



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note Memorandum

TO: Members of the House Appropriations Committee

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Fiscal Assessment of L.001 and L.002 to HB25-1239

This memorandum is an assessment of the fiscal impact of Amendment L.001, which was adopted by the House Judiciary Committee on February 25, 2025, and the attached proposed Amendment L.002 to HB25-1239. This fiscal assessment is for the impact of the bill with inclusion of these amendments only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

Amendment L.001 was adopted by the House Judiciary Committee and applies the 50 percent reduction in noneconomic damages for correcting a violation to any defendant rather than only defendants who are a small business. Proposed Amendment L.002 removes the bill's extension of the statute of limitations for filing a claim of discrimination and maintains the 60-day limit under current law.

Fiscal Impact of Amendment

Relative to the initial fiscal note, these amendments decrease expenditures related to complaints filed with the Colorado Civil Rights Division in the Department of Regulatory Agencies (DORA) and lawsuits filed against the state, and eliminate the required appropriations. Specifically, the amendments:

- eliminate expenditures in DORA and the department's required appropriation; and
- reduce estimated expenditures in the Department of Personnel and Administration (DPA) to about \$100,000 in FY 2025-26 and \$222,000 in future years, which is absorbable by the Risk Management Fund, and therefore eliminate the department's need for a General Fund appropriation in the first year.



Bill's Revised Fiscal Impact with Amendment

As amended, the bill minimally increases revenue from penalties and court fees and workload in DORA and the Judicial Department. Expenditures in the DPA and local governments are also expected to increase; however, no appropriation is required. These impacts are shown in Table 1 and discussed below.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0
State Expenditures (Cash Funds)	\$100,305	\$222,431	\$222,431
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

State Revenue

Starting in FY 2025-26, the bill may increase state revenue from civil penalties and court filing fees by a minimal amount.

Civil Penalties

A person committing an unfair housing practice may be subject to a civil penalty of up to \$10,000 for each violation, with additional penalties imposed for subsequent violations of a court order or injunction. Under the bill, a person committing a discriminatory practice is also subject to a civil penalty of up to \$5,000 per violation. 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 and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.



State Expenditures

Starting in FY 2025-26, the bill increases expenditures in the DPA and minimally increases workload in DORA and the Judicial Department, as described below.

Department of Personnel and Administration

Expenditures in the DPA will increase by about \$100,000 in FY 2025-26 and \$222,000 in future years from litigation and risk management costs. The state's actual costs will depend on a number of factors, including the number and complexity of cases, outcomes, and the timing of cases and judgements. Capital construction costs may also increase.

State Litigation and Risk Impacts

The bill is expected to increase litigation and risk management costs to the state from additional discrimination lawsuits. If such cases occur, state agencies and institutions of higher education will have increased costs for legal services, provided by the Department of Law. Depending on the outcome of any cases, settlement or liability payments may be required from the Risk Management Fund. The Risk Management Fund maintains a fund reserve that is comprised of payments made by state agencies for legal services and risk management through common policy billings based on costs incurred in prior years. In some cases, litigation and risk management costs resulting from legislation can be paid using reserve funds, which are continuously appropriated to the DPA. When costs are estimated to be significant, however, the DPA requires a General Fund appropriation to cover anticipated legal services and payments.

The bill is expected to increase litigation and risk management costs in the DPA by about \$100,000 in FY 2025-26 and \$222,000 in future years from three additional public accommodations discrimination lawsuits annually. Based on these estimated costs and the factors identified above, it is estimated that costs under the bill can be paid from the Risk Management Fund and no change in appropriation is required.

Capital Construction

Expenditures in the Office of the State Architect may increase if the corrects violations regarding building accessibility through a request for emergency controlled maintenance. The exact amount of any future capital construction costs depends on the number of lawsuits, scale of the correction, construction and labor costs, and various other factors; therefore, changes to state expenditures cannot be estimated. It is assumed that any required work will be addressed through the annual budget process.



Table 2A
State Expenditures
Department of Personnel and Administration

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Settlements	\$0	\$5,000	\$5,000
Noneconomic Damages	\$0	\$50,000	\$50,000
Attorney's Fee Awards	\$0	\$67,126	\$67,126
Legal Services	\$100,305	\$100,305	\$100,305
FTE – Personal Services	0.0 FTE	0.0 FTE	0.0 FTE
FTE – Legal Services	0.4 FTE	0.4 FTE	0.4 FTE
Total Costs	\$100,305	\$222,431	\$222,431
Total FTE	0.4 FTE	0.4 FTE	0.4 FTE

Department of Regulatory Agencies

Starting in FY 2025-26, workload in DORA will minimally increase to investigate and resolve additional discrimination complaints filed with the CCRD. This workload is expected to be minimal and no appropriation is required.

Judicial Department

Trial courts in the Judicial Department will experience a minimal workload increase to respond to civil case filings. No change in appropriations is required.

Local Government

Similar to the state, local governments will likely experience an increase in legal and liability related costs. Impacts will vary by jurisdiction and have not been estimated.