



Fiscal Impact Statement

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

INITIATIVE 43: JUST CAUSE FOR EMPLOYEE DISCHARGE OR SUSPENSION

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Summary Information

Overview. The measure prohibits employers from suspending or firing employees unless just cause is established.

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

- Minimal State Revenue
- Minimal State Expenditures

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	Budget Year FY 2025-26	Out Year FY 2026-27
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 Measure

The measure prohibits private sector employers with eight or more employees from suspending or firing employees without just cause. The measure defines just cause to include repeated job performance or employer policy violations, willful misconduct or gross insubordination affecting job performance, conviction of a crime or moral turpitude, and specific economic circumstances adversely affecting an employer. The measure does not apply to federal, state, or local government employers. Employers must provide written notice to employees upon firing or suspension which must include every reason the employer believes constitutes just cause.

Employees may file a civil case in state district court challenging a wrongful firing or suspension. Courts may order appropriate relief, including job reinstatement, if the firing was made without just cause. Courts also have authority to award costs and attorney fees to an opposing party if the other party engages in frivolous, groundless, or vexatious litigation.

State Revenue and Expenditures

If additional civil cases are filed in state district courts by employees challenging a firing or suspension, the measure will increase revenue and expenditures in the Judicial Department. Revenue is from filing fees for civil cases, which is subject to TABOR. Expenditures are for court staff to process additional cases. The exact impact will depend on the number of additional cases filed, which is dependent on decisions made by employees and employers.

Given the reasons constituting just cause allowed by the measure and assuming a high level of compliance by employers to avoid litigation, it is assumed the measure will result in an overall small number of additional civil cases. Any increase in state revenue and expenditures is expected to be minimal. For informational purposes, at least 100 additional civil cases are needed to have a tangible impact on Judicial Department staffing needs. For each 100 additional civil cases, if they occur, state revenue will increase by about \$80,000 from filing fees and state expenditures will increase by about \$170,000 for additional judges and support staff.

Additionally, the measure will increase workload and costs in the Department of Labor and Employment (CDLE) to update rules, regulations, and processes to reflect the measure. It may also increase workload and costs to investigate complaints and to respond to inquiries from employees and employers. These impacts to the CDLE are expected to be minimal at this time, and no additional resources are needed.

Effective Date

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

Higher Education

Law

Judicial

Personnel

Labor