



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-137: MEASURES TO REDUCE ADMINISTRATIVE BURDENS

Prime Sponsors:

Sen. Coleman; Simpson
Rep. McCluskie; Caldwell

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Fiscal note status: This revised fiscal note reflects the introduced bill, as amended by the Senate Finance Committee.

Summary Information

Overview. The bill modifies rule review procedures and related reporting requirements.

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

- State Expenditures

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
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 Legislation

The State Administrative Procedure Act (APA) outlines procedures for reviewing the effectiveness and authority of rules promulgated by state agencies. The bill modifies this procedure by:

- requiring rule reviews to happen at least every five years;
- specifying additional criteria for determining a rule's effectiveness;
- requiring departments to report on rule reviews during their annual SMART Act hearing; and
- allowing departments to establish their own rule review schedule without consulting the Department of Regulatory Agencies (DORA).

The bill also allows the joint committee presiding over the SMART Act hearing to determine if rules should be subject to a sunset review, for which additional legislation would be required, or to make a recommendation to the Legislative Audit Committee for an audit conducted by the Office of the State Auditor.

Finally, the bill clarifies the Attorney General's responsibility regarding litigation discovery on behalf of the state of Colorado or on behalf of the people of the State of Colorado.

State Expenditures

Department of Regulatory Agencies and Office of the State Auditor

To the extent that the bill increases the number of programs subject to a sunset review or a state audit, workload will increase in the Colorado Office of Policy, Research, and Regulatory Reform in DORA or the Office of the State Auditor in the Legislative Department, respectively. This workload is expected to be accomplished within existing appropriations. If needed, additional resources will be sought through the annual budget process.

Modification to Department Rule Review

The bill's modifications to rule review process mostly codifies current practice, except as discussed below.

Five-Year Timeline

The vast majority of agency rules are currently reviewed on a five-year timeline. However, rules for the Division of Professions and Occupations in DORA and the Air Quality Control Commission in the Department of Public Health and Environment (CDPHE) are currently reviewed on a seven-year cycle. Given that rulemaking and monitoring is an ongoing process,

the fiscal note assumes that these agencies will use the flexibility in rule review scheduling to align the rule review timeline with other aspects of programmatic review and minimize the impact of the increased workload. No change in appropriations is required.

Effectiveness Evaluation

The bill requires a new type of analysis for the rule review process. However, the fiscal note assumes that this evaluation requires a similar level of analysis as the assessments required under current law. Given the flexibility in rule review schedule, any increase in workload can be absorbed within current resources. In making this assessment, the fiscal note assumes that departments are not required to conduct more in-depth work such as cost benefit analysis, additional stakeholder outreach, or a historical analysis.

SMART Act Presentations

The Conservation Trust Fund under the Department of Local Affairs (DOLA) is the only program that the fiscal note identified as having department-promulgated rules that is not subject to a SMART Act hearing. The fiscal note assumes that the bill subjects the program to a SMART Act hearing, which will result in an absorbable workload impact on DOLA.

Rule Review Schedule

The bill shifts responsibility for establishing rule review schedules from DORA to the departments. Since DORA currently consults with departments to establish the schedule, this change mostly codifies current practice and no change in appropriations is required.

Effective Date

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

State and Local Government Contacts

Law	Regulatory Agencies
Legislative Council Staff	State Auditor
Public Health and Environment	

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](#).