

**FINAL  
FISCAL NOTE**

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<b>Drafting Number:</b> LLS 11-0412	<b>Date:</b> June 16, 2011
<b>Prime Sponsor(s):</b> Rep. Nikkel Sen. Lundberg	<b>Bill Status:</b> Signed into Law
	<b>Fiscal Analyst:</b> Bill Zepernick (303-866-4777)

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**TITLE:** CONCERNING SECURITY OF THE INFORMATION FILED ON BEHALF OF AN ENTITY WITH THE SECRETARY OF STATE'S ON-LINE BUSINESS FILING SYSTEM, AND MAKING AN APPROPRIATION THEREFOR.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
Cash Funds		
Department of State Cash Fund	\$360,956	\$73,958
<b>FTE Position Change</b>	1.0 FTE	1.1 FTE
<b>Effective Date:</b> The bill was signed into law by the Governor and took effect on May 27, 2011.		
<b>Appropriation Summary for FY 2011-2012:</b> See State Appropriations section.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

The bill requires the Department of State (DOS) to implement a password-protected system for online business filings and take appropriate action to address fraudulent activities involving business filings and records.

**State Expenditures**

The DOS will have costs of \$360,956 and 1.0 FTE in FY 2011-12 and \$73,958 and 1.1 FTE in FY 2012-13. These costs are summarized in Table 1 and discussed below.

<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Computer Programming	\$47,952	\$0
PIN Mailings	279,000	34,875
Personal Services	28,351	38,038
FTE	1.0	1.1
Operating Expenses and Capital Outlay	\$5,653	\$1,045
<b>TOTAL</b>	<b>\$360,956</b>	<b>\$73,958</b>

**Computer Programming.** The DOS requires 648 hours of contract programming to install a password-protection system to its existing online filing system. At the rate of \$74 per hour, total programming costs are \$47,952 in FY 2011-12. The fiscal note assumes that system changes will begin after July 1, 2011, at the start of the new fiscal year.

**PIN Mailings.** To securely implement a password-protection system, the DOS will have costs of \$279,000 in FY 2011-12 and \$34,875 in FY 2012-13 for printing and postage costs to mail personal identification numbers (PINs) to businesses requesting password access to the online filing system. Businesses will be able to request a PIN online or by phone and PINs will be mailed to the physical address on record with the DOS. Because the current online filing system is not secured, mailing PINs is a more secure way to grant password access than emailing or allowing businesses to sign up for a password directly on the website.

**Personal Services.** The DOS requires \$28,351 and 1.0 FTE in FY 2011-12 and \$38,038 and 1.1 FTE in FY 2012-13 to facilitate the implementation of a password-protected online filing system. A full-time staff member in the DOS call center is required to process PIN requests, answer questions, and assist with password recovery. Beginning in the second year, 0.1 FTE for IT staff is required to maintain the password system.

**Operating Expenses and Capital Outlay.** The DOS will have standard operating and capital outlay costs of \$5,653 in FY 2011-12 and \$1,045 in FY 2012-13 for telephone, computer, office furniture, and other expenses required for new staff.

### **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 2.

<b>Table 2. Expenditures Not Included Under HB11-1095*</b>		
<b>Cost Components</b>	<b>FY 2011-12</b>	<b>FY 2012-13</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$7,100	\$7,810
Supplemental Employee Retirement Payments	1,283	2,028
<b>TOTAL</b>	<b>\$8,383</b>	<b>\$9,838</b>

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

### **State Appropriations**

The bill requires an appropriation of \$360,956 and 1.0 FTE in FY 2011-12 to the Department of State from the Department of State Cash Fund.

### **Departments Contacted**

State Office of Information Technology