



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1325: NATURAL MEDICINE

Prime Sponsors:

Rep. Caldwell; Feret
Sen. Ball

Fiscal Analyst:

Aaron Carpenter, 303-866-4918
aaron.carpenter@coleg.gov

Published for: House Health & Human Services**Drafting number:** LLS 26-0782**Version:** Initial Fiscal Note**Date:** March 19, 2026**Fiscal note status:** This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates a pilot program on the safety and effectiveness of using ibogaine to treat mental health conditions and makes changes on facilitator liability and the Natural Medicine Advisory Board.

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

- State Revenue
- State Expenditures

Appropriations. For FY 2026-27, the bill requires an appropriation of \$286,322 to the Behavioral Health Administration and the Department of Revenue

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$327,078	\$279,643
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.9 FTE	2.0 FTE

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

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$286,322	\$231,744
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$40,756	\$47,899
Total Expenditures	\$327,078	\$279,643
Total FTE	1.9 FTE	2.0 FTE

Summary of Legislation

The bill requires the Behavioral Health Administration (BHA) to create a pilot program on the administration of ibogaine, makes changes to the Natural Medicine Advisory Board, updates protections for facilitators, establishes an order of prioritization for natural medicine licenses, and grants the Department of Revenue (DOR) authority to establish rules on the administration of ibogaine.

Pilot Program

Contingent on federal approval, the bill establishes a pilot program in the BHA to support research on the safety and effectiveness of using ibogaine to treat mental health conditions and substance use disorders. The program may approve up to five pilot sites based on the recommendations of a review committee. The bill requires the BHA create a process to solicit and select pilot sites, assist pilot sites to complete and submit an investigational new drug application with the federal government and to consider whether to obtain federal research program status. The bill also outlines requirements to become a pilot site, the rules for the program, and reporting requirements of the BHA and pilot sites. Finally, the bill allows the BHA to accept gifts, grants, and donations and to deposit them in the newly created Ibogaine Research Pilot Program Cash Fund.

Definition of Ibogaine

The bill adds ibogaine derived from a semi-synthetic process approved by the Natural Medicine Advisory Board to the definition of natural medicine in the Natural Medicine Act.

Natural Medicine Advisory Board

The bill removes the requirement that members of the Natural Medicine Advisory Board be approved by the Senate, and revises the expertise and experience requirements to apply equally to all 15 board members. The bill also allows the Governor to remove a member if it is determined that changes to the board's composition are necessary to ensure the board possesses the required expertise.

Facilitator Liability

The bill makes facilitators liable for a physical or psychological injury only if the injury was the direct result of intentional misconduct, gross negligence, or a deviation from the standards of care.

Site Regulation

The bill requires the Department of Revenue (DOR) to prioritize licenses for natural medicine facilities in the following order:

- applicants who participate in the pilot program;
- applicants who have established residency in Colorado; and
- applicants who demonstrate priority review status as established by rule.

The DOR may enact rules around the requirements for the use and administration of ibogaine, and allows the department to establish different application fees based on the type of natural medicine. The bill requires licensees to establish a plan that benefits indigenous communities before cultivating, manufacturing, testing, dispensing, or administering ibogaine. Finally, the bill allows DOR to collect gifts, grants, and donations.

Background

Ibogaine is a psychoactive molecule that is derived from plants like the iboga plant, which is a shrub native to central Africa. The personal use and possession of ibogaine was decriminalized as a part of Proposition 122. Current law requires the Natural Medicine Advisory Board to study whether ibogaine should be included as part of the Natural Medicine Act and administered in regulated healing centers. In 2025, the [board recommended](#) that ibogaine be included in the definition of natural medicine, subject to the acquisition of the medicine through the Nagoya Protocol. As a result of this recommendation, ibogaine may be included as a natural medicine upon approval of the executive director of DOR.

Assumptions

The fiscal note assumes that creating an ibogaine pilot program in the BHA necessitates regulation of the pilot ibogaine facilities by the [Natural Medicine Division](#) in DOR, which requires regulatory and legal services costs, and may generate increased licensing fees in future years.

State Revenue

The bill may increase state revenue from gifts, grants, and donations, and from potential licensing fees, as described below.

Gifts, Grants, and Donations

Starting in FY 2026-27, the bill increases state cash fund revenue to the extent additional gifts, grants, and donations are received. At the time of the writing, additional gifts, grants, and donations have not been identified and are assumed to be minimal. Gifts, grants, and donations are not subject to the state's TABOR limit.

Ibogaine Pilot Program Licensing

The bill may increase revenue to the DOR to the extent DOR decides to require an additional license for the administration of ibogaine for pilot program sites. Due to the small number of allowed pilot program sites, and the permissive nature of the licensing fee, the fiscal note assumes licensing costs will be paid from the General Fund.

State Expenditures

The bill increases state expenditures by \$330,000 in FY 2026-27 and \$280,000 in FY 2027-28 and ongoing for the duration of the pilot program. These costs will be incurred in the Behavioral Health Administration and the Department of Revenue, as shown in Table 2 and described in the sections below. Costs are paid from the General Fund. The bill will also increase workload in the Department of Regulatory Agencies.

Table 2
State Expenditures
All Departments

Department	Budget Year FY 2026-27	Out Year FY 2027-28
Behavioral Health Administration	\$151,535	\$154,670
Natural Medicine Division, Department of Revenue	\$175,543	\$124,973
Total Costs	\$327,078	\$279,643

Behavioral Health Administration

The BHA will have staff and contract service costs beginning in FY 2026-27 to implement the bill.

Staff

The BHA requires 1.0 FTE to oversee the pilot program. Duties will include rulemaking oversight and coordination, seeking and reviewing applications for the pilot program, coordinating with necessary stakeholders including the federal government, providing support and technical assistance to pilot sites, and to provide oversight to contracts for evaluation. Standard operating and capital outlay costs are included, and staff are prorated for a September 1 start date.

Contract Services

The BHA will contract for consultation from external experts on the use of ibogaine, clinical research process, and to evaluate the impact of the program. Contract costs are estimated at \$104 per hour at 400 hours in FY 2026-27 and 250 hours in FY 2027-28. Costs in the first year are higher due to additional hours for consultation as the program is established.

Table 2A
State Expenditures
Behavioral Health Administration

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$82,626	\$103,283
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$7,000	\$0
Legal Services	\$41,600	\$26,000
Centrally Appropriated Costs	\$19,285	\$24,107
Total Costs	\$151,535	\$154,670
Total FTE	0.8 FTE	1.0 FTE

Department of Revenue

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

Staff

Assuming at least one facility will participate in the pilot program, the DOR requires 1.0 FTE, to consist partially of a scientist (0.3 FTE), policy advisor (0.3 FTE), and compliance investigator (0.4 FTE) to review the application and regulate the healing center site. Standard operating and capital outlay costs are included, and staff are prorated for a September 1 start date.

Legal Services

An estimated 400 hours (0.2 FTE) in legal services is required for DOR to conduct rulemaking related to the pilot program licensees. Legal services are provided by the Department of Law at an hourly rate of \$138.47.

**Table 2B
State Expenditures
Department of Revenue**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$90,532	\$99,901
Operating Expenses	\$1,152	\$1,280
Capital Outlay Costs	\$7,000	\$0
Legal Services	\$55,388	\$0
Centrally Appropriated Costs	\$21,471	\$23,792
FTE – Personal Services	0.9 FTE	1.0 FTE
FTE – Legal Services	0.2 FTE	0.0 FTE
Total Costs	\$175,543	\$124,973
Total FTE	1.1 FTE	1.0 FTE

Department of Regulatory Agencies

The bill increases workload in the Department of Regulatory Agencies to make necessary rule and guideline changes for facilitator, clinical facilitator, and training license types. This workload can be accomplished within existing appropriations.

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.

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires the following General Fund appropriations:

- \$132,250 to the Behavioral Health Administration, and 0.9 FTE; and
- \$154,072 to the Department of Revenue, and 0.9 FTE; of this amount, \$21,471 is reappropriated to the Department of Law with an additional 0.2 FTE.

Departmental Difference

Department of Revenue

The Department of Revenue estimates the bill requires about \$460,000 in FY 2026-27 and \$520,000 in FY 2027-28 and 5.0 FTE to create a regulatory program for ibogaine. Additionally, legal services costs of \$200,000 in FY 2026-27 and \$275,000 in FY 2027-28 would be required to perform rulemaking.

The fiscal note assumes a limited regulatory structure is appropriate due to the limited nature of the pilot program and limited number of permitted sites. Further, rulemaking required by the bill will be limited in scope to participants in the pilot program and not all healing centers.

State and Local Government Contacts

Behavioral Health Administration	Regulatory Agencies
Public Health and Environment	Revenue

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](#).