)	(\$66,315)
FTE	(1.0 FTE)	(1.0 FTE)
Operating Expenses and Capital Outlay Costs	(8,881)	(8,881)
Legal Services	(7,337)	(7,337)
Centrally Appropriated Costs*	(3,787)	(3,787)
General Fund Backfill	70,000	-
<b>TOTAL</b>	<b>(\$16,320)</b>	<b>(\$86,320)</b>

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

***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. The centrally appropriated costs (savings) subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

<b>Table 3. Centrally Appropriated Costs (Savings) Under HB 14-1168*</b>		
<b>Cost Components</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	(\$1,326)	(\$1,326)
Supplemental Employee Retirement Payments	(286)	(286)
Indirect Costs	(2,056)	(2,056)
Leased Space	(119)	(119)
<b>TOTAL</b>	<b>(\$3,787)</b>	<b>(\$3,787)</b>

\*More information is available at: <http://colorado.gov/fiscalnotes>

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

### **State Appropriations**

For FY 2014-15, this bill requires the following appropriations:

- \$70,000 General Fund to the Division of Professions and Occupations Cash Fund; and
- Cash funds reduction of \$86,320 and 1.0 FTE from the Division of Professions and Occupations Cash Fund.

### **State and Local Government Contacts**

Law                      Regulatory Agencies