



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 26-093: WORKERS' COMP INSURANCE COVERAGE VERIFICATION

**Prime Sponsors:**

Sen. Sullivan  
Rep. Mauro

**Fiscal Analyst:**

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**Drafting number:** LLS 26-0738

**Version:** First Revised Note

**Date:** April 24, 2026

**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee and the Senate Appropriations Committee.

### Summary Information

**Overview.** The bill requires governmental entities to receive signed declarations regarding workers’ compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license.

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

- Minimal State Workload
- Local Government

**Appropriations.** No appropriation is required.

**Table 1  
State Fiscal Impacts**

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

## **Summary of Legislation**

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The bill requires governmental entities to receive signed declarations regarding workers' compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license. The bill applies to permits issued for projects with total construction costs greater than \$1 million. The bill excludes licenses and permits issued by the Division of Professions and Occupations in the Department of Regulatory Agencies from the requirement to verify workers' compensation insurance coverage before issuance or renewal. The Workers' Compensation division director is authorized to adopt rules to implement the bill.

Prior to commencing any work under a building or construction permit, a general contractor or permit holder is required to collect and retain proof of workers' compensation coverage or rejection of coverage for every person performing work under the permit.

If a violation is discovered, the licensing authority or permitting agency is required to revoke or suspend any permit or license issued to that contractor and notify the Division of Workers' Compensation in the Colorado Department of Labor and Employment. The licensing authority or permitting agency is required to notify the division when the permit or license is reinstated.

## **State Expenditures**

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The bill minimally increases workload in the Department of Labor and Employment and the Department of Personnel and Administration, as described below.

### **Department of Labor and Employment**

The Division of Workers' Compensation will have an increase in workload to adopt rules to implement the bill, including procedures for electronic verification of coverage, reporting requirements, and coordination with licensing authorities and permitting agencies. No change in appropriations is required.

### **Department of Personnel and Administration**

The Department of Personnel and Administration will have a minimal workload increase to keep workers' compensation documentation on file for construction projects. No change in appropriations is required.

## **Local Government**

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This bill will increase costs for local governments to conduct additional reviews of contractors prior to issuing licenses and permits and to address any increase in complaints. It may decrease municipal permit revenue and sales and use tax by limiting the ability to issue permits or discouraging applications for permits. These local costs are expected to be substantial, and will vary depending on construction activity.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to conduct occurring on or after this date, including determinations of permit or license applications pending on the effective date.

## **State and Local Government Contacts**

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Counties

Municipalities

Labor and Employment

Personnel and Administration

Law

Regulatory Agencies

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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](#).