



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 24-0433 Date: February 27, 2024
Prime Sponsors: Rep. Duran; Hernandez Bill Status: House Business Affairs & Labor
Sen. Danielson Fiscal Analyst: Josh Abram | 303-866-3561
josh.abram@coleg.gov

Bill Topic: PROHIBITION AGAINST EMPLOYEE DISCIPLINE

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

The bill prohibits an employer from requiring that an employee attend meetings, listen to speech, or view communications that include religious or political matters. The Colorado Department of Labor and Employment must create a notice for employers to provide to employees. The bill increases state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$248,085 to multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1260

Table with 3 columns: 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 prohibits an employer from requiring that an employee attend meetings, listen to speech, or view communications that include religious or political matters. Employers must not threaten disciplinary actions or job termination on account of an employee’s refusal to listen to speech or view religious or political communications from an employer. The bill identifies exemptions for communications that are required by law, necessary for employees to perform duties, or are part of academic content discussions in public education.

Allegations of violations may be filed in district court within one year after an alleged violation occurs. Courts may reinstate a fired employee and award monetary damages and penalties, including court costs and attorney fees. Employers must distribute a notice provided by the Colorado Department of Labor and Employment (CDLE) to inform each employee of their rights under the bill.

State Expenditures

The bill increases state expenditures in the CDLE by \$21,392 in FY 2024-25 only, paid from the General Fund. The bill also increases expenditures in the Department of Law by \$230,436 in FY 2024-25, and by \$115,218 in FY 2025-26. New costs are displayed in Table 2. The bill may also increase workload and expenses in other state agencies as described below.

**Table 2
Expenditures Under HB 24-1260**

	FY 2024-25	FY 2025-26
Department of Labor and Employment		
Personal Services	\$15,399	-
Operating Expenses	\$2,250	-
Centrally Appropriated Costs ¹	\$3,784	-
FTE – Personal Services	0.2 FTE	-
Labor Subtotal	\$21,433	-
Department of Law		
Legal Services	\$230,436	\$115,218
FTE – Legal Services	1.0 FTE	0.5 FTE
Law Subtotal	\$230,436	\$115,218
Total	\$251,828	\$115,218
Total FTE	1.2 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Colorado Department of Labor and Employment. In FY 2024-25 only, the CDLE requires 0.2 FTE for a Policy Advisor to create the required notification, adopt rules, and update public guidance related to employer prohibitions. The department will also have one-time expenses for translation services of the new notification.

Judicial Department. The bill minimally increases civil case filings in the district courts; however, it is assumed that employers will adhere to the law and not require employees to attend meetings or view religious or political communications. Any increase for the courts is expected to be minimal and absorbable within existing appropriations.

Department of Law. The Department of Law will have increased costs for legal training of agency HR staff and general counsel to state agencies if litigation alleging violations is asserted from state employees. General counsel is expected to require 1,800 hours of legal services at a blended rate of \$128.02 and equivalent to 1.0 FTE. Legal services reduce to 900 hours and 0.5 FTE for FY 2025-26 and ongoing. If legal services provided to client agencies costs exceed resources, the department will request additional resources through the budget process.

State litigation and risk impacts. The bill may increase litigation and risk management costs to the state stemming from allegations of state negligence related to employment discrimination from captive meetings. If such cases occur, state agencies and institutions of higher education will have increased costs for legal services, provided by the Department of Law. Depending on the outcome of any cases, settlement or liability payments may be required from the Risk Management Fund in the Department of Personnel and Administration. State agencies make payments for legal services and risk management through common policy billings based on costs incurred in prior years. It is assumed any new costs, if incurred, will be accounted for through the annual budget process.

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 takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires the following General Fund appropriations:

- \$17,649 to the Colorado Department of Labor and Employment, and 0.2 FTE; and
- \$230,436 to the Department of Law, and 1.0 FTE.

Departmental Difference

The Department of Law assumes the bill requires \$345,656 and 1.5 FTE on an ongoing basis to provide legal trainings for HR staff in each state agency and general counsel support to all state agencies on the implementation and ongoing administration of the bill. The department assumes policy analysis, legislative reviews, and regulatory programmatic implementation may, at times, border on the restrictions of this bill. This analysis assumes that the provisions of the bill are largely codified in existing state law and rule regarding state agency practices. The fiscal note includes upfront legal services costs for agency training, and assumes reduced impacts in future budget years.

State and Local Government Contacts

Judicial Personnel	Labor	Law
-----------------------	-------	-----

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](#).