



Legislative  
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*Nonpartisan Services for Colorado's Legislature*

**HB 20-1096**

# FINAL FISCAL NOTE

<b>Drafting Number:</b>	LLS 20-0365	<b>Date:</b>	April 21, 2020
<b>Prime Sponsors:</b>	Rep. Baisley Sen. Sonnenberg; Woodward	<b>Bill Status:</b>	Postponed Indefinitely
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**Bill Topic:** **AUTHORIZE PROTECTED SERIES OF LIMITED LIABILITY COMPANY**

<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input checked="" type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill would have enacted the Uniform Protected Series Act. It would have increased state expenditures in FY 2020-21 only and impacted state revenue on an ongoing basis.

**Appropriation Summary:** For FY 2020-21, the bill would have required an appropriation of \$457,303 to the Department of State.

**Fiscal Note Status:** This fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

**Table 1  
State Fiscal Impacts Under HB 20-1096**

		<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$457,303	-
	Centrally Appropriated	\$2,936	-
	<b>Total</b>	<b>\$460,239</b>	-
	<b>Total FTE</b>	<b>0.2 FTE</b>	-
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

**Summary of Legislation**

This bill enacts the Uniform Protected Series Act (UPSA) effective January 1, 2021. It authorizes the creation of a new type of limited liability company (LLC), called a series LLC. A series LLC is an LLC composed of at least one "protected series." If the UPSA's requirements are satisfied, the assets of a protected series in a series LLC cannot be used to satisfy a creditor claims against any other protected series in the series LLC or the series LLC itself. The bill outlines general provisions on establishing a protected series; record-keeping requirements; membership criteria; limitations on liability and enforcement of claims; types of liability shields; dissolution and transition processes; and transactional restrictions.

**State Revenue**

The bill will impact state cash fund revenue to the Department of State Cash Fund. Any series LLC filing would increase revenue; however, revenue may be reduced to the extent that a series LLC is no longer required to file separate periodic reporting for each LLC that belongs to a protected series. For informational purposes, the current fee to form an additional LLC is \$50 and the periodic report filing fee is \$10. Because the fiscal note identifies a significant expenditure relative to the department's budget, it is anticipated that fees will be adjusted through the department's normal process to bring in revenue to cover the costs under the bill.

**State Expenditures**

The bill will increase state cash fund expenditures from the Department of State Cash Fund by \$460,239 and 0.2 FTE in FY 2020-21 only, as shown in Table 2 and discussed below.

**Table 2**  
**Expenditures Under HB 20-1096**

	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Department of State</b>		
Personal Services	\$9,303	-
Computer Programming	\$448,000	-
Centrally Appropriated Costs*	\$2,936	-
<b>Total Cost</b>	<b>\$460,239</b>	<b>-</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>-</b>

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

**Department of State.** The department requires 4,000 hours of computer programming at the developer rate of \$112 to create an estimated 21 new business forms. The department will also require 0.2 FTE Analyst to draft forms, conduct testing, update the department's website, and train staff.

**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. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$2,936 in FY 2020-21.

**TABOR refund.** Any increase in fee revenue will increase state General Fund obligations for TABOR refunds, when applicable. A revenue increase has not been estimated.

## Technical Note

The effective date of January 1, 2021, does not allow the department sufficient time to accomplish computer programming changes required under the bill. The fiscal note has shown the costs to implement the bill assuming a July 1, 2020, effective date and a July 1, 2021, program implementation date.

## Effective Date

This bill was postponed indefinitely by the House Judiciary Committee on February 27, 2019.

## State Appropriations

The bill requires an appropriation of \$457,303 and 0.2 FTE from the Department of State Cash Fund to the Department of State.

## State and Local Government Contacts

Judicial

Law

Regulatory Agencies

Secretary of State