



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1046: REGULATE EARNED-WAGE ACCESS SERVICES

Prime Sponsors:

Rep. Camacho; Duran
Sen. Frizell; Mullica

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

Summary Information

Overview. The bill establishes the regulation of earned-wage access services in the Department of Law.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis starting in FY 2026-27:

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. No appropriation is required. The Consumer Credit Unit Cash Fund is continuously appropriated to the Department of Law.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$228,000	\$380,000
State Expenditures	\$228,263	\$386,613
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$228,000	\$380,000
Change in State FTE	1.5 FTE	2.8 FTE

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

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$228,000	\$380,000
Total Revenue	\$228,000	\$380,000

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$197,167	\$327,183
Federal Funds	\$0	\$0
Centrally Appropriated	\$31,096	\$59,430
Total Expenditures	\$228,263	\$386,613
Total FTE	1.5 FTE	2.8 FTE

Summary of Legislation

The bill establishes the regulation of earned-wage access (EWA) services, which are services that may be sponsored by an employer or a third-party that provide employees with payment for wages earned but not yet paid by employers. Starting January 1, 2027, a provider of EWA services must have a license issued by the administrator of the Consumer Credit Code, in the Department of Law (DOL). Licenses are valid for one year and must be renewed annually. Active providers as of January 1, 2027, may continue to provide services if they have submitted an application and until the DOL acts on the application, so long as they are otherwise in compliance with other regulatory provisions of the bill.

Requirements for Providers

Providers must keep records that conform with the bill's requirements, any rules adopted by the DOL, and generally accepted accounting principles. Records must be made available to the DOL for examination. The bill outlines procedures for examination of records held inside or outside Colorado, and procedures for examinations of records at the provider's place of business or at the DOL's offices.

Providers must submit an annual report by April 15 of each year which must include:

- gross revenue attributable to EWA services;
- total number of transactions for proceeds provided to consumers;
- total number of consumers to whom the provider provided proceeds;
- total dollar amount of proceeds; and
- total dollar amount of service fees.

Providers must also implement procedures to respond to questions and complaints by consumers and provide disclosures to consumers before entering into a service agreement. Providers cannot charge late or interest fees, and if they charge a service fee, providers must offer at least one option to receive proceeds without a service fee. Additionally, the bill limits the amount charged for service fees, which may only increase by inflation calculated on an annual basis. Other provider requirements regarding consumer interactions are established by the bill.

Powers of the Department of Law

The DOL may issue and deny licenses, take disciplinary actions, receive and act on complaints, counsel persons and groups on their obligations under the bill, conduct necessary studies, and exchange information with other regulatory bodies. Importantly, the DOL may set fees to offset the direct and indirect cost of administration. The DOL may also administratively impose civil penalties for violations, as well as pursue civil cases and seek civil penalties.

Assumptions

The number of EWA service providers in Colorado is unknown. Services may be offered directly by an employer, through a stand-alone third-party, or through an independent provider that partners with an employer. The fiscal note assumes 24 licenses will be issued in FY 2026-27, representing a half-year impact, and 40 licenses will be issued in the full FY 2027-28. The actual number of earned-wage access service providers subject to licensure may vary.

State Revenue

The bill increases state revenue to the Consumer Credit Unit Cash Fund by about \$228,000 in FY 2026-27, and by about \$380,000 in FY 2028-29 and future years. This revenue increase is from license fees paid by earned-wage access service providers. Additionally, state revenue may increase from civil penalties. State revenue from license fees are subject to TABOR, while penalty revenue is not.

Fee Impact on Earned-Wage Access Service Providers

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. The fee amounts shown in Table 2 are estimates only, actual fees will be set administratively by the DOL based on cash fund balance, program costs, and the number of earned-wage access service providers subject to the fee.

Table 2
Fee Impact on Earned-Wage Access Providers

Fiscal Year	Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
FY 2026-27	Provider License	\$9,500	24	\$228,000
FY 2027-28	Provider License	\$9,500	40	\$380,000

Civil Penalties

Under the bill, providers may be subject to an administratively imposed civil penalty of up to \$1,000 for each violation. Additionally, civil penalties of up to \$5,000 or \$10,000 may be imposed in civil actions for willful or repeated violations. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of violations that may be pursued by the Attorney General, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

State Expenditures

The bill increases state expenditures in the Department of Law by about \$228,000 in FY 2026-27, and by about \$387,000 in FY 2027-28 and future years. These costs, paid from the Consumer Credit Unit Cash Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Department of Personnel and Administration (DPA) and the Judicial Department.

Table 2
State Expenditures
Department of Law

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$131,654	\$249,209
Operating Expenses	\$1,664	\$3,200
Capital Outlay Costs	\$14,000	\$0
Legal Services	\$49,849	\$74,774
Centrally Appropriated Costs	\$31,096	\$59,430
FTE – Personal Services	1.3 FTE	2.5 FTE
FTE – Legal Services	0.2 FTE	0.3 FTE
Total Costs	\$228,263	\$386,613
Total FTE	1.5 FTE	2.8 FTE

Department of Law

The department will have staff and legal services costs beginning in FY 2026-27 to implement the bill.

Staff

The DOL requires a total of 2.5 FTE to implement the bill. In addition to general regulatory functions, staff are required to establish the program, receive and act on applications, help with rule development, conduct necessary outreach and education, handle complaints, and initiate disciplinary actions if needed. The amounts above include standard operating and capital outlay costs and are prorated for a January 1, 2027, start date.

Legal Services

For FY 2026-27, the DOL requires 360 legal hours for initial program implementation, rulemaking, and any licensure or disciplinary actions that occur. Starting in FY 2027-28, the DOL requires 540 legal hours for ongoing program activities. Legal services are provided by the DOL at a rate of \$138.47 per hour.

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 Table 2 above.

Other Agency Impacts

In the DPA, the Office of Administrative Courts (OAC) may have increased workload if the OAC is used to resolve disciplinary actions. Similarly, the Judicial Department may have increased workload in the trial courts and the Colorado Court of Appeals if civil actions are filed or licensure decisions are appealed, respectively. The overall impact to both the DPA and the Judicial Department is expected to be minimal at this time, with no change in appropriations required.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by about \$228,000 in FY 2026-27 and \$380,000 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. 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 in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Technical Note

The bill does not specify a recipient fund for the license fees and other monies collected by the DOL under the bill. The fiscal note assumes the program will utilize the Consumer Credit Unit Cash Fund to receive license fees and pay for the costs of administering the bill, similar to other programs under the Consumer Credit Code.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed and applies to conduct occurring on or after this date.

State and Local Government Contacts

Judicial

Law

Labor

Personnel