



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-093: WORKERS' COMP INSURANCE COVERAGE VERIFICATION

Prime Sponsors:

Sen. Sullivan
Rep. Mauro

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires governmental entities to receive signed declarations regarding workers’ compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$52,255 to the Department of Regulatory Agencies.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
State Revenue	\$58,210	\$0	\$0	\$23,210
State Expenditures	\$58,210	\$0	\$0	\$23,210
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$58,210	\$0	\$0	Not estimated
Change in State FTE	0.3 FTE	0.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A
 State Revenue**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$58,210	\$0	\$0	\$23,210
Total Revenue	\$58,210	\$0	\$0	\$23,210

**Table 1B
 State Expenditures**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$52,255	\$0	\$0	\$17,255
Federal Funds	\$0	\$0	\$0	\$0
Centrally Appropriated	\$5,955	\$0	\$0	\$5,955
Total Expenditures	\$58,210	\$0	\$0	\$23,210
Total FTE	0.3 FTE	0.0 FTE	0.0 FTE	0.3 FTE

Summary of Legislation

The bill requires governmental entities to receive signed declarations regarding workers' compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license.

Prior to commencing any work under a building or construction permit, a general contractor or permit holder is required to collect and retain proof of workers' compensation coverage or rejection of coverage for every person performing work under the permit.

If a violation is discovered, the licensing authority or permitting agency is required to revoke or suspend any permit or license issued to that contractor and notify the Division of Workers' Compensation in the Colorado Department of Labor and Employment. The licensing authority or permitting agency is required to notify the division when the permit or license is reinstated.

The Workers' Compensation division director is authorized to adopt rules to implement the bill.

Background

The State Electrical Board and the State Plumbing Board in the Division of Professions and Occupations in Department of Regulatory Agencies (DORA) issue electrical and plumbing contractor licenses, as well as electrical and plumbing permits when not otherwise covered by a local jurisdiction.

Electrical contractor and plumbing contractor licenses renew every three years. The next expiration date for electricians is September 30, 2026, and renewals will begin in July and end November 30, 2026. The next expiration date for plumbers is February 28, 2027, with renewals beginning in December and ending in April. Both licenses have a 60-day grace period. There are currently 4,604 active electrical contractors and 2,952 active plumbing contractors. Approximately 350 new electrical and plumbing contractors apply for licensure annually.

State Revenue

The bill increases state fee revenue to the Division of Professions and Occupations Cash Fund by \$58,210 in FY 2026-27, and by \$23,210 in FY 2029-30.

Fee Impact on Electrical and Plumbing Contractors

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only and assume fees will increase by 3.7 percent across license types; actual fees will be set administratively by the DORA based on cash fund balance, program costs, and the number of licenses subject to the fee. Licenses for electrical and plumbing contractors are valid for three years. Table 2 below identifies the fee impact of this bill.

Table 2
Fee Impact on Electrical and Plumbing Contractors
FY 2026-27

Type of Fee	Fee Increase	Number Affected	Total Fee Impact
Electrical Contractor - Renewal	\$8.56	4,604	\$39,425
Plumbing Contractor - Renewal	\$4.71	2,952	\$13,909
Electrical Contractor - Original	\$10.28	350	\$3,599
Plumbing Contractor - Original	\$4.71	271	\$1,277
Total Fee Revenue – FY 2026-27			\$58,210

State Expenditures

The bill increases state expenditures in the Division of Professions and Occupations in DORA by about \$58,000 in FY 2026-27, and by \$17,000 every three years thereafter. These costs, paid from the Division of Professions and Occupations Cash Fund are summarized in Table 3 and explained below. The bill also minimally affects workload in the Department of Labor and Employment and the Department of Personnel and Administration.

Table 3
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29	Out Year FY 2029-30
Personal Services	\$17,255	\$0	\$0	\$17,255
Computer Programming	\$35,000	\$0	\$0	\$0
Centrally Appropriated Costs	\$5,955	\$0	\$0	\$5,955
Total Costs	\$58,210	\$0	\$0	\$23,210
Total FTE	0.3 FTE	\$0	\$0	0.3 FTE

Department of Regulatory Agencies

Staff

The division requires 0.3 FTE in FY 2026-27 and again in FY 2029-30 to verify workers' compensation coverage for over 7,500 license renewals for electrical and plumbing contractors. Existing division staff is expected to investigate and take enforcement action on an estimated 10 percent increase in complaints for a contractor's failure to maintain workers' compensation coverage.

Information Technology

The division will update their licensing system to require that applicants provide documentation of their workers' compensation coverage within existing resources. The permitting system will need to be updated to prevent permits being issued to electrical and plumbing contractors that do not have verified workers' compensation coverage. Preliminarily, costs are estimated at \$35,000, with the work to be performed by the Office of Information Technology. See Technical Note below.

Department of Labor and Employment

The Division of Workers' Compensation will have an increase in workload to adopt rules to implement the bill, including procedures for electronic verification of coverage, reporting requirements, and coordination with licensing authorities and permitting agencies. No change in appropriations is required.

Department of Personnel and Administration

The Department of Personnel and Administration will have a minimal workload increase to keep workers' compensation documentation on file for construction projects. No change in appropriations is required.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$58,210 in FY 2026-27. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27.

Local Government

This bill will increase costs for local governments to conduct additional administrative reviews of contractors prior to issuing licenses and permits and to address an increase in complaints. It may decrease municipal permit revenue and sales and use tax by limiting the ability to issue permits or discouraging applications for permits. These costs are expected to be substantial, and will vary depending on construction activity.

Technical Note

The bill applies to all permit applications filed on or after the bill's effective date. However, DORA requires several months to update its aging permitting system, which will result in the department being unable to comply with the requirements of the bill until the system changes are complete. A similar issue may also occur at the local level for any jurisdictions that are required to make permitting and licensing system updates prior to implementing the bill.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to conduct occurring on or after this date, including determinations of permit or license applications pending on the effective date.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$52,255 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies, and 0.3 FTE. Of this amount, \$35,000 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties

Municipalities

Labor

Personnel

Law

Regulatory Agencies

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](#).