



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1270: OWNERSHIP OF AGRICULTURAL DATA

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Fiscal note status: This fiscal note reflects the introduced bill. This analysis is preliminary and will be updated following further review and any additional information received.

Summary Information

Overview. The bill establishes ownership rights of agricultural data and refers a ballot measure to voters at the November 2026 election that, if approved, imposes an excise tax on the sale of transformed agricultural data.

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

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$1.0 million to multiple state agencies.

**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	\$2,200,000	\$2,500,000
State Expenditures	\$1,080,968	\$2,544,809	\$2,844,809
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	3.9 FTE	3.1 FTE	3.1 FTE

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

Table 1A
State Revenue

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$2,200,000	\$2,500,000
Total Revenue	\$0	\$2,200,000	\$2,500,000

Table 1B
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$1,029,131	\$279,256	\$279,256
Cash Funds	\$0	\$2,200,000	\$2,500,000
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$51,836	\$65,553	\$65,553
Total Expenditures	\$1,080,968	\$2,544,809	\$2,844,809
Total FTE	3.9 FTE	3.1 FTE	3.1 FTE

Summary of Legislation

The bill creates the Agricultural Data Ownership and Market Competition Act. The act establishes ownership rights of agricultural data and refers a ballot measure to voters at the November 2026 election to create an excise tax on the sale of transformed agricultural data.

Violations of the act are a deceptive trade practice and subject to specified penalties. The Department of Agriculture (CDA) may process complaints and refer them to the Attorney General (AG). The act is subject to a sunset review effective September 1, 2037.

Ownership of Agricultural Data

The bill establishes that agricultural producers own the agricultural data that they generate even if they send it to data service providers for analysis or storage. Agricultural producers may receive fair market compensation from a data service provider if their data is commercialized.

Providers may require data service providers to share copies of the data and information on how it is being used, as well as delete the data. If the data service provider analyzes, aggregates, or otherwise transforms the data, the agricultural producer owns the transformed data and may copyright, reproduce, distribute, license, display, or sell the transformed agricultural data.

The bill allows data owners to waive or transfer ownership rights, but precludes data service providers from imposing contractual provisions that require this transfer without fair market value compensation and the informed consent of the data owner.

Excise Tax

The bill refers a ballot measure to voters at the November 2026 election. If voters approve the ballot measure, the bill imposes an excise tax upon data service providers equal to 3.0 percent of net taxable sales from transactions involving transformed agricultural data or an agricultural producer in the state, with certain exemptions. The tax is levied beginning on July 1, 2027. If approved by voters, revenue from the tax is exempt from TABOR as a voter-approved revenue change.

Data service providers must keep the records necessary to determine their tax liability. Revenue from the tax will be allocated to the Colorado Agricultural Future Loan Program (loan program) Cash Fund to be expended on the loan program.

The bill includes the text of the ballot measure to be referred to the voters, and requires the Department of Agriculture (CDA) to establish procedures for collecting the tax (see Technical Note).

Background

[Senate Bill 21-248](#) created the Colorado Agricultural Future Loan Program (loan program) which allowed the CDA to award grants or distribute funds to financial entities to award loans to eligible farmers for farm-to market infrastructure projects.

Assumptions

Because net taxable sales is not defined by the bill for the purpose of the excise tax, the fiscal note assumes all revenue received by data analytics companies for sales of data could be subject to the tax if those companies receive data from a Colorado agricultural producer.

The fiscal note assume that the Department of Revenue will be responsible for collection of the new excise tax. See Technical Note below.

State Revenue

If voters approve the ballot measure, the bill is estimated to increase state revenue to the Colorado Agricultural Future Loan Program Cash Fund by \$2.2 million in FY 2027-28 with increasing amounts in future years. Revenue from the tax is exempt from TABOR as a voter-approved revenue change.

Additionally, by identifying new deceptive trade practices, the bill may impact revenue from civil penalties and filing fees to an indeterminate degree.

Tax Revenue

The 3 percent excise tax is estimated to generate \$2.2 million in FY 2027-28 and \$2.5 million in FY 2028-29 with increasing amounts in future years. Data to estimate the tax revenue impact are scarce, and this estimate is highly uncertain. The fiscal note relies on market research estimates of the size of the U.S. market for agricultural data. Based on these estimates, the total U.S. market size is estimated at \$3.0 billion in FY 2027-28. In line with the state share of U.S. agricultural production, this fiscal note assumes that Colorado's agricultural data market accounts for 2 percent of the U.S. market. Changes in market conditions, or actual conditions that differ from the assumptions used here, could cause the tax revenue impact of the bill to be much greater or less than estimated.

Maximum Dollar Change

The estimates in the previous paragraph represent the highest probability revenue impact of the bill based on the assumptions used in this fiscal note. Based on estimation error that could occur, the maximum dollar amount of the tax increase for FY 2027-28 is estimated to be \$20.7 million.

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. Additionally, when the Attorney General or a district attorney brings a civil action on behalf of the state, and the person is found to have committed a violation, the civil penalty is \$10,000 per violation. Revenue for these civil penalties is deposited into the General Fund. It is classified as a damage award and not subject to TABOR.

The bill establishes further civil penalties of up to \$50,000 per violation. Revenue for these civil penalties is deposited into the General Fund and are 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 by \$1.1 million in FY 2026-27 and \$2.5 million in FY 2027-28. These costs will be incurred in the Department of Revenue (DOR) and the CDA, as shown in Table 2 and described in the sections below. Starting in FY 2027-28, most costs are incurred in the loan program under the CDA as it expends the newly generated tax revenue. These costs are paid from the loan program cash fund. All other costs are paid from the General Fund.

Additionally, the bill impacts the Department of Law, the Judicial Department, and departments involved in the conduct of elections.

**Table 2
State Expenditures
All Departments**

Department	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Department of Revenue	\$1,060,197	\$324,038	\$324,038
Department of Agriculture	\$20,771	\$2,220,771	\$2,520,771
Total Costs	\$1,080,968	\$2,544,809	\$2,844,809

Department of Revenue

As noted in the Assumptions and Technical Note sections, the fiscal note assumes that DOR will be responsible for collection of the new excise tax and will incur additional costs to do so, as shown in Table 2A below. Based on experience implementing the firearms and ammunition excise tax, the fiscal note estimates this will require \$1 million in staff, legal services, and programming costs.

This cost estimate is preliminary, and depends on how sales involving transformed agricultural data or an agricultural producer are tracked.

**Table 2A
 State Expenditures
 Department of Revenue**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$198,746	\$237,089	\$237,089
Operating Expenses	\$2,944	\$3,840	\$3,840
Capital Outlay Costs	\$28,000	\$0	\$0
Legal Services	\$373,869	\$0	\$0
Programing Costs	\$355,840	\$0	\$0
Office of Research and Analysis	\$17,556	\$17,556	\$17,556
User Acceptance Testing	\$31,406	\$0	\$0
Centrally Appropriated Costs	\$51,836	\$65,553	\$65,553
FTE – Personal Services	2.3 FTE	3.0 FTE	3.0 FTE
FTE – Legal Services	1.5 FTE	0.0 FTE	0.0 FTE
Total Costs	\$1,060,197	\$324,038	\$324,038
Total FTE	3.8 FTE	3.0 FTE	3.0 FTE

Staff

DOR requires 3.0 FTE for rulemaking and to process tax returns. Starting July 2026, 1.5 FTE will be responsible for rulemaking, developing a method for tracking affected sales, maintaining this system, and overseeing the program. Starting January 2027, an additional 1.5 FTE is required answer taxpayer questions, review returns, and work with taxpayers to resolve issues.

Legal Services

DOR requires general counsel from the Department of Law on rulemaking, implementation, and the ongoing administration of the tax. Legal services needs are estimated at 2,700 hours (1.5 FTE) in the first year to promulgate rulemaking and in future years to provide legal support to handle questions raised by DOR and taxpayers.

Programming and Reporting

GenTax Programming and Reporting

DOR requires one-time funding in FY 2026-27 to create and program forms and returns. GenTax programming is estimated to require 2,732 hours at an average rate of \$179.06 per hour, paid to the vendor.

Office of Research and Analysis

The Office of Research and Analysis within the Department of Revenue will perform 462 hours of work at a rate of \$38 per hour in FY 2026-27 and future years, to update database fields and conduct ongoing reporting.

Department of Agriculture

CDA requires legal services to process complaints related to violations of the act and, beginning in FY 2027-28, the bill increases funding for CDA's loan program.

Complaint Processing

CDA requires legal services provided by the Department of Law at a rate of \$138.47 per hour to process complaints related to violations of the act. The fiscal note estimates 150 hours annually starting in FY 2026-27 which equates to 0.1 FTE.

This estimate assumes that CDA's complaint processing will be confined to making referrals to AG and answering process questions. The bill grants CDA the authority to enforce the act and investigate complaints but the fiscal note did not identify a mechanism of enforcement that could be leveraged by the CDA, and thus assumes that all investigations, determinations, and enforcement actions will be conducted by the AG through deceptive trade practice litigation.

Loan Program

Starting in FY 2027-28, CDA will distribute the newly collected tax revenue through the loan program. The current loan program staff, 2.0 FTE can accommodate the increased workload of engaging with new applicants and tracking additional funds so the full amount will be expended on additional grants and loans.

Table 2B
State Expenditures
Department of Agriculture

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Legal Services	\$20,771	\$20,771	\$20,771
Loan Program - Grants and Loans	\$0	\$2,200,000	\$2,500,000
FTE – Personal Services	0.0 FTE	0.0 FTE	0.0 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE	0.1 FTE
Total Costs	\$20,771	\$2,220,771	\$2,520,771
Total FTE	0.1 FTE	0.1 FTE	0.1 FTE

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 most individuals 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.

Election Costs for a Referred Measure

This bill includes a referred question that will appear before voters at the November 2026 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for certain election costs; publishing the text and title of the measure in newspapers across the state; and preparing and mailing the ballot information booklet.

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 the table(s) 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.

Technical Note

The bill requires data service providers to file and remit taxes electronically with CDA and for CDA to establish all necessary processes for this tax collection. The CDA is not a tax collection agency. The fiscal note assumes that the bill will be amended to transfer all tax collection responsibilities to DOR. If tax collection responsibilities remain with CDA, costs will be higher than estimated in this initial fiscal note for CDA to develop that infrastructure.

In addition, the bill does not specify a method for tracking “sales involving transformed agricultural data or an agricultural producer”. The fiscal note includes a preliminary estimate of the costs to implement the tax, as these implementation policy questions are answered, the fiscal note will be updated.

The bill includes the text of the ballot measure to be referred to the voters which asks voters to approve a tax increase in the amount of \$2.5 million. The fiscal note estimates the maximum dollar change to be \$20.7 million. The fiscal note assumes that the bill will be amended to ask voters to approve a tax increase of \$20.7 million. If it is not, any revenue collected in excess of \$2.5 million in the first year of implementation will be refunded to taxpayers.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to data transactions that occur on or after July 1, 2027.

Additionally, if the referred question is approved by voters at the 2026 general election, the tax provisions of the bill take effect as noted above. If not approved by voters, the tax provisions of the bill are repealed on January 1, 2027, and the new tax does not take effect.

State Appropriations

For FY 2026-27 the bill requires General Fund appropriations totaling \$1,029,131 to the following state agencies:

- \$1,008,361 to the Department of Revenue and 2.3 FTE. Of this amount, \$373,869 is reappropriated to the Department of Law, with an additional 1.5 FTE.
- \$20,771 to the Department of Law and 0.1 FTE in reappropriated funds from the Department of Agriculture.

State and Local Government Contacts

Agriculture

Legislative Council Staff

District Attorneys

Revenue

Information Technology

Secretary Of State

Judicial

Treasury

Law