



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-065: SYSTEMIC INSECTICIDE USE LIMITATIONS

**Prime Sponsors:**

Sen. Wallace; Kipp  
Rep. Velasco; Brown

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**Fiscal note status:** This fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill prohibits the distribution, sale, and use of certain insecticides, and establishes a program for third-party verifiers to determine accepted uses.

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

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2026-27, the bill requires an appropriation of \$38,369 to the Department of Agriculture.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$360,500	\$360,500
State Expenditures	\$45,601	\$607,964	\$267,666
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$360,500	not estimated
Change in State FTE	0.3 FTE	2.1 FTE	2.1 FTE

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

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$360,500	\$360,500
<b>Total Revenue</b>	<b>\$0</b>	<b>\$360,500</b>	<b>\$360,500</b>

**Table 1B  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
General Fund	\$0	\$0	\$0
Cash Funds	\$38,369	\$563,164	\$222,866
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$7,232	\$44,800	\$44,800
<b>Total Expenditures</b>	<b>\$45,601</b>	<b>\$607,964</b>	<b>\$267,666</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>2.1 FTE</b>	<b>2.1 FTE</b>

## Summary of Legislation

Beginning January 1, 2029, the bill prohibits an individual from selling or distributing field crop seeds that are coated or treated with systemic insecticides, unless the buyer presents a certificate authorized by a third-party verifier permitting use of such seeds. Third-party verifiers must be approved by the Department of Agriculture (CDA) to work with seed applicators to determine whether the use of coated and treated products is necessary and appropriate. Verifiers must also conduct pest risk assessments on the agricultural property in this determination, and may issue a certificate authorizing use for up to one year. The bill makes a violation of these provisions a deceptive trade practice.

By January 1, 2028, the CDA must adopt rules to implement the program and is authorized to enforce compliance through license revocation or fine assessment. Beginning January 1, 2030, and each year thereafter, approved third-party verifiers must submit a report to the department, which must then include the report's contents in its annual SMART Act hearings to the General Assembly.

## **Background and Assumptions**

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### **Insecticide Use Verifiers**

According to the [2022 Census of Agriculture](#), Colorado has about 24,000 cropland farms that are subject to the bill. Of these, the fiscal note assumes that two-thirds (about 16,000) will qualify and seek to verify insecticide use. It is further assumed that a registered verifier can assess 100 farms annually; therefore, the CDA will need to register approximately 160 insecticide use verifiers.

This estimate is consistent with the CDA's existing third-party verification model for hemp sampling. The department currently licenses 20 authorized Hemp Samplers to serve approximately 3,000 hemp growers, reflecting a comparable farm-to-verifier ratio. Accordingly, the fiscal note assumes a similar voluntary participation rate among insecticide use verifiers under the bill.

### **Seed Dealer Program**

The CDA currently administers a seed dealer program for agricultural professionals that manufacture, label, distribute, and use seed products. The program registers about 1,250 individuals across eight payer types. The fiscal note assumes that fees will be increased across six payer types, in addition to the insecticide use verifiers, to cover the costs of the new program. Fee increases are detailed in the State Revenue section and represent the average impact across all seed dealer types.

### **Timeline**

The fiscal note assumes that the CDA will complete rulemaking by November 1, 2027, in order to levy increased fees on seed dealers during the regular fee schedule. As a result, the department will begin collecting fees in FY 2027-28, after incurring expenditures in the first year. However, the Plant Health, Pest Control, and Environmental Protection Fund is expected to carry the balance of upfront costs until revenue increases to cover ongoing administrative costs in FY 2030-31.

### **State Revenue**

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The bill increases state cash fund revenue by \$360,500 per year beginning in FY 2027-28 to the Plant Health, Pest Control, and Environmental Protection Fund in the CDA to cover the costs of administering programmatic changes. These impacts are shown in Table 2, and discussed in more detail below. It may also increase revenue from civil penalties and filing fees. Fee revenue is subject to TABOR, while penalty revenue is not.

**Table 2  
Fee Impact  
FY 2027-28 and ongoing**

<b>Payer Type</b>	<b>Estimated Fee Increase</b>	<b>Payers Affected</b>	<b>Total Fee Increase</b>
Seed Dealers (Averaged)	\$250	1,250	\$312,500
Insecticide Use Verifiers	\$300	160	\$48,000
<b>Total Revenue</b>			<b>\$360,500</b>

### **Fee Impact on Seed Dealers and Insecticide Use Verifiers**

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The bill increases cash fund revenue from seed dealers by \$312,500 per year. This estimate is based on an average fee increase of \$250 on the current 1,250 annual registrants who represent six different payer types. The bill also increases cash fund revenue from insecticide use verifiers by \$48,000 per year, which is based on 160 new registrations as detailed in the Background and Assumptions section above.

The amount of cumulative revenue generated from these fees is expected to begin covering cumulative program expenditures by FY 2030-31, after which point fees will be reduced to align with ongoing costs. As mentioned above, the Plant Health, Pest Control, and Environmental Protection Fund is expected to maintain a net positive balance from other revenue sources until the program reaches solvency. These proposed fees are estimates only; actual fees will be set administratively by CDA based on cash fund balance, estimated program costs, and the number of registrants subject to the fee.

### **Civil Penalties**

Under the bill, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$50,000 for each violation, credited to the Plant Health, Pest Control, and Environmental Protection Fund. 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.

### **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 CDA by about \$46,000 in FY 2026-27, \$608,000 in FY 2027-28, and \$268,000 in future years. These costs, paid from the Plant Health, Pest Control, and Environmental Protection Fund, are summarized in Table 3 and discussed below. The bill also minimally affects workload and expenditures in several other agencies.

**Table 3**  
**State Expenditures**  
**Department of Agriculture**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>	<b>Out Year FY 2028-29</b>
Personal Services	\$30,985	\$169,867	\$169,867
Operating Expenses	\$384	\$2,560	\$2,560
Capital Outlay Costs	\$7,000	\$7,000	\$0
Verifier Databases	\$0	\$300,000	\$20,000
Training Modules	\$0	\$50,000	\$0
Motor Fleet Vehicle Costs	\$0	\$11,576	\$14,686
Travel Expenses	\$0	\$1,390	\$1,906
Legal Services	\$0	\$20,771	\$13,847
Centrally Appropriated Costs	\$7,232	\$44,800	\$44,800
FTE – Personal Services	0.3 FTE	2.0 FTE	2.0 FTE
FTE – Legal Services	0.0 FTE	0.1 FTE	0.1 FTE
<b>Total Costs</b>	<b>\$45,601</b>	<b>\$607,964</b>	<b>\$267,666</b>
<b>Total FTE</b>	<b>0.3 FTE</b>	<b>2.1 FTE</b>	<b>2.1 FTE</b>

## Department of Agriculture

The department will have staff, database, training, travel, and legal services costs beginning in FY 2026-27 to implement the bill.

### Staff

Beginning in FY 2026-27, the CDA requires 1.0 FTE Administrator V to conduct rulemaking, oversee database development, and manage the verifier program. Staff costs and FTE are prorated in the first year based on an April 1, 2027, start date. Beginning in FY 2027-28, the CDA requires an additional 1.0 FTE Compliance Specialist III to perform site inspections, respond to complaints, and provide technical assistance to registered verifiers.

### Insecticide Use Verifier Databases

In FY 2027-28 only, costs in the CDA will increase by an estimated \$300,000 to develop two databases for verifier registration and annual reporting. Each database costs an estimated \$150,000 and will incur ongoing maintenance costs of \$10,000 per year. Information technology services are provided by the Office of Information Technology, and will be reappropriated to that agency.

### Training Modules

In FY 2027-28 only, the CDA requires \$50,000 to create an educational outreach program to agricultural professionals, and develop training modules for insecticide use verifiers. Actual costs will be determined through the contracting process.

### Motor Fleet Vehicle Costs

Beginning in FY 2027-28, the CDA requires a vehicle for enforcement staff to investigate complaints, inspect verifier practices, and ensure compliance across the state's 16,000 participating farms. The department will make vehicle lease and operating cost payments to the Department of Personnel and Administration (DPA), which manages the state's fleet of vehicles. Costs also include mileage and are prorated in the first year to an October 1, 2027, start date.

### Travel Expenses

Costs in the CDA will increase by about \$1,900 for enforcement staff to travel across the state and ensure compliance with the bill's requirements. Costs include a \$79 per diem rate for 14 days of travel, and a \$200 lodging rate for four nights. Costs in the first year are prorated to an October 1, 2027, start date.

### Legal Services

In FY 2027-28, the CDA requires 150 hours of legal services for initial rulemaking and program implementation. In future years, the department requires 100 hours of legal services to support enforcement and investigative efforts. Legal services are provided by the Department of Law at a rate of \$138.47 per hour, and will be reappropriated to that agency.

### 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 Table 3 above.

## **Other Agency Impacts**

### Department of Corrections

The bill increases expenditures in the Colorado Correctional Industries program in the Department of Corrections to replace treated seed with lower-yield untreated seeds across its 600 acres of farmland. Annual costs are estimated at about \$8,000, which accounts for 85 acres replanted at a rate of about \$273 per acre each year. These costs are absorbable within existing appropriations.

### Department of Personnel and Administration

The bill may minimally increase workload for the Office of Administrative Courts in the DPA to hear additional disputes between the CDA and pesticide professionals. This workload is can be accomplished within existing appropriations.

### Judicial Department

Similar to the State Revenue section above, the trial courts in the Judicial Department may experience an increase in workload if additional civil cases are filed. The fiscal note assumes that agricultural professionals will comply with the law and any increase will be minimal.

## **TABOR Refunds**

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The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$360,500 in FY 2027-28. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2027-28, and any future years when the state is over its revenue limit.

## **Local Government**

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Costs may increase for local governments to use untreated seeds on owned or operated cropland, or coordinate with an insecticide use verifier to receive an exemption.

## **Effective Date**

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

## State Appropriations

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For FY 2026-27, the bill requires an appropriation of \$38,369 from the Plant Health, Pest Control, and Environmental Protection Fund to the Department of Agriculture, and 0.3 FTE.

## State and Local Government Contacts

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Agriculture	Corrections
Forestry Service	Law
Judicial	Personnel