# SB13-182

*Colorado Legislative Council Staff Fiscal Note*

# STATE FISCAL IMPACT

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| **Drafting Number:** | LLS 13-0125 | **Date:** | February 28, 2013 |
| **Prime Sponsor(s):** | Sen. Nicholson<br>Rep. Williams | **Bill Status:** | Senate Local Government |
| | | **Fiscal Analyst:** | Alex Schatz (303-866-4375) |

**TITLE:** CONCERNING DECEPTIVE TRADE PRACTICES RELATED TO TIME SHARE RESALE SERVICES.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-2015 |
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| **State Revenue** | | |
| **State Expenditures** | See State Expenditures section. | |
| **FTE Position Change** | | |
| **Effective Date:** August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed. | | |
| **Appropriation Summary for FY 2013-2014:** None required. | | |
| **Local Government Impact:** None. | | |

## Summary of Legislation

This bill adds disclosure requirements to real estate transactions involving the resale of time share properties. Agreements to transfer time share resale interests must include a description of any residual interests retained by the seller, a list of costs for time share resale services, a statement regarding any other person who may use the time share after the interest has been transferred, and various other disclosures. Time share contracts and time share resale services covered by the bill do not include professionals (e.g., attorneys, escrow agents) providing certain transactional services or the developer or association managing a time share community according to an existing plan.

The bill creates a new cause of action under the Colorado Consumer Protection Act for deceptive trade practices. Deceptive trade practices occur when time share resale entities fail to obtain a written contract for their services or to provide disclosures as required by the bill. These time share resale entities may rely upon information provided by the owner, developer, or association managing the time share.

## State Expenditures

**To implement the bill, the Department of Regulatory Agencies will experience minimal costs to review forms in FY 2013-14.** The bill also results in minimal workload increases to the Judicial Branch and the Department of Law.

***Department of Regulatory Agencies.*** The Colorado Real Estate Commission, under the Division of Real Estate in the Department of Regulatory Agencies, develops standard sales contracts for use in Colorado real estate transactions. Current commission forms do not include provisions specific to time share resale transactions. Review of the bill's disclosure requirements and any development of new language for commission forms will increase workload for division staff or the commission's legal counsel. These one-time costs are minimal and will not require new appropriations.

***Judicial Branch.*** Colorado courts will experience a negligible increase in workload with the creation of a new cause of action under the bill. While deceptive trade practices may be more frequently asserted in litigation related to time shares, litigants are likely to add this cause of action to other available causes of action in lawsuits. Disclosures required by the bill may deter some cases where the new cause of action could be asserted. The fiscal note assumes there will be no significant change in the number of court cases relative to current law.

***Department of Law.*** The Department of Law (Attorney General's Office) has discretion to pursue enforcement actions under the Colorado Consumer Protection Act, including cases involving deceptive trade practices. No significant increase in complaints filed with the Attorney General's Office is expected under the bill. Any increase in enforcement efforts will be accomplished within existing resources or documented in a request through the annual budget process.

**Departments Contacted**

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| Regulatory Agencies | Judicial | Property Taxation |
| Law | Counties | Municipalities |