



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 25B-008: TECH-NEUTRAL ANTI-DISCRIM CLARIFICATION ACT

Prime Sponsors:

Sen. Baisley

Fiscal Analyst:

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

Summary Information

Overview. The bill repeals standards and requirements for the development and use of artificial intelligence systems established in Senate Bill 24-205 and affirms that, as of January 1, 2026, existing consumer protections apply to conduct regardless of technology used.

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

- Minimal State Revenue
- State Expenditures

Appropriations. The bill requires a reduction in appropriations from the Judicial Department of \$27,786 for the current FY 2025-26 and \$55,572 for FY 2026-27.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	-\$34,490	-\$66,745	-\$66,745
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	-0.3 FTE	-0.5 FTE	-0.5 FTE

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

Table 1A
State Expenditures

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0	\$0
Cash Funds	-\$27,786	-\$55,572	-\$55,572
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	-\$6,704	-\$11,173	-\$11,173
Total Expenditures	-\$34,490	-\$66,745	-\$66,745
Total FTE	-0.3 FTE	-0.5 FTE	-0.5 FTE

Summary of Legislation

The bill repeals standards and requirements for the development and use of artificial intelligence (AI) systems established in [Senate Bill 24-205](#). It instead affirms that existing prohibitions on discrimination apply regardless of whether the conduct occurs using technology, including AI systems. Creators, publishers, and distributors of technology are liable only if they engage in, direct, or knowingly aid discriminatory conduct.

Background

SB 24-205 and Fiscal Note

SB 24-205 established standards and requirements developers and deployers of AI systems to protect against algorithmic discrimination, beginning February 1, 2026. The [fiscal note for SB 24-205](#) did not include resources for any state agency because, at that time, the bill did not clearly apply to any existing state computer systems. Most existing state systems that make critical decisions on program eligibility, benefit calculations, and similar matters are programmed to generate output and results in accordance with legal requirements programmed by humans into a defined algorithm, rather than using generative AI or similar methods. The fiscal note for SB 24-205 assumed that state agencies would request additional resources through the budget process, as necessary, if they made the decision to deploy AI systems regulated under the bill.

Additional Developments and Funding

Since passage of SB 24-205, several developments have affected agencies costs and workload related to AI systems. Many consumer and business software products, including those used by state agencies, have incorporated generative AI features into their core products. The Office of

Information Technology has worked to catalog these systems, evaluate their risk, and take steps to ensure compliance with SB 24-205 when it takes effect in February 2026. Other agencies outside the purview of OIT have reported similar work. Agencies have differed in their assessments about what systems and practices may or may not trigger requirements under SB 24-205.

In 2025, the Joint Budget Committee allocated 0.5 FTE to the Judicial Department through the FY 2025-26 Long Bill based on the department's interpretation that the SB 24-205 would apply to the Probation Division's case management system, which uses available information to assign a risk score individuals on probation (the Judicial Department had requested 7.0 FTE for this purpose). To date, other agencies have not received dedicated funding to address reporting, risk management, and other requirements under SB 24-205.

Fiscal Note Baseline Assumptions

The fiscal note uses the FY 2025-26 Long Bill as the baseline funding level for all agencies when evaluating AI legislation at the 2025 special session, under the assumption that funding approved by the General Assembly for FY 2025-26 reflects the amount needed to begin implementation of, and compliance with, SB 24-205 in February 2026. If an agency requires additional resources for FY 2025-26 or any future year related to SB 24-205, funding should be requested through the annual budget process. Fiscal notes for legislation at the 2025 special session will only address the impacts directly attributable to that specific legislation.

State Revenue

The bill's repeal of SB 24-205 eliminates potential revenue from civil penalties and filing fees, as a result of a deceptive trade practice. The impact to state revenue resulting from these changes is expected to be minimal.

State Expenditures

The bill reduces state expenditures in the Judicial Department by about \$35,000 in the current FY 2025-26, and \$67,000 in FY 2026-27, from the Offender Services Cash Fund. The bill also minimally impacts workload in other state agencies, as discussed below.

Table 2
State Expenditures
Judicial Department

Cost Component	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	-\$27,146	-\$54,292	-\$54,292
Operating Expenses	-\$640	-\$1,280	-\$1,280
Capital Outlay Costs	\$0	\$0	\$0
Centrally Appropriated Costs	-\$6,704	-\$11,173	-\$11,173
Total Costs	-\$34,490	-\$66,745	-\$66,745
Total FTE	-0.3 FTE	-0.5 FTE	-0.5 FTE

Judicial Department

The department received an appropriation in the FY 2025-26 Long Bill with the assumption that the Probation Division's case management system is subject to the provisions of SB 24-205. Because this bill repeals SB 24-205, these costs are no longer required.

The bill will have no impact to trial court workload in the Judicial Department since civil case filings alleging discrimination through artificial intelligence can occur under current law as well as under this bill. There may be a minimal decrease in workload from deceptive trade practice cases no longer being filed under SB24-205.

Other State Agencies

Workload for all state agencies, particularly the Department of Law (DOL) and the Office of Information Technology (OIT), will be reduced as any requirement from SB 24-205 will no longer be in effect. The DOL will no longer receive additional deceptive trade practice complaints, adopt rules, or receive required disclosures related to AI systems. The OIT will no longer be responsible for ensuring the requirements of SB 24-205 are reflected in the centralized administration of IT services across state agencies. As discussed in the Background section, no agencies, other than the Judicial Department, have received funding related to the implementation of SB 24-205; therefore, no adjustment in appropriations is required.

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 may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in the table above.

Effective Date

The bill takes effect January 1, 2026, assuming no referendum petition is filed. It applies to conduct occurring on or after that date.

State Appropriations

The bill requires the following reductions in appropriations to the Judicial Department from the Offender Services Cash Fund:

- a reduction of \$27,786 and 0.3 FTE for the current FY 2025-26; and
- a reduction of \$55,572 and 0.5 FTE for FY 2026-27.

State and Local Government Contacts

Information Technology

Law

Judicial

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](#).