



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1087: SAFEGUARD MINORS FROM SEX-ALTERING INTERVENTIONS

**Prime Sponsors:**

Rep. Bottoms

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

### Summary Information

**Overview.** The bill prohibits providing certain gender-affirming care services to minors.

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

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

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$84,447 to the Department of Regulatory Agencies, plus additional reappropriations to the Department of Law. See State Expenditures section.

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

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$88,400	\$88,400
State Expenditures	\$190,726	\$183,726
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$88,400	\$88,400
Change in State FTE	0.9 FTE	0.9 FTE

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

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0
Division of Professions and Occupations Cash Fund	\$88,400	\$88,400
<b>Total Revenue</b>	<b>\$88,400</b>	<b>\$88,400</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0
Risk Management Fund	\$95,425	\$0
Various Fund Sources	\$0	\$95,425
Division of Professions and Occupations Cash Fund	\$84,447	\$77,447
Federal Funds	\$0	\$0
Centrally Appropriated	\$10,854	\$10,854
<b>Total Expenditures</b>	<b>\$190,726</b>	<b>\$183,726</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>0.9 FTE</b>

Liability-related costs are assumed to be paid from the Risk Management Fund in the first year. Starting in the second year, it is assumed that assessments to the Risk Management Fund will be paid by affected agencies from a variety of fund sources, including General Fund, cash funds, and federal funds.

## Summary of Legislation

The bill prohibits providing certain gender affirming care services to minors and further specifies that no state or federal funds may be used on these services, which include:

- surgery or prescription of hormones or puberty blockers for the purpose of altering a minor's sex; and
- mental health therapy, professional counseling, or referrals that promote a minor's belief that they were born in the wrong body.

Additionally, the bill restricts how third parties may be involved in a minor and their parent's interactions around gender affirming care by prohibiting:

- public schools, health care providers, and governments from withholding information about a minor's gender dysmorphia from their parents; and
- the state from investigating or penalizing a minor's parent for refusing to consent to care.

## **Assumptions**

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The fiscal note assumes a high degree of compliance with the law by state employees and regulated health care professionals. However, given the high frequency of medical malpractice claims, (including claims that are dismissed or end in no-fault settlements) and given that the bill creates liability for promoting a belief, the fiscal note assumes a three percent increase in malpractice claims against state health care employees and other regulated health care professionals, as outlined below.

### **State Employee Liability**

Based on this assumed increase, the bill is expected to result in about three additional claims against state employees per year. Of these, it is assumed that two cases annually will result in a settlement or damage award. DPA is estimated to require 275 hours of legal services for each new claim. Each settlement is assumed to cost about \$22,000. Legal service and settlement costs are paid from the Risk Management Fund.

### **Complaints against Regulated Health Care Professionals**

DORA regulates nearly 340,000 health care professionals across 30 occupations. In the past year, the department received about 7,260 complaints related to these professionals. Based on the assumed increase in medical claims, DORA is estimated to receive about 242 additional complaints against regulated health care professionals.

## **State Revenue**

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The bill increases cash fund revenue by about \$90,000 per year starting in FY 2026-27 to the Division of Professions and Occupations (DPO) Cash Fund in the Department of Regulatory Agencies (DORA) to cover the costs of managing increased complaints regarding regulated health care professionals. The bill may also increase state revenue from court filing fees by a minimal amount. These revenue sources are subject to TABOR.

### **Fee Impact on Regulated Health Care Professionals**

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Beginning in FY 2026-27, DORA will collect an additional \$88,400 per year in registration and renewal fees from about 340,000 regulated health care professionals each year to cover costs under the bill.

Due to the wide array of potential fee impacts on registered individuals across 30 regulated occupations, the fiscal note assumes that the department will increase licensing, certification, and registration fees by about \$0.26 across all professions. This proposed fee is an estimate only; actual fees will be set administratively by DORA based on the cash fund balance, estimated program costs, and the estimated number of licensees subject to the fee.

## Filing Fees

The bill will increase revenue to the Judicial Department from an increase in civil case filings. This revenue is assumed to be minimal and has not been estimated.

## State Expenditures

The bill increases state expenditures by \$191,000 in FY 2026-27 and \$184,000 in FY 2027-28 and future years. These costs will be incurred in the Department of Personnel and Administration and the Department of Regulatory Agencies and be paid from the Risk Management Fund and Division of Professions and Occupations Cash Fund, respectively. These costs are shown in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**All Departments**

<b>Department</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Department of Personnel and Administration (Risk Management Fund)	\$95,425	\$95,425
Department of Regulatory Agencies (DPO Cash Fund)	\$95,301	\$88,301
<b>Total Costs</b>	<b>\$190,726</b>	<b>\$183,726</b>

## Department of Personnel and Administration

As discussed in the Assumptions section, the bill is expected to increase legal services and settlement costs for the state, as described below.

### Litigation Costs

The bill is expected to increase expenditures in the state's risk management program in the DPA for legal services. The state's actual costs will depend on a number of factors, including the number and complexity of cases, case outcomes, and the timing of cases and judgments. For the purposes of this fiscal note, three cases per year are assumed to require legal services starting in FY 2026-27 at a total \$51,095 per year, which equates to 0.2 FTE for legal services provided by the Department of Law.

### Settlement Costs

This analysis also assumes two settlements will be reached, estimated at about \$22,000 per settlement. Actual settlement costs will depend on case-specific factors, including the nature of the alleged violation.

### Agency Assessments

The Risk Management Fund is funded through risk assessments paid by agencies based on past experience and actuarial assumptions. It is assumed that first-year costs can be absorbed by the fund. Assessments to cover the cost of the bill will begin in FY 2027-28 and be set through the annual budget process.

**Table 2A**  
**State Expenditures**  
**Department of Personnel and Administration**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Legal Services	\$51,095	\$51,095
Settlement Costs	\$44,330	\$44,330
<b>Total Costs</b>	<b>\$95,425</b>	<b>\$95,425</b>
<b>Total FTE – Legal Services</b>	<b>0.2 FTE</b>	<b>0.2 FTE</b>

### Department of Regulatory Agencies

DORA will have costs of \$95,000 in FY 2026-27 and \$88,000 in FY 2027-28 and future years to process, investigate, and resolve complaints against regulated professionals. These costs, paid from the Division of Professions and Occupations Cash Fund, are for staff and legal services as discussed below.

#### Staff

Currently DORA spends on average one hour per complaint on processing. Complaints that require investigation result in 10 additional hours per complaint, and an additional 28 hours per complaint that is referred to the Attorney General’s office. Assuming that most complaints are resolved early in the complaint process, workload in the department is projected to increase by 0.6 FTE, based on the increased complaint volume described in the Assumptions Section above.

#### Legal Services

Based on the number of complaints requiring hearings, appeals, and that are referred to the Department of Law, DORA requires 275 hours of legal services per year beginning in FY 2026-27.

**Table 2B  
State Expenditures  
Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$38,741	\$38,741
Operating Expenses	\$640	\$640
Capital Outlay Costs	\$7,000	\$0
Legal Services	\$38,066	\$38,066
Centrally Appropriated Costs	\$10,854	\$10,854
FTE – Personal Services	0.5 FTE	0.5 FTE
FTE – Legal Services	0.2 FTE	0.2 FTE
<b>Total Costs</b>	<b>\$95,301</b>	<b>\$88,301</b>
<b>Total FTE</b>	<b>0.7 FTE</b>	<b>0.7 FTE</b>

### **Other Agency Impacts**

The bill is also expected to impact HCPF, state employee insurance, the Judicial Department, and state agencies that interact with minors. These impacts are expected to be minimal as discussed below.

#### **Department of Health Care Policy and Financing**

The bill potentially decreases costs in HCPF for Medicaid to no longer cover certain services for minors related to gender perception. Given recent data on utilization by minors through Medicaid, these savings are expected to be minimal. Any savings will be addressed through the annual budget process.

#### **State Employee Insurance**

The bill potentially decreases costs in state agencies for state employee health plans to no longer cover certain services for minors related to gender perception. This may result in a decrease in insurance premiums paid by state agencies. Given recent data on utilization by minors, these savings are expected to be minimal. Any savings will be addressed through the annual budget process based on any adjustment to premiums made by insurers and the future share of premiums that is paid by the state and by employees.

## Judicial Department

The Judicial Department may handle additional civil cases if any individuals or entities do not comply with the bill. Since DORA regulates most affected medical providers and insurance carriers, the fiscal note assumes trial court workload will be minimal.

## State Agencies with Interactions with Minors

Workload will increase in several state agencies that interact with minors to update rules and procedures in line with the bill's requirements. The fiscal note assumes this workload is absorbable within current resources.

## 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 tables above.

## TABOR Refunds

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by an estimated \$88,400 in FY 2026-27. 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.

## Local Government and School Districts

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Similar to the state, local governments and school districts that interact with minors will have increased risk of litigation and workload impacts to update policies.

## Effective Date

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

## State Appropriations

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For FY 2026-27, the bill requires an appropriation of \$84,447 from the Division of Professions and Occupations Cash Fund to the Department of Regulatory Agencies and 0.5 FTE. Of this amount, \$38,066 and an additional 0.2 FTE is reappropriated to the Department of Law.

The Risk Management Fund is continuously appropriated to the DPA. The Department of Law requires an increase in reappropriated funds of \$51,095 from DPA and 0.2 FTE

## Departmental Difference

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The DPA estimates that the bill increases costs by about \$1.2 million per year beginning in FY 2026-27. The DPA estimate assumes a similar number of cases as the fiscal note (3 cases and 1 settlement/damage award); however, the DPA estimates higher costs for legal defense (\$63,000 per case), a higher settlement amount (\$252,000), additional legal services for one case going to trial (\$100,000), and attorney fees and court costs being paid from a loss in court (\$750,000).

The fiscal note assumes that legal and settlement costs will be more limited due to a high level of compliance by state employees. It is also assumed that in most years cases will be resolved through settlements before proceeding to trial.

## State and Local Government Contacts

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Counties	Judicial
Education	Law
Health Care Policy and Financing	Personnel
Human Services	Public Health and Environment
Information Technology	Regulatory Agencies

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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](#).