



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1118: CATALYTIC CONVERTER REPLACEMENT EXEMPTION

Prime Sponsors:

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Fiscal note status: The revised fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee.

Summary Information

Overview. Through July 2027, the bill allows a vehicle to use a catalytic converter that complies with federal standards instead of state standards if the vehicle's catalytic converter has been stolen or fails.

Types of impacts. The bill is projected to affect the following areas through FY 2026-27:

- State Revenue
- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$278,624 to the Department of Public Health and Environment.

Table 1
State Fiscal Impacts

Type of Impact¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0
State Expenditures	\$312,924	\$249,297
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.8 FTE	2.0 FTE

¹ Fund sources for these impacts are shown in the table below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$278,624	\$206,422
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$34,300	\$42,875
Total Expenditures	\$312,924	\$249,297
Total FTE	1.8 FTE	2.0 FTE

Summary of Legislation

Currently, internal combustion engine vehicles in Colorado must have a catalytic converter that meets state standards, which exceed standards set by the federal Environmental Protection Agency (EPA). A catalytic converter is an element of a car's exhaust system that makes exhaust gas less polluting. The bill allows a vehicle to use a catalytic converter that complies with EPA standards instead if the vehicle's catalytic converter has been stolen or fails, any theft has been reported to law enforcement, the vehicle's owner has made a reasonable effort to obtain a replacement that complies with state standards, and the vehicle passes an emissions inspection within 30 days. This exception repeals July 1, 2027.

The bill prohibits a person from repairing or replacing a catalytic converter without informing the vehicle's owner about state programs to replace their vehicle with a zero-emission vehicle, which constitutes a petty offense and a deceptive trade practice.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior Conviction Data and Assumptions

This bill creates the new offense of repairing or replacing a catalytic converter without informing the customer about state programs to replace their vehicle with a zero-emissions vehicle, a petty offense. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of failing to issue an invoice for vehicle repair as a comparable crime. From FY 2021-22 to FY 2023-24, zero offenders have been sentenced and convicted for this existing

offense; therefore, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note.

State Revenue

Emissions Testing Fees

The bill may increase state fee revenue from additional vehicle emissions tests. Requiring a vehicle with a new catalytic converter to pass an emissions test will change when an emissions test is required, but it likely replaces the vehicle's subsequent test and thus, shifts when fees are paid without impacting overall revenue. In addition, catalytic converters that conform to the lower federal standards may be more likely to fail an emissions test, which would result in additional testing as equipment is further repaired or replaced. This increase is expected to be minimal. Of the emissions testing fees charged, the revenue predominantly accrues to the contracted vendor, Air Care Colorado, and is not subject to TABOR.

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Public Health and Environment by about \$310,000 in FY 2025-26 and \$250,000 in FY 2026-27 only. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Department of Revenue.

**Table 2
 State Expenditures
 Department of Public Health and Environment**

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$155,090	\$193,862
Operating Expenses	\$2,048	\$2,560
Capital Outlay Costs	\$13,340	\$0
Database	\$50,000	\$10,000
Translation Services and Materials	\$10,000	\$0
Legal Services	\$48,146	\$0
Centrally Appropriated Costs	\$34,300	\$42,875
FTE – Personal Services	1.6 FTE	2.0 FTE
FTE – Legal Services	0.2 FTE	0.0 FTE
Total Costs	\$312,924	\$249,297
Total FTE	1.8 FTE	2.0 FTE

Department of Public Health and Environment

CDPHE will incur staff, information technology, and legal services costs in FY 2025-26 and FY 2026-27 only.

Staff

CDPHE requires 2.0 FTE to conduct rulemaking, outreach, tracking, and enforcement of the temporary policy in FY 2025-26 and FY 2026-27 only. Although these staff will not be required once the exemption period ends, some workload may remain to respond to inquiries from repair shops or the public. Staff costs in the first year are prorated to account for the bill’s effective date. Standard operating and capital outlay costs are included.

Database

CDPHE requires \$50,000 in FY 2025-26 and \$10,000 in FY 2026-27 to develop a database for tracking alternative catalytic converters.

Translation Services and Materials

In FY 2025-26 only, CDPHE has additional operating costs associated with translation services and materials, estimated at \$10,000.

Legal Services

CDPHD requires 360 hours of legal services to conduct rulemaking in FY 2025-26 only. Legal services are provided by the Department of Law at a rate of \$133.74 per hour.

Department of Law

Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that online marketplaces will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Department of Revenue

Workload may also increase in the Department of Revenue for the Division of Motor Vehicles receive inquiries about the temporary requirements. This 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, leased space, and indirect cost assessments, are shown in the expenditure table above.

Local Government

Similar to the state, to the extent district attorneys receive deceptive trade practice complaints related to the new deceptive trade practice under the bill, workload will increase to investigate complaints and seek relief when appropriate. It is assumed most such cases will be handled at the state level by the Attorney General.

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 2025-26, the bill requires a General Fund appropriation of \$278,624 to the Department of Public Health and Environment, and 1.6 FTE. Of this, \$48,146 is reappropriated to the Department of Law, with an additional 0.2 FTE.

State and Local Government Contacts

Law

Revenue

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](#).