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UPDATE: The bill for the [Regulatory Reform Act of 2015](#) was postponed indefinitely by the House State, Veterans and Military Affairs Committee earlier this week. At the hearing, an amendment to the bill was introduced by Representative Patrick Neville (R-Castle Rock) in order to address some of the bill opponents' concerns. Under the bill amendment, the exemption for "public safety" violations was amended to "public health, safety and welfare" violations, the maximum size of a "small business" was reduced from 100 to 50 employees, a new requirement was added for small businesses to comply within 60 days of a state agency warning and Division of Insurance regulations were exempted from the [Act](#). However, these changes to the bill were not enough to gain Democratic support. The office of sponsoring Senator Tim Neville (R-Littleton) confirmed that they will try again in the next legislative session and that regulatory reform will continue to be a priority.

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Otten Johnson Alert -

Small Businesses May Receive an "Oops" Card

The bill for the Regulatory Reform Act of 2015 passed in the Colorado Senate and has been introduced in the House and

assigned to the House State, Veterans and Military Affairs Committee.

Under the Act, state agencies would be required to issue a written warning (rather than a fine) to small businesses that commit first-time violations of regulations that have been in place for less than a year. Additionally, state agencies would be required to provide them with educational materials on how to comply with these regulations. The Act only provides protection from minor violations—those that are “operational or administrative matters such as record-keeping, retention of data, or filing of reports” and do not affect public safety. The Act defines “small business” as a business with one hundred or fewer employees. The bill does not address the consequences for any subsequent violations of regulatory rules.

State agencies would also be required to engage in regular educational outreach. In the normal course of business, state agencies would develop fact sheets for new rules adopted in each fiscal year and make such fact sheets available to small businesses in electronic form.

The purpose of the bill is to address the potential difficulty that small businesses face in complying with new administrative rules that are not known or understood by them. According to the [Denver Business Journal](#), supporters of the bill state that small businesses are being forced to pay large fines for inadvertent paperwork violations. On the other hand, opponents of the bill have expressed their concern that the Act allows businesses to find loopholes for violating regulations without being fined. Additionally, opponents have indicated that defining a small business as a business with up to one hundred employees is too generous.

The Senate bill, which was introduced by Senator Tim Neville (R-Littleton), faces an uphill battle in the Democratic-controlled House. The same bill was introduced in the House by former state representative Libby Szabo (R-Arvada) in 2013 and 2014 and failed to pass in House committee both times.

Two other business-related Senate bills are being introduced in the House. Senate Bill 78, which is also sponsored by Senator Neville, would allow businesses to

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submit comments on the potential business fiscal impacts of any new legislation. Senate Bill 69, which is sponsored by Senator Laura Woods (R-Arvada), would repeal the Job Protection and Civil Rights Enforcement Act of 2013, which allows an employee to recover compensatory and punitive damages in addition to equitable remedies when an employer is proven to have engaged in a discriminatory or unfair employment practice under state law.

It is yet to be determined whether the bill for the Regulatory Reform Act of 2015 or either of the two bills will pass, and if so, whether they will help small businesses reduce the cost of doing business in Colorado.

Otten Johnson's attorneys have substantial experience with helping clients to navigate business and real estate issues. For more information on this Client Alert or for help evaluating your current situation, contact any of the attorneys in the firm.