



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-133: COLORADO ARTIST COMPANIES

**Prime Sponsors:**

Sen. Bridges; Catlin  
Rep. Martinez; Taggart

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**Fiscal note status:** This revised fiscal note reflects the introduced bill, as amended by the Senate Appropriations Committee.

### Summary Information

**Overview.** This bill creates the Colorado Artist Company Act, which authorizes the creation of a limited liability company with a stated artistic mission.

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

- State Expenditures

**Appropriations.** For FY 2026-27, the bill requires and includes an appropriation of \$93,878 to the Department of State.

**Table 1  
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$95,837	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.1 FTE	0.0 FTE

**Table 1A  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0
Cash Funds	\$93,878	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$1,960	\$0
<b>Total Expenditures</b>	<b>\$95,837</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.1 FTE</b>	<b>0.0 FTE</b>

## Summary of Legislation

### Artist Companies

This bill creates the Colorado Artist Company Act, which establishes a new type of limited liability company (LLC) called an artist company. An artist company must have a stated artistic mission and be majority owned (at least 51 percent) by artists at all times. Artist companies are subject to existing LLC law, except where the bill specifies otherwise. An "artist" is defined as an individual who creates written, oral, visual, graphic, literary, musical, audiovisual, digital, or performing art in any medium.

A person can form an artist company by filing articles of organization with the Secretary of State. They may choose to include information about ownership structure, governance, fiduciary duties, intellectual property, tax treatment, and dissolution terms.

An existing LLC that meets the 51 percent artist ownership requirements may convert to an artist company. The bill specifies how artist companies may structure ownership, make governance decisions, including which decisions require approval by a majority of those present at a meeting versus all artist members, and how an artist company may accept capital.

The bill specifies procedures for intellectual property, including artistic works, as in-kind capital contributions; member transitions, including admission of new members and departure of existing members; and rights to artistic work, royalties, and revenue when a member leaves.

Upon dissolution of an artist company, rights to artistic work revert to the artist-member who assigned, licensed, or created the artist work and are not available to creditors or non-artist investors. Remaining assets are distributed according to the company's articles of organization or operating agreement; if not specified, assets are distributed in a proportional allocation based on ownership percentage.

## Public Benefit Artist Company

An artist company may choose to become a public benefit artist company by stating in its articles of organization and operating agreement that it is a public benefit artist company and identifying one of more public benefits to be promoted by the artist company. Public benefit artist companies have additional duties for members and managers, and must provide members and donors with an annual statement specifying certain information about the public benefit and artistic mission of the public benefit artist company.

The bill specifies that there is no private right of action against an artist company for failing to create a public benefit, fulfill its artistic mission, or other breaches of duties.

## Assumptions

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While the bill allows artist companies to file as a new business, type, it is assumed that the registration process will be mostly the same as for other types of LLCs. To provide additional information specific to an artist company, it is assumed the Department of State (DOS) will not modify its existing process for articles of organization, but instead allow a filer to attach additional information to the existing LLC form. The attached information will not be searchable, machine readable, or capable of being scanned or electronically indexed. It is assumed that “conversion,” as used in the bill, refers to an election within the existing LLC structure rather than a statutory conversion to a different entity type. The bill also requires an artist company to file the periodic report required of LLCs. The fiscal note assumes there are no changes required to the periodic report.

## State Expenditures

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The bill increases state expenditures in the DOS by about \$95,837 in FY 2026-27. These costs, paid from the DOS Cash Fund, are summarized in Table 2 and discussed below.

**Table 2**  
**State Expenditures**  
**Department of State**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Personal Services	\$5,478	\$0
Software Development	\$88,400	\$0
Centrally Appropriated Costs	\$1,960	\$0
<b>Total Costs</b>	<b>\$95,837</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.2 FTE</b>	<b>0.0 FTE</b>

## **Department of State**

### **Staff**

In FY 2026-27 only, DOS will require 0.1 FTE for project management activities related to updating the online system, including stakeholder engagement, drafting forms and system requirements, supporting development and testing, ensuring form accessibility, and other tasks.

On a continuing basis, there will be ongoing questions to the Business and Licensing Division in the DOS related to the changes, however this increase in workload is absorbable.

### **Software Development**

Starting in FY 2026-27, the DOS will incur a one-time cost of \$88,400 for software development to implement needed changes by adding approximately 10 documents into the Business Filing application. These updates will take place in both the existing and new filing systems. This work is estimated at 680 contractor hours at a rate of \$130 per hour.

### **Effective Date**

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

### **State Appropriations**

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For FY 2026-27, the bill requires and includes an appropriation of \$93,878 from the Department of State Cash Fund to the Department of State, and 0.1 FTE.

### **State and Local Government Contacts**

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Secretary of State