



## Fiscal Impact Statement

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## INITIATIVE 39: LABOR ORGANIZATION AFFILIATION AND DUES

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### Summary Information

**Overview.** The measure prohibits employers from requiring employees to participate in a labor organization or deducting union payments from an employee's earnings.

**Types of impacts.** The measure is projected to affect the following areas:

- State Revenue
- State Expenditures
- Local Government
- School Districts

**Disclaimer.** This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available. Any appropriations required to implement this measure will be addressed through the annual or supplemental budget process if this measure is approved by voters.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures (General Fund)	\$0	\$100,971	\$61,654
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.7 FTE	0.5 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

## Summary of Measure

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The initiative prohibits any employee from being required as a condition of employment to become a member of a labor organization, or pay any dues, fees, or assessments to a labor organization or its affiliate. The initiative also makes it unlawful for an employer to deduct any union dues, fees, or assessments from an employee's wages, earnings, or compensation.

## State Revenue

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The bill may result in a small increase in civil case filings in the Judicial Department. Any fee revenue impact is expected to be minimal.

## State Expenditures

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The initiative increases state expenditures in the Department of Labor and Employment by about \$100,000 in FY 2026-27, and \$62,000 in ongoing years. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also affects expenditures in other state agencies.

**Table 2**  
**State Expenditures**  
**Department of Labor and Employment**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$0	\$66,315	\$45,055
Operating Expenses	\$0	\$896	\$640
Capital Outlay Costs	\$0	\$13,340	\$0
Software Licenses	\$0	\$5,557	\$5,557
Employee Insurance / Supplemental PERA	\$0	\$14,863	\$10,402
<b>Total Costs</b>	<b>\$0</b>	<b>\$100,971</b>	<b>\$61,654</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.7 FTE</b>	<b>0.5 FTE</b>

### Department of Labor and Employment

#### Staff

The CLDE requires 0.7 FTE of additional staff in FY 2026-27 and 0.5 FTE in ongoing years to implement the initiative. This staff includes:

- 0.5 FTE of a Program Management II position from December 2026 through June 2027 to conduct rulemaking and update rules and procedures to comply with the initiative;
- 0.2 FTE of a Program Management II position beginning December 2026 to perform outreach to unions that had a successful second election authorizing union dues mandates; and,
- 0.5 FTE of a Compliance Investigator II position beginning in December 2026 to review complaints and investigate any unions that may not be compliant with the initiative, reduced to 0.3 FTE beginning in July 2027.

Standard operating costs, capital outlay costs, and funding for certain software licenses are included for all staff.

#### Other Workload Impacts

The initiative may also reduce workload to the CDLE, as the CDLE will oversee fewer union elections and have less work overall regarding other union functions and bargaining from reduced union activity. Workload reductions as a result of the initiative have not been estimated.

#### Employee Insurance / Supplemental PERA Payments

By increasing staffing levels, costs will increase in a variety of areas such as employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, as shown in the expenditure table above. These costs are addressed annually through the state budget.

### Other Agency Impacts

#### State Agency Labor Agreements

Some state employees are members of Colorado WINS, a labor organization that collectively bargains on behalf of covered employees. The Department of Personnel and Administration will have an increase in workload to make payroll deduction changes for employees paying dues on an individual employee basis, rather than uniformly for all covered employees. Assuming fewer employees participate in Colorado WINS and pay dues, state agencies may have decreased negotiation and legal services costs.

## Judicial Department

The bills may increase workload for the trial courts for civil remedies pursued as a result of violations of the initiative. The fiscal note assumes most employers will comply with the initiative and any workload increase is absorbable within existing resources.

## Local Government

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Similar to the state, local governments and school districts that have entered into union agreements will have shifting workloads to process payroll deductions.

## Effective Date

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If approved by voters at the 2026 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

## State and Local Government Contacts

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Judicial

Labor

Law

Local Affairs

Personnel