

Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 10-0039

Date: February 8, 2010

Prime Sponsor(s): Rep. Liston

Bill Status: House Business Affairs and Labor

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

TITLE: CONCERNING THE REGISTRATION OF AGENTS OF PERSONS IN THE BUSINESS OF TRANSMITTING MONEY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds		
Division of Banking Cash Fund	\$38,025	\$33,150
Fines Collection Cash Fund	<\$5,000	<\$5,000
State Expenditures		
Cash Funds		
Division of Banking Cash Fund	\$23,124	\$18,334
FTE Position Change	0.5 FTE	0.5 FTE
Effective Date: The bill takes effect July 1, 2010, and applies to acts committed on or after that date.		
Appropriation Summary for FY 2010-2011: See the State Appropriations section.		
Local Government Impact: See the Local Government Impact section.		

Note: Pursuant to Joint Rule 22(b)(2), this fiscal note reflects the revenue and expenditures of the proposed Amendment L.001 which strikes everything below the enacting clause of the original bill.

Summary of Legislation

Under current law, money transmitters are required to be licensed but their agents are not. The amendment requires the registration of money transmitter agents and sets the procedures and requirements for registration, including providing information submitted to the banking board and the signing of a statement affirming knowledge of money laundering laws.

Under penalty of a Class 2 misdemeanor for a first offense and a Class 1 misdemeanor for a second or subsequent offense, a licensed money transmitter is prohibited from knowingly employing an agent who has been convicted of certain offenses, or employing anyone under 18 years of age to perform money transmission services. Access to information sent to the banking board is open to law enforcement officers acting within the scope and course of their official duties.

State Revenue

Fee Revenue. There are presently 39 money transmitters registered with the Division of Banking. Money transmitters pay an annual renewal fee of \$2,500. The amendment requires an increase in fee revenue of \$38,025 in order to cover the direct and indirect costs of registering money transmitter agents. It is assumed that the fee will be paid by the money transmitters on behalf of their agents. This will result in a proposed fee for FY 2010-11 of \$3,475. Since expenses are less in FY 2011-12, the fee can be reduced to \$3,350.

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. Table 1 below identifies the fee impact of this amendment.

Table 1. Fee Impact on Money Transmitters for FY 2010-11					
Type of Fee	Current Fee	Proposed Fee	Fee Change	Number Affected	Total Fee Impact
Money Transmitters	\$2,500	\$3,475	\$975	39	\$38,025
TOTAL					\$38,025

Fine Revenue. The amendment may increase state revenue from fines, although less than \$5,000 in new state revenue is expected per year. According to Section 18-1.3-501, C.R.S., the penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Fine revenue that is not otherwise appropriated is deposited into the Fines Collection Cash Fund. Because the courts have the discretion of incarceration, imposing a fine, or both, the impact to state revenue cannot be determined.

State Expenditures

The Division of Banking in the Department of Regulatory Agencies requires **\$23,124 and 0.5 FTE in FY 2010-11, and \$18,334 and 0.5 FTE in FY 2011-12.** As shown in Table 2, these costs include 0.5 FTE Administrative Assistant II to handle data entry and verification of agent information. Information will be required of all money transmitter agents who perform money transmitting services. It is assumed that there are approximately 5,000 agents in the state.

Table 2. Department of Regulatory Agencies Expenditures Under HB10-1114		
Cost Components	FY 2010-11	FY 2011-12
Personal Services	\$17,229	\$17,229
FTE	0.5 FTE	0.5 FTE
Operating Expenses	2,455	1,105
Capital Outlay	3,440	0
TOTAL	\$23,124	\$18,334

Expenditures Not Included

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 subject to this policy are summarized in Table 3.

Table 3.		
Department of Regulatory Agencies Expenditures Not Included Under HB10-1114*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,838	\$3,838
Supplemental Employee Retirement Payments	571	571
Indirect Costs	10,480	10,480
TOTAL	\$14,889	\$14,889

**More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>*

Local Government Impact

The penalty for a class 2 misdemeanor is 3 to 12 months imprisonment in a county jail, a fine of \$250 to \$1,000, or both. Because the courts have the discretion of incarceration or imposing a fine, the impact at the local level cannot be determined. The cost to house an offender in county jails varies from \$45 to \$50 per day in smaller rural jails to \$62 to \$65 per day for larger Denver-metro area jails. For the current fiscal year, the state reimburses county jails a daily rate of \$50.44 to house state inmates. It is assumed that the impact of this new misdemeanor will be minimal and will not create the need for additional county jail space.

State Appropriations

The Department of Regulatory Agencies requires a cash funds appropriation of \$23,124 and 0.5 FTE in FY 2010-11 from the Division of Banking Cash Fund.

Departments Contacted

Regulatory Agencies Judicial State Treasury