



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1262: REGULATE PRIVATE SECURITY OFFICERS & AGENCIES

Prime Sponsors:

Rep. Mabrey
Sen. Weissman

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Summary Information

Overview. The bill establishes state-level regulation of private security services.

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

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. For FY 2025-26, the bill requires an appropriation of \$596,692 to the Department of Regulatory Agencies

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$2,235,350	\$2,238,860
State Expenditures	\$625,938	\$2,007,969	\$1,584,102
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$2,066,350	Not estimated
Change in State FTE	2.4 FTE	14.8 FTE	10.5 FTE

¹ Fund sources for these impacts are shown in the tables below.

Table 1A
State Revenue

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$2,235,350	\$2,238,860
Total Revenue	\$0	\$2,235,350	\$2,238,860

Table 1B
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0	\$0
Cash Funds	\$596,692	\$1,722,620	\$1,377,924
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$29,246	\$285,349	\$206,178
Total Expenditures	\$625,938	\$2,007,969	\$1,584,102
Total FTE	2.4 FTE	14.8 FTE	10.5 FTE

Summary of Legislation

The bill establishes state-level regulation of private security services, as discussed below.

State Board of Private Security Services

Starting August 1, 2026, all private security officers must be licensed by and private security employers must register with the newly created State Board of Private Security Services in the Department of Regulatory Agencies (DORA). The board consists of seven voting members appointed by the Governor, and three non-voting members from DORA, the Colorado State Patrol, and the Peace Officer Standards and Training (POST) unit in the Department of Law.

The board has duties and powers to regulate private security services, including:

- issuing licenses, registrations, and weapon endorsements,
- creating a schedule of fees;
- approving training programs and requirements;
- taking disciplinary actions, including conducting investigations and assessing fines; and
- establishing any necessary rules.

Individual Licenses

License applicants must meet certain application requirements, complete training and assessments specific to the license type applied for, obtain a fingerprint-based criminal history record check, and not have a disqualifying criminal history as specified in the bill.

Applicants may apply for two license types: an event security officer license, and a commercial security officer license. A licensed commercial security officer may also obtain a weapon endorsement, which can be a firearm endorsement or a nonlethal weapon endorsement. Licenses are valid for two years unless otherwise determined by the board, and renewal is conditional on completion of continuing education and a new criminal history record check.

Individuals currently licensed as private security officers by municipalities may obtain full licensure without additional requirements. Provisional licenses may be granted to individuals who have submitted an application and are awaiting the results of their criminal history record check if certain requirements are met. Temporary permits may be issued to persons licensed by another jurisdiction who are providing private security in the state for a limited time.

Employer Registration

Employer registrations are valid for two years, unless otherwise determined by regulators, and applicants must complete a fingerprint-based criminal history record. Additionally, an employer must have five years of experience in private security management or two years of experience as a private security officer, maintain a professional liability insurance policy of at least \$1 million, and adopt policies regarding onboarding of employees.

Other Provisions

The bill establishes grounds for disciplinary actions and decisions of the board are subject to judicial review. Unauthorized practice is punishable as a class 2 misdemeanor. The bill also exempts private security officer licenses and employer registrations from the occupational credential portability program. Finally, the regulation of private security services is set to repeal on September 1, 2030, following a sunset review.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior Conviction Data and Assumptions

This bill creates a new factual basis for the existing offense of unauthorized practice of a profession or occupation, a class 2 misdemeanor, by including private security services. From FY 2021-22 to FY 2023-24, 12 offenders have been sentenced and convicted for this offense, or about four per year on average. Based on the low yearly average, the fiscal note assumes that there will continue to be minimal or no additional criminal case filings or convictions for this offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice related revenue or expenditures at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

Assumptions

Based on the 2023 [Sunrise Review of Private Security Guards](#), the fiscal note assumes there are about 16,500 private security guards in the state who must acquire a license under the bill. Additionally, the fiscal note also assumes the following:

- 500 individuals per year that will acquire temporary permits;
- 400 employer registrations;
- 20 training programs will certify with DORA; and
- 40 new individual licenses will be applied for per year starting in FY 2027-28, and there will be one new employer registration per year.

The bill requires licenses and registrations beginning August 1, 2026; thus, the fiscal note assumes individuals will apply in FY 2026-27, with corresponding impacts to DORA occurring in that year. However, costs to establish the regulatory program will occur before this date and incur impacts in FY 2025-26. Additionally, since the bill provides discretion for licensing periods, the bill assumes that DORA will annually renew licenses. Lastly, it is assumed all applicants, even those currently licensed by a municipality, must undergo a background check as part of their state licensing application.

State Revenue

The bill increases state revenue by about \$1.9 million starting in FY 2026-27. Revenue is from licensing fees collected by DORA and fingerprint-based criminal history background check fees charged by the Colorado Bureau of Investigation (CBI) in the Department of Public Safety (CDPS). These impacts are described below.

Fee Impact on Private Security Industry

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The tables and sections below identify the fee impact of this bill.

Table 2
Fee Impact on Private Security Service Providers
FY 2026-27

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Fingerprint Background Check	\$39.50	16,900	\$667,550
Private Security License Fee	\$90.00	17,420	\$1,567,800
Total Fee Revenue – FY 2026-27			\$2,235,350

Table 2B
Fee Impact on Private Security Service Providers
FY 2027-28

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Fingerprint Background Check	\$39.50	16,941	\$669,170
Private Security License Fee	\$90.00	17,441	\$1,569,690
Total Fee Revenue – FY 2027-28			\$2,238,860

Licensing Fees — DORA

The bill increases licensing fees in DORA by about \$1.6 million per year, credited to the Division of Professions and Occupations Cash Fund. The fee amounts in Table 2A and 2B are estimates only; actual fees will be set administratively by DORA based on cash fund balance, program costs, and the number of industry members subject to the fee.

Fingerprint-Based Background Checks — CDPS

This bill increases state cash fund revenue from fingerprint-based criminal history background checks to the CBI Identification Unit Cash Fund in the CDPS by about \$670,000 in FY 2025-26 and FY 2025-26. This assumes 16,900 checks will be conducted in FY 2024-25 and 16,941 in FY 2025-26. The current fee for background checks is \$39.50, which includes \$10.00 for a Federal Bureau of Investigation (FBI) fingerprint-based check, which is passed on to that federal agency. The federal portion of this fee is excluded from the state TABOR limit.

Civil Actions

The bill may increase revenue to the Judicial Department from an increase in filing fees from civil case filings. Revenue from filing fees is subject to TABOR. The fiscal note assumes that most private security service providers will follow the law, and any revenue impact from filing fees is assumed to be minimal.

State Expenditures

The bill increases state expenditures by about \$630,000 in FY 2025-26, about \$2.0 million in FY 2026-27, and about \$1.5 million in FY 2027-28. These costs will be incurred in DORA and the CDPS as shown in Tables 2 through 2B and described in the sections below.

DORA costs are paid from the Division of Professions and Occupations Cash Fund and the CDPS costs paid from the CBI Identification Unit Cash Fund. The bill also minimally affects workload in other state agencies.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Department of Regulatory Agencies	\$625,938	\$1,375,551	\$973,908
Department of Public Safety	\$0	\$632,418	\$610,194
Total Costs	\$625,938	\$2,007,969	\$1,584,102

Department of Regulatory Agencies

DORA will incur costs in FY 2025-26 to ensure licenses and registrations are available by August, 1, 2026. Costs in FY 2026-27 reflect initial implementation of the regulatory program, with amounts in FY 2027-28 reflecting the ongoing operations of the regulatory program.

Staff

DORA requires 1.5 FTE in FY 2025-26 to set up the regulatory program, with staff conducting outreach to the private security industry, updating internal DORA systems for a new regulated profession, and establishing the board. For FY 2026-27, DORA requires 11.1 FTE to handle the large volume of initial applications, begin board operations, and manage complaint intake and resolution. Starting in FY 2027-28, DORA requires 6.8 FTE for ongoing operation of the regulatory program. Standard operating and capital outlay costs are included for these new staff. Staff-related costs begin in January 2026, and are prorated for staggered start dates for various positions. Some staff are term-limited for FY 2026-27 only.

Legal services

DORA requires 1,600 hours of legal services in FY 2025-26 for set up of the regulatory program. Beginning in FY 2026-27, DORA will require 1,300 hours of legal services for ongoing program support, including disciplinary actions and violations. Legal services are provided by the Department of Law at a blended rate of \$133.74 per hour.

Exams

DORA requires funding to develop and implement exams required by the bill to assess applicants for licensure. After FY 2025-26, these costs decrease because DORA will only need to update exams on an annual basis.

Board Per Diem

The bill requires the board to meet at least once a quarter, with seven members of the board being members of the public. The fiscal note assumes DORA will provide per diem reimbursement of \$50 to the seven public members for four board meetings per year starting in FY 2026-27.

Complaint Consultant

Once DORA begins receiving and investigating complaints, funding is required for a consultant to provide expertise as needed on these cases. The cost is estimated to be \$600 per hour, with about 170 hours required per year starting in FY 2026-27.

Private Security Officer Virtual Identification Card

In addition to providing a physical license, the bill requires DORA to provide licensees with virtual identification cards containing certain information. These virtual cards must be accessible by licensees at all times when performing private security functions, and presentable to appropriate authorities upon request. The cost to DORA to implement a virtual identification card system are likely to be substantial and has not been estimated at this time. The fiscal note assumes that after DORA begins designing the regulatory program, but before licensure is required, these costs will be addressed through the annual budget process for FY 2026-27. This fiscal note will be updated to reflect costs related to the new virtual ID card system after additional review.

Table 2A
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$114,108	\$766,427	\$489,479
Operating Expenses	\$1,920	\$14,208	\$8,704
Capital Outlay Costs	\$26,680	\$46,690	\$6,670
Legal Services	\$213,984	\$173,862	\$173,862
Exam Administration	\$240,000	\$60,000	\$60,000
Board Per Diem	\$0	\$1,400	\$1,400
Complaint Consultant	\$0	\$103,800	\$103,800
Centrally Appropriated Costs	\$29,246	\$209,164	\$129,993
FTE – Personal Services	1.5 FTE	11.1 FTE	6.8 FTE
FTE – Legal Services	0.9 FTE	0.7 FTE	0.7 FTE
Total Costs	\$625,938	\$1,375,551	\$973,908
Total FTE	2.4 FTE	11.8 FTE	7.5 FTE

Department of Public Safety

This bill increases expenditures from the CBI Identification Unit Cash Fund in the CDPS by about \$630,000 and 3.0 FTE in FY 2026-27 and about \$610,000 and 3.0 FTE in FY 2027-28.

Staff

Beginning in FY 2026-27, the CDPS requires 2.0 FTE Fingerprint Examiner II and 1.0 FTE Data Management III to process the 16,900 fingerprint background applications that the fiscal note assumes the bill will generate from private security industry regulation. A Fingerprint Examiner II can process 8,250 requests per year, and a Data Management III 16,500. These new employees will undertake a one-time training session that costs \$1,000 per person.

Federal Bureau of Investigation Pass-through

The CDPS passes \$10.00 of every application on to the federal government. Based on the number of applications requiring a fingerprint background check, this equals about \$169,000 for FY 2026-27 and FY 2027-28.

Processing Costs

There are the following costs associated with each background check application: \$6.10 dedicated to equipment maintenance; \$1.55 for print digitization; \$0.88 to access the Colorado Crime Information Center for information pertinent to the background check; and \$0.63 printing and postage costs.

Table 2B
State Expenditures
Department of Public Safety

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$0	\$208,579	\$205,579
Operating Expenses	\$0	\$3,840	\$3,840
Capital Outlay Costs	\$0	\$20,010	\$0
FBI Pass Through	\$0	\$169,000	\$169,410
Processing Costs	\$0	\$154,804	\$155,180
Centrally Appropriated Costs	\$0	\$76,185	\$76,185
Total Costs	\$0	\$632,418	\$610,194
Total FTE	0.0 FTE	3.0 FTE	3.0 FTE

Other Agency Impacts

The trial courts in the Judicial Department may experience an increase in workload to the extent additional civil cases are filed under the bill. The fiscal note assumes that private security service providers will comply with the law and any increase will be minimal.

The bill also minimally increases workload in the Governor's Office of Boards and Commissions to manage board appointments.

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 the expenditure table(s) above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the Table 1 above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2025-26, the bill requires an appropriation of \$596,692 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies, and 1.5 FTE. Of this amount, \$213,984 is reappropriated to the Department of Law, with an additional 0.9 FTE.

State and Local Government Contacts

Governor's Office	Municipalities
Information Technology	Personnel
Judicial	Public Safety
Law	Regulatory Agencies
Local Affairs	Revenue