



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-066: REGULATION OF COMPOUNDED WEIGHT-LOSS MEDICATION

Prime Sponsors:

Sen. Jodeh; Carson

Fiscal Analyst:

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Fiscal note status: This revised fiscal note reflects the introduced bill, as amended by the Senate Health and Human Services Committee.

Summary Information

Overview. The bill regulates the sale, transfer, and distribution of compounded weight-loss medications.

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

- Minimal State Workload

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The bill places new requirements on compounded versions of weight-loss medication produced by 503A compounding pharmacies (impacted drugs). Specifically, the bill requires a person involved in the sale, transfer, or distribution of impacted drugs to:

- use bulk drug substances that comply with certain national standards and that have been tested for quality control;
- label the drug as a compounded drug not approved by the U.S. Food and Drug Administration (FDA) and not for resale; and
- list all ingredients and specific information about them, including the country of origin.

These requirements do not apply to the compounding of a drug administered by a practitioner at a licensed health facilities or a long-term care facility, or to drugs compounded for animal use.

Additionally, the bill places disclosure requirements on persons compounding impacted drugs, and specifies recordkeeping requirements and inspection procedures. The Attorney General is granted authority to inspect records and may assess fines of up \$1,000 per dose of medication distributed or advertised out of compliance with the bill's requirements.

Background

FDA Approval of Weight-Loss Medications

Glucagon-like peptide 1 (GLP-1) agonists can enhance the secretion of insulin. GLP-1 with the active ingredient semaglutide or tirzepatide have been shown to be especially effective for weight-loss by decreasing appetite and slowing digestion. Versions of these drugs have been approved for treating diabetes for many years. The semaglutide drug Wegovy was FDA-approved for weight loss in 2017 and the tirzepatide drug Zebound was FDA-approved for weight loss in 2023.

Availability of Compounded Versions

Compounded drugs are not FDA-approved but may be allowed if the FDA-approved version of the drug is on the FDA drug shortage list or is not available in the prescribed dose or form.

Drugs may be compounded by various types of medical facilities and there are two types of compounding pharmacies, 503As and 503Bs. 503As fulfill patient specific prescriptions, tend to operate within one state, and are mostly regulated at the state level. 503Bs manufacture drugs in bulk to sell to health care facilities in multiple states and are mostly regulated at the federal level.

FDA-approved versions of semaglutide and tirzepatide were on the FDA drug shortage list from 2022 to 2024, when demand for the drugs was surging. As a result, several producers started offering compounded versions of the drugs. As of May 2025, compounded drug producers are no longer allowed to offer versions of the drugs that closely match an FDA-approved version in dose, ingredients, or form but several have continued offering the drugs in alternative versions.

State Revenue

The bill may increase state revenue from fines assessed by the Attorney General of up to \$1,000 per dose of medication distributed or advertised out of compliance with the bill's requirements. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General, the fiscal note cannot estimate the potential impact of these fines.

State Expenditures

Workload in the Department of Law will minimally increase to the extent that complaints are filed and pursued. The department will review complaints under the bill and prioritize investigations as necessary within available resources. No change in appropriations is required.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to conduct occurring on or after this date.

State and Local Government Contacts

District Attorneys

Personnel

Judicial

Regulatory Agencies

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](#).