

Open Letter to the Colorado Senate Finance Committee March, 10, 2014

PI Licensing and the \$40,000 regulatory deficit

On Tuesday you are scheduled to hear SB 133, the private investigator licensing act, which makes mandatory licensing for anyone practicing as a private investigator in the state. This is a bill that harbors unintended consequences with negative impacts for the PI business in the state, the state itself, and its local jurisdictions. It is a bill with a “history” that is of some importance in considering whether you – as a member of the Senate Finance Committee - should move it forward, or protect both the profession itself and taxpayers by voting it down.

An association of private investigators that – which does not represent the majority of PIs in the state – is the sole promoter of this legislation, yet has cloaked its true agenda in its effort to impose licensing. That agenda is to limit competition within the state, close the door to new entrants into the profession, enhance the competitive advantage of their own investigation agencies; in that effort they have misused the legislative process, to try to promote their own limited interests, to take a more prominent role in the industry – and for personal gain.

This special interest – the Professional Private Investigators Association of Colorado – two years ago convinced lawmakers to pass so-called “voluntary licensing” of private investigators. The PPIAC assured both lawmakers and the Department of Regulatory Agencies, and testified in legislative hearings under oath that voluntary licensing was essential to help protect consumers. As is widely known, private investigators in Colorado are among the best self-policed service businesses in the state. Yet the PPIAC sought to convince lawmakers, with questionable testimony, that a ‘complaint’ problem existed. It does not.

This voluntary licensing plan, they also assured lawmakers, would pay for itself by fees imposed on applicants for a license – they estimated the number of potential licenses in the hundreds (and more recently more than a thousand – both numbers wildly inflated).

Yet few PIs then or now has seen a need for voluntary licensing – including members of the PPIAC’s own board of directors and most of its membership. Extremely low numbers of registrants resulted in exactly what opponents to voluntary licensing suggested would happen – a fiscal deficit in DORA of some \$40,000. At the same time, the department received only a handful of complaints, the majority of which were not within its jurisdiction.

This deficit has been glossed over by the PPIAC because it speaks directly to the misinformation the organization touted.

This is a matter that should be of particular interest to the Senate Finance Committee, because the unintended consequences of the PPIAC’s new proposal – mandatory licensing – will be similar to those of the voluntary program.

In order to cover costs of the voluntary program, DORA – at its sole discretion – decided that it must raise fees for that license and did so – until they were out of reach by your average private investigator not attached to a large firm. Last year they exceeded \$600. Now they are in excess of \$1,000. PIs receive no value for that license – unlike say, Certified Public Accountants, who pay the state about \$50 every-other year for a license and receive certification of continuing education. Under Colorado’s existing voluntary license for PIs, they receive no state services and no wider access to public records – and they receive little marketing value since a voluntary license is mostly meaningless.

The mandatory alternative will bring a different kind of costs to the profession. It will not only create a barrier to entry for some who are qualified – like retired police officers who might work part time in retirement, or younger individuals with criminal justice training and the creativity to offer valuable service to those needing reliable information.

Prices of license will continue to rise, regulatory functions will expand, and eventually costs to taxpayers will evolve when licensing is – as it is bound to be – something less than self-sustaining.

I would ask that you strike this bill below the title, insert language to sunset the existing voluntary licensing program, and allow the private investigations industry to continue as the same safe, reliable industry it has been in Colorado since licensing was repealed some 40 years ago.

Sincerely

Rick Johnson

President, Rick Johnson and Associates of Colorado

President, Colorado Society of Private Investigators

President, Private Investigators Academy of the Rockies

Former Criminal and Grand Jury Investigator, Denver and Jefferson County

District Attorney Offices