



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1188: SUNSET PROCESS SECURITIES REGULATION

Prime Sponsors:

Rep. Camacho; Titone
Sen. Kolker

Fiscal Analyst:

Anna Gerstle, 303-866-4375
anna.gerstle@coleg.gov

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

Summary Information

Overview. The bill continues the Colorado Securities Act, including the Division of Securities, in the Department of Regulatory Agencies, and makes additional changes to this program.

Types of impacts. The bill's impacts are from continuing a program currently scheduled to repeal, which will extend existing fiscal impacts through FY 2037-38 in the following areas:

- State Revenue
- State Expenditures
- Local Government

Appropriations. No appropriation is required.

Table 1
Continuation of Current State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$6.5 million
State Expenditures	\$0	\$6.0 million
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$6.5 million
Change in State FTE	\$0	28.0 FTE

These impacts result from continuing a program scheduled to repeal and reflect the extension of current revenue and spending levels.

Summary of Legislation

The bill continues the Colorado Securities Act for 11 years, until September 1, 2037. The act is currently scheduled to repeal on September 1, 2026. The act includes the Division of Securities and the Securities Board in the Department of Regulatory Agencies (DORA). In addition, the bill makes the following changes:

- specifies that a deficiency letter or communication related to a deficiency letter is not subject to the Colorado Open Records Act;
- updates language to be gender neutral;
- clarifies that investment advisers or investment adviser representatives must be licensed, with certain exceptions; and
- requires the Executive Director of DORA to consult with the Securities Board when appointing the Securities Commissioner.

Under current law, the Securities Commissioner may issue a cease-and-desist order or conduct a summary license suspension by issuing an order to show cause as to why the order or suspension should not be issued, and a hearing is scheduled with the Securities Board or an administrative law judge. The bill instead allows the commissioner to issue a preliminary cease-and-desist order or summary license-suspension order, and establishes a hearing process to determine the outcome of the order, if requested by the person subject to the order.

Background

The Division of Securities regulates securities, licenses securities firms and professions, and enforces the requirements of the Colorado Securities Act. In FY 2023-24, the division licensed 1,873 broker-dealer firms, 254,030 broker-dealer sales representatives, 3,309 federal covered investment advisers, 774 state-licensed investment advisers and 16,119 investment adviser representatives. In addition, 135 securities offerings exceeding \$53 billion were registered with the division. Enforcement actions resulted in 3 license revocations, 15 administrative or civil referrals, and 4 criminal referrals. The [sunset report for the Act](#) was completed in 2025.

Continuing Program Impacts

Based on the average of the last two fiscal years, DORA is expected to have revenue of \$6.5 million and expenditures of \$6.0 million, and 28.0 FTE to administer the Division of Securities and the Securities Board. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2026-27. This continuing revenue is subject to the state TABOR limits.

If this bill is not enacted, the program will enter a one-year wind-down period and then end on September 1, 2027, one year after its statutory repeal date. If allowed to repeal, state revenue and expenditures will decrease starting in FY 2027-28 by the amounts shown in Table 1.

Additional impacts from changes under the bill area described in the State Expenditures section below.

State Expenditures

The bill increases workload for the Division of Securities in DORA to update cease-and-desist, summary license suspension, and hearing procedures to align with the bill's requirements. No change in appropriations is required.

Local Government

Local government investment pool trusts must be registered with the division; thus, the bill continues existing workload for local governments to ensure this registration occurs. In FY 2023-24, there were three trusts registered with the division.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applies to cease-and-desist orders and summary suspension orders issued on or after the bill takes effect.

State and Local Government Contacts

Judicial

Law

Regulatory Agencies

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](#).