

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0099

**Date:** February 3, 2011

**Prime Sponsor(s):** Sen. Jahn  
Rep. Szabo

**Bill Status:** Senate Finance

**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING THE REPEAL OF THE "IDENTITY THEFT AND FINANCIAL FRAUD DETERRENCE ACT".

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
Cash Funds		
Colorado Identity Theft and Financial Fraud C.F.		\$642,563
<b>State Expenditures</b>		
Cash Funds		
Colorado Identity Theft and Financial Fraud C.F.		\$642,563
<b>FTE Position Change</b>		7.0 FTE
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> None required.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

**This sunset review bill, recommended by the Senate Business, Labor and Technology Committee,** extends the repeal date of the "Identity Theft and Financial Fraud Deterrence Act" from July 1, 2011, until September 1, 2016. The 9-member Identity Theft and Financial Fraud Board is expanded to 10 members by the addition of a representative of a consumer or victim advocacy organization. The bill allows the Attorney General and the executive director of the Department of Public Safety to appoint a designee to fill their spot on the board. Finally, the bill repeals the board's authority to enter into contracts, leases, and other legally binding agreements; and requires the board to report to the General Assembly on October 1 of even-numbered years.

**Fiscal Impact of Programs Set to Expire.** The bill continues a program in the Department of Public Safety that is set to repeal, effective July 1, 2011. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2012-13, one year after the repeal date. There is no need for an appropriation in FY 2011-12 since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2011-12.

## **Background**

The Identity Theft and Financial Fraud Deterrence Act creates the Colorado Fraud Investigators Unit within the Colorado Bureau of Investigation (CBI), as well as the Colorado Identity Theft and Financial Fraud Board. The unit is tasked with providing identity theft and financial fraud-related education to the public, financial institutions, and law enforcement; assisting local law enforcement with identity theft and financial fraud-related investigations; and intelligence gathering and dissemination. Since the unit was created in 2006, it has provided 115 training sessions to the public, financial institutions, and law enforcement. The unit has also been directly involved in cases resulting in the arrest of 70 thieves who stole more than \$30.6 million from 463 victims.

## **State Revenue and Expenditures**

The board and the unit are funded through 3 primary sources:

- \$3 surcharge on each Uniform Commercial Code filing made at the Secretary of State's Office;
- \$100 surcharge on each supervised lender license issued by the Attorney General; and
- \$500 surcharge on each money transmitter license issued by the Department of Regulatory Agencies' Division of Banking.

The Colorado Identity Theft and Financial Fraud Cash Fund is used to pay for the personnel and operating expenses for the CBI's Complex Financial Fraud Unit. As part of the Department of Public Safety's FY 2011-12 budget request, the unit is seeking an appropriation of \$642,563 and 7.0 FTE. It should be noted that total program revenue from the 3 surcharges identified above, plus a grant of \$97,204 from the U.S. Department of Justice, totaled \$479,105 for FY 2009-10. Although the CBI budgets for 7.0 FTE for the program, only 6.0 FTE were funded for the program for FY 2009-10.

## **State Appropriations**

Since an ongoing appropriation for the Colorado Bureau of Investigation's Complex Financial Fraud Unit is included in the budget request for the Department of Public Safety as part of the annual Long Bill, no separate appropriation is required for FY 2011-12.

## **Departments Contacted**

Public Safety      Regulatory Agencies      Law      Governor's Office