



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1415: OPTIONAL RESIDENTIAL CONST. CONTRACTOR CERT.

Prime Sponsors:

Rep. Ricks

Fiscal Analyst:

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

Summary Information

Overview. The bill creates the Residential Construction Contractor Certification Enterprise in the Department of Law.

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

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds

Appropriations. For FY 2026-27, the bill requires an appropriation of \$34,618 to the Department of Law.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$225,000	\$315,000
State Expenditures	\$0	\$217,095	\$171,171
Transferred Funds	\$10,000	\$0	\$10,652
Change in TABOR Refunds	\$0	\$34,618	\$28,346
Change in State FTE	0.0 FTE	1.1 FTE	1.1 FTE

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

**Table 1A
 State Revenue**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0	\$0
Cash Funds	\$0	\$225,000	\$315,000
Total Revenue	\$0	\$225,000	\$315,000

**Table 1B
 State Expenditures**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$10,000	\$0
Cash Funds	\$0	\$184,417	\$148,493
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$22,678	\$22,678
Total Expenditures	\$0	\$217,095	\$171,171
Total FTE	0.0 FTE	1.1 FTE	1.1 FTE

**Table 1C
 State Transfers**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	-\$10,000	\$0	\$10,652
Cash Funds	\$10,000	\$0	-\$10,652
Net Transfer	\$0	\$0	\$0

Summary of Legislation

The bill creates the Residential Construction Contractor Certification Enterprise in the Department of Law to issue a state certification to construction contractors. The enterprise has the authority to:

- engage the service of construction contractors, consultants and legal counsel for professional and technical assistance;
- establish requirements for certification;
- evaluate contractors that apply for certification; and
- collect fees and issue revenue bonds.

Enterprise Administration

The bill creates the continuously appropriated Contractor Certification Fee Cash Fund and requires a General Fund transfer of \$10,000 in the current FY 2025-26. This transfer is required to be repaid with interest by December 31, 2027. The enterprise may charge a fee of up to \$100 for each contractor applying to the program, with total revenue not to exceed \$100 million over the first five years of the enterprise's existence. Fee revenue to the enterprise is not subject to TABOR.

The enterprise is governed by a 13-member board appointed by the Attorney General or their designee. The board must meet at least quarterly and members may receive a \$50 per diem for official board meetings. The enterprise may engage support services without regard to the state Procurement Code.

Residential Construction Contractor Certification Program

The Construction Contractor Certification Program is a voluntary program. The enterprise board will establish criteria to evaluate applications for certification based on a contractor's:

- financial security;
- compliance with other construction applicable licensing requirements;
- compliance with applicable building codes;
- skill level;
- performance quality and timeliness; and
- dispute resolution.

Reporting

The enterprise is required to report annually July 1, to the General Assembly on its finances and progress towards achieving residential construction improvement goals, and to suggest legislative and policy changes to the enterprise.

Background

Colorado licenses electricians and plumbers statewide but does not regulate residential construction contractors. Some local governments including the City and County of Denver, Jefferson County, and the City of Aurora, license residential construction contractors.

Assumptions

The fiscal note assumes that the board will be appointed by September 1, 2026, and that the enterprise will begin taking applications for certification by January 1, 2027.

There are approximately 120,000 residential construction contractors in the state. The fiscal note assumes that that 5.0 percent (6,000) will apply for certification from the enterprise and renew annually. The number of assumed applications is prorated to 3,000 for FY 2026-27.

State Revenue

The bill will increase TABOR exempt revenue to the Contractor Certification Fee Cash Fund in the Department of Law by \$225,000 in FY 2026-27, and by \$315,000 in FY 2027-28. Except as described in the TABOR Impact section, this revenue is exempt from TABOR.

Fee Impact on Residential Construction Contractors

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Residential Construction Contractor Certification Enterprise based on cash fund balance, program costs, and the number of construction contractors subject to the fee. Table 2A and 2B below identifies the fee impact of this bill. Ongoing fee revenue in FY 2028-29 and beyond is estimated to be about \$180,000 per year.

Table 2A
Fee Impact on Residential Construction Contractors
FY 2026-27

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Contractor Certification Fee	\$75	3,000	\$225,000
Total Fee Revenue - FY 2026-27			\$225,000

Table 2B
Fee Impact on Residential Construction Contractors
FY 2027-28

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
Contractor Certification Fee	\$75	3,000	\$225,000
Certification Renewal Fee	\$30	3,000	\$90,000
Total Fee Revenue - FY 2027-28			\$315,000

State Transfers

The bill transfers \$10,000 as a loan from the General Fund to the Contractor Certification Fee Cash Fund in the current FY 2025-26. It is assumed that this loan will be repaid in FY 2027-28, with \$10,652 transferred to the General Fund, including interest. Interest revenue is subject to TABOR

State Expenditures

This bill will increase expenditures in the Department of Law by approximately \$220,000 in FY 2026-27, and by \$172,000 in FY 2027-28. These costs, paid from the Contractor Certification Fee Cash Fund, are shown in Table 3 and described below.

**Table 3
 State Expenditures
 Department of Law**

Cost Component	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$0	\$87,919	\$87,919
Operating Expenses	\$0	\$1,280	\$1,280
Capital Outlay Costs	\$0	\$14,000	\$0
Legal Services	\$0	\$34,618	\$27,694
Mailing Costs	\$0	\$4,000	\$4,000
Board Meeting Costs	\$0	\$2,600	\$2,600
Contractor Consultants	\$0	\$50,000	\$25,000
Centrally Appropriated Costs	\$0	\$22,678	\$22,678
FTE – Personal Services	0.0 FTE	1.0 FTE	1.0 FTE
FTE – Legal Services	0.0 FTE	0.1 FTE	0.1 FTE
Total Costs	\$0	\$217,095	\$171,171
Total FTE	0.0 FTE	1.1 FTE	1.1 FTE

Staff

The enterprise will require 0.5 FTE Accountant to maintain the enterprise account and collect fees and 0.5 FTE Program Assistant to support the enterprise board in developing the certification criteria, evaluating contractors, and issuing certificates. Standard operating expenses and capital outlay costs are included for this staff.

Legal Services

The enterprise requires 250 legal services hours from the Department of Law in FY 2026-27 and 200 legal services hours in FY 2027-28 and thereafter to support the enterprise board with rulemaking, open meetings law, certification requirements, and other general counsel support as needed. These legal services will cost \$34,618 in FY 2026-27 and \$27,694 in FY 2027-28 and requires 0.1 FTE in the Department of Law outside the enterprise. Legal service expenses will be paid using reappropriated from the enterprise to the Department. These reappropriated funds are subject to TABOR.

Mailing Costs

The enterprise will have mailing costs of \$4,000 to contact contractors to notify them of the availability of the certification and to send certificates.

Board Meeting Costs

The board will meet quarterly for one day and receive \$50 per member per day which equals \$2,600 annually.

Contractor Consultants

The board and staff will need technical support to develop certification criteria. This will increase expenditures by \$50,000 in FY 2026-27 and \$25,000 in FY 2027-28.

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 3 above.

TABOR Refunds

As a general matter, revenue collected and retained or spent by a TABOR-exempt enterprise is not subject to the state revenue limit. However, when an enterprise uses its revenue to purchase services from state government outside the enterprise (e.g., legal services, fleet management, information technology support), these payments become subject to the TABOR revenue limit. In addition, interest paid by the enterprise as part of its loan repayment to the General Fund is also assumed to be revenue subject to TABOR.

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$34,618 in FY 2026-27 and \$28,346 in FY 2027-28 from enterprise payments to other sections of the Department of Law for legal services and for interest on the General Fund loan. This estimate assumes the March 2026 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 2026 27, FY 2027-28, and any future years when the state is over its revenue limit.

Effective Date

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

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$34,618 from the Contractor Certification Fee Cash Fund to the Department of Law, and 0.1 FTE.

State and Local Government Contacts

Law	Regulatory Agencies
Local Affairs	Treasury
Personnel	

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](#).