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Final Fiscal Note

Drafting Number: LLS 24-0270 Date: July 12, 2024
Prime Sponsors: Rep. Vigil; Mabrey Bill Status: Signed into Law
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Bill Topic: PROTECTIONS FOR DELIVERY NETWORK COMPANY DRIVERS

Summary of Fiscal Impact: [X] State Revenue [ ] State Transfer [ ] Local Government
[X] State Expenditure [ ] TABOR Refund [ ] Statutory Public Entity

The bill requires delivery network companies to develop driver deactivation policies and make various disclosures to drivers and customers. It increases state expenditures and may increase state revenue on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires and includes an appropriation of \$163,409 to the Department of Labor and Employment.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 24-1129

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

## Summary of Legislation

The bill requires delivery network companies (DNC) to develop deactivation policies and make various disclosures to drivers and customers, as outlined below.

**Transparency requirements.** A DNC must electronically disclose certain information to the driver and consumer at the time of offering a delivery task, including money paid by the consumer, the amount the driver will receive, and the amount retained by the DNC.

**Contracts.** A DNC must provide drivers with a contract and post the contract in an available location at least 14 days before the contract becomes enforceable. The DNC must also provide the contract in the English, Spanish, Arabic, and up to three additional languages commonly spoken by DNC drivers in the state.

**Deactivation policies.** A DNC must develop a deactivation policy that clearly establishes the procedures for deactivating a driver from the platform. The DNC is required to disclose the deactivation policy to its drivers and the Division of Labor Standards and Statistics (DLSS), which will post the policy on its website for at least 30 days before the policy becomes enforceable. The policy must be available to drivers in English, Spanish, Arabic, and up to three additional languages commonly spoken by DNC drivers in the state.

Deactivated drivers may challenge an account deactivation through an internal account deactivation challenge procedure established by a DNC, which must review and respond to a driver's challenge of an account deactivation within 14 days after receiving the challenge.

**Task acceptance time.** A DNC must ensure each driver receives at least 60 seconds after being offered a task to decide whether to accept the offer.

**Penalties and enforcement.** The DLSS must establish procedures for drivers and consumers to submit complaints regarding DNC violations of the bill's requirements. A DNC may be subject to monetary damages of up to \$1,000 to be paid to a consumer or driver affected by a violation, and fines of up to \$100 per violation.

## State Revenue

The bill may increase state revenue to the General Fund from fines collected from DNCs. Overall, any revenue is expected to be minimal, as the Colorado Wage Act encourages the DLSS to waive most fines assessed against employers if the employer complies with the law. Any revenue from court filing fees is also expected to be minimal, and any new revenue is subject to TABOR.

**State Expenditures**

The bill increases state expenditures in the Department of Labor and Employment (CDLE) by about \$195,000 in FY 2024-25 and \$158,000 in FY 2025-26, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2  
Expenditures Under HB 24-1129**

	FY 2024-25	FY 2025-26
<b>Department of Labor and Employment</b>		
Personal Services	\$141,419	\$120,621
Operating Expenses	\$2,048	\$1,920
Capital Outlay Costs	\$13,340	-
Software Licenses	\$6,602	\$6,602
Centrally Appropriated Costs <sup>1</sup>	\$31,982	\$28,862
<b>Total Cost</b>	<b>\$195,391</b>	<b>\$158,005</b>
<b>Total FTE</b>	<b>1.6 FTE</b>	<b>1.5 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Department of Labor and Employment.** The CDLE requires 1.6 FTE in FY 2024-25 and 1.5 FTE in ongoing years for staff to implement and enforce the provisions of the bill. This includes 0.8 FTE of a policy advisor in FY 2024-25 and 0.3 FTE in subsequent years to conduct rulemaking, develop the program, publish external guidance, and consult with businesses on how to comply with the bill's requirements. The CDLE also requires 1.0 FTE annually for compliance investigation staff to develop a complaint process by April 2025 and investigate complaints submitted by consumers, and 0.2 FTE annually for a program assistant to help with processing complaints and rulemaking. Standard operating, capital outlay, and software costs are included.

**Judicial Department.** The bill may increase the number of new case filings related to driver deactivations, increasing workload for the trial courts in the Judicial Department. This fiscal note assumes that companies will adhere to the bill's requirements and will not deactivate drivers outside of the policy, and any increase in filings is expected to be minimal and absorbable within the existing 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 include employee insurance and supplemental employee retirement payments, are shown in Table 2.

## Other Budget Impacts

**General Fund reserve.** Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

## Effective Date

The bill was signed into law by the Governor on June 4, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

## State Appropriations

For FY 2024-25, the bill requires and includes a General Fund appropriation of \$163,409 to the Department of Labor and Employment, and 1.6 FTE.

## State and Local Government Contacts

Information Technology  
Law

Judicial

Labor

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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](#).