



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

HB 26-1046: REGULATE EARNED-WAGE ACCESS SERVICES

Prime Sponsors:

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Sen. Frizell; Mullica

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Fiscal note status: This revised fiscal note reflects the introduced bill, as amended by the House Finance committee.

Summary Information

Overview. Conditional upon the receipt of sufficient gifts, grants, or donations, the bill establishes the regulation of earned-wage access services in the Department of Law,

Types of impacts. The bill is projected to affect the following areas through FY 2029-30, assuming the receipt of sufficient gifts, grants, or donations in FY 2026-27:

- State Revenue
- State Expenditures

Appropriations. No appropriation is assumed to be required in FY 2026-27; however, the Earned Wage Access Fund is subject to annual appropriation by the General Assembly.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$1,198,764	\$0	\$0
State Expenditures	\$0	\$425,537	\$386,613
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	2.9 FTE	2.8 FTE

Fund sources for these impacts are shown in the tables below. The timing of revenue and expenditures may differ from this estimate if gifts, grants, and donations are received in different or later years. State expenditures only occur if sufficient gifts, grants, and donations are received, and will depend on the actual amount of revenue received.

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds (Gifts, Grants, Donations)	\$1,198,764	\$0	\$0
Total Revenue	\$1,198,764	\$0	\$0

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds (Gifts, Grants, Donations)	\$0	\$366,107	\$327,183
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$59,430	\$59,430
Total Expenditures	\$0	\$425,537	\$386,613
Total FTE	0.0 FTE	2.9 FTE	2.8 FTE

Summary of Legislation

Conditional upon the receipt of gifts, grants, and donations, the bill establishes the regulation of earned-wage access (EWA) services, which are services that provide employees with advance payment for wages earned but not yet paid by employers. These services may be offered by a third party through a partnership with an employer (employer-partnered) or directly to employees (direct-to-consumer).

The administrator of the Consumer Credit Code in the Department of Law (DOL) is responsible for EWA regulation, which is conditioned on the newly created Earned-Wage Access Fund receiving sufficient funds to pay the DOL’s regulatory costs for three years. The EWA Fund is subject to annual appropriation. Once funds are received, a provider of EWA services must have a license issued by the DOL within 91 days.

Licenses are valid for one year and must be renewed annually for three years, when the licensing requirement repeats. Active providers may continue to provide services if they have submitted an application and until the DOL acts on the application, so long as they are otherwise in compliance with other regulatory provisions of the bill.

Requirements for Providers

Providers must keep records that conform with the bill's requirements, any rules adopted by the DOL, and generally accepted accounting principles. Records must be made available to the DOL for examination. The bill outlines procedures for examination of records held inside or outside Colorado, and procedures for examinations of records at the provider's place of business or at the DOL's offices.

Providers must submit an annual report by April 15 of each year which must include:

- gross revenue attributable to EWA services;
- total number of transactions for proceeds provided to consumers;
- total number of consumers to whom the provider provided proceeds;
- total dollar amount of proceeds; and
- total dollar amount of service fees.

Providers must also implement procedures to respond to questions and complaints by consumers and provide disclosures to consumers before entering into a service agreement. Providers cannot charge late or interest fees, and if they charge a service fee, providers must offer at least one no-cost option to receive proceeds. Additionally, the bill limits the amount charged for service fees based on the amount advanced. Other provider requirements regarding consumer interactions are established by the bill.

Regulatory Powers of the Department of Law

The DOL may issue and deny licenses, take disciplinary actions, receive and act on complaints, counsel persons and groups on their obligations under the bill, conduct necessary studies, and exchange information with other regulatory bodies. Importantly, the DOL may set fees to offset the direct and indirect cost of administration. The DOL may also administratively impose civil penalties for violations, as well as pursue civil cases and seek civil penalties.

Assumptions

The exact number of EWA service providers in Colorado is unknown. The federal Consumer Financial Protection Bureau (CFPB) issued a [data spotlight](#) in 2024 regarding EWA services. The CFPB collected data from eight employer-partnered EWA service providers, which the CFPB estimated as slightly less than half of the total employer-partnered market at the time. The CFPB did not indicate an estimate for the number of direct-to-consumer EWA providers, but did note that the overall market for EWA services is growing.

If eight providers represented slightly less than half of the employer-partnered market in 2024, the fiscal note assumes that the total number of employer-partnered providers was at least 17. Assuming that the direct-to-consumer market is at least as robust as the employer-partnered

market, that brings the total number of EWA providers in 2024 across both categories to 34. The CFPB report indicates that the overall market is growing, and so the fiscal note estimates at least 40 potential licensees by the time the regulation of EWA providers takes effect.

Regulation of EWAs is conditional upon a sufficient balance in the Earned-Wage Access Fund to pay for three years of costs; however, the bill does not set specific dates for the department to receive this revenue. This fiscal note assumes that sufficient gifts, grants, and private donations are received in FY 2026-27 to pay the DOL's costs for three years, and that regulation of EWAs begins FY 2027-28, and concludes at the end of FY 2029-30. All state expenditures are based on this assumption. Future implementation beyond this forecast window may exceed these costs, has not been estimated, and may require a different amount of state revenue.

State Revenue

The bill is assumed to increase state revenue from gifts, grants, and donations, and may increase revenue from licensing fees and civil penalties, as discussed below.

Gifts, Grants, and Donations

The bill conditionally increases state revenue from gifts, grants or donations to the Earned-Wage Access Fund. Gifts, grants, and donations are not subject to TABOR. For FY 2026-27, about \$1.2 million from private sources must be received by the DOL in order to begin regulation of EWAs beginning in FY 2027-28. No source of private funding has been identified.

Fee Impact on Earned Wage Access Servicers

Beginning FY 2027-28, the bill may also increase licensing fees collected by the DOL; however, this fee revenue has not been estimated and will be set administratively by the department to offset direct and indirect costs of regulation.

Civil Penalties

Finally, the bill may increase state revenue from fines by subjecting providers to a civil penalty of up to \$1,000 for violations. Civil penalties of up to \$5,000 or \$10,000 may also be imposed in civil actions for willful or repeated violations. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of violations that may be pursued by the Attorney General, as well as the wide range in potential penalty amounts, this fine revenue has not been estimated.

State Expenditures

Conditional on the receipt of sufficient gifts, grants, and donations, the bill increases state expenditures in the Department of Law by about \$426,000 in FY 2027-28, and by about \$387,000 in FY 2028-29 and FY 2029-30, when the regulations are repealed. These costs, paid from the Earned-Wage Access Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Department of Personnel and Administration (DPA) and the Judicial Department.

**Table 2
 Conditional State Expenditures
 Department of Law**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	\$249,209	\$249,209
Operating Expenses	\$0	\$3,200	\$3,200
Capital Outlay Costs	\$0	\$14,000	\$0
Legal Services	\$0	\$99,698	\$74,774
Centrally Appropriated Costs	\$0	\$59,430	\$59,430
FTE – Personal Services	0.0 FTE	2.5 FTE	2.5 FTE
FTE – Legal Services	0.0 FTE	0.4 FTE	0.3 FTE
Total Costs	\$0	\$425,538	\$386,613
Total FTE	0.0 FTE	2.9 FTE	2.8 FTE

Department of Law

The department will have staff and legal services costs beginning in FY 2027-28 to regulate EWA providers.

Staff

The DOL requires a total of 2.9 FTE to implement the bill. In addition to general regulatory functions, staff are required to establish the program, receive and act on applications, help with rule development, conduct necessary outreach and education, handle complaints, and initiate disciplinary actions if needed. The amounts above include standard operating and capital outlay costs and are prorated for a full fiscal year.

Legal Services

In FY 2027-28, the DOL requires 720 legal hours for initial program implementation, rulemaking, and any licensure or disciplinary actions that occur. In subsequent fiscal years, the DOL requires 540 legal hours for ongoing program activities. Legal services are provided by the DOL at a rate of \$138.47 per hour.

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 shown in Table 2 above.

Other Agency Impacts

In the DPA, the Office of Administrative Courts (OAC) may have increased workload if the OAC is used to resolve disciplinary actions. Similarly, the Judicial Department may have increased workload in the trial courts and the Colorado Court of Appeals if civil actions are filed or licensure decisions are appealed, respectively. The overall impact to both the DPA and the Judicial Department is expected to be minimal at this time, with no change in appropriations required.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed and applies to conduct occurring on or after this date.

State and Local Government Contacts

Judicial

Personnel

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).