# HB 26-1326

# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-13 26: SUNSET PUBLIC UTILITIES COMMISSION

**Prime Sponsors:**
Rep. Duran; Willford
Sen. Rodriguez; Cutter

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**Fiscal note status:** The revised fiscal note reflects the introduced bill, as amended by the House Energy and Environment Committee.

## Summary Information

**Overview.** The bill continues the Public Utilities Commission for 7 years through September 1, 2033, and implements the recommendations from the sunset review, among other changes.

**Types of impacts.** The bill has impacts in the following areas through FY 2033-34 from both continuing an existing program scheduled to repeal and making changes to that program:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2026-27, the bill requires an appropriation of $340,401 to the Department of Regulatory Agencies. No appropriation is required from the Transportation Network Company Cash Fund, which is continuously appropriated to the department; however, the bill requires a reappropriation from the fund to the Department of Law of $207,705.

**Table 1**
**State Fiscal Impacts**

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---|---:|---:|
| State Revenue | $608,835 | $19,840,514 |
| State Expenditures | $608,835 | $19,888,213 |
| Transferred Funds | $0 | $0 |
| Change in TABOR Refunds | $608,835 | $19,840,514 |
| Change in State FTE | 2.3 FTE | 136.0 FTE |

The bill has impacts from both continuing a program scheduled to repeal and from making changes to that program. Additional detail on fund sources, as well as the new and continuing impacts, are shown in the tables below.

**Table 1A**
**State Revenue**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---|---|---|
| Cash Funds – Continuation | $0 | $19,205,626 |
| Cash Funds – New | $608,835 | $634,888 |
| **Total Revenue** | **$608,835** | **$19,840,514** |

**Table 1B**
**State Expenditures**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---|---|---|
| Cash Funds – Continuation | $0 | $19,205,626 |
| Federal Funds – Continuation | $0 | $47,699 |
| Cash Funds – New | $598,999 | $622,594 |
| Centrally Appropriated | $9,835 | $12,294 |
| FTE – Continuation | 0.0 FTE | 133.2 FTE |
| FTE – New | 2.3 FTE | 2.8 FTE |
| **Total Expenditures** | **$608,835** | **$19,888,213** |
| **Total FTE** | **2.3 FTE** | **136.0 FTE** |

## Summary of Legislation

The bill extends the Public Utilities Commission for 7 years through September 1, 2033, implements the recommendations of the 2025 Sunset Review, and makes other changes, as detailed below.

### Governance and Administration

The bill permits PUC staff to send correspondence via email once staff protocols are developed to ensure security and acceptable uses.

### Energy Policy

The Renewable Energy Standard is modernized, as it relates to distributed generation and storage, and to align the standard with Clean Energy Plans.

The PUC is required to commission a study to identify barriers to joint procurement of wind, solar, and advanced generation resources by utilities.

The commission may require a regulated utility to contract for customer-facing programs if it is in the best interest of ratepayers.

The bill clarifies the applicability of the PUC's appeals process for critical energy production and transmission projects by clarifying that a municipally owned utility, cooperative electric association, independent transmission developer, or independent power producer may appeal a local government's decision to deny a land use permit or application for a major electrical or natural gas facility they own to the PUC.

## Affordability

The PUC may direct investor-owned electric utilities to use securitization through the Colorado Energy Impact Bond Act as a cost-recovery tool when it demonstrably lowers ratepayer costs.

The PUC must standardize implementation and access to income-qualified energy assistance programs and study the Percentage of Income Payment Programs (PIPPs) concept more generally to determine whether funding access and equity can be improved.

## Rideshare (TNC) Regulation

The bill eliminates a mechanism whereby a transportation network company (TNC) cannot be held liable for Refusal of Service incidents, so long as the incidents were reported to them in writing and the TNC reasonably addressed them. The civil penalty for violations regarding these incidents is doubled to $1,100 per incident. Also, the reporting requirement for these incidents is expanded to include those involving individuals with disabilities or service animals. Reports must be anonymized and made publicly available by the PUC.

Individuals who impersonate a TNC driver commit a class 2 misdemeanor. If the impersonation occurs during the commission of a felony offense, the impersonation offense is a class 6 felony. TNCs are requires to conduct periodic checks using facial recognition software to prevent TNC driver impersonation. The PUC is required to adopt rules establishing these requirements within 18 months of the bill's effective date.

TNCs are also required to provide information to riders about the PUC in accordance with rules adopted by the commission within 18 months of the bill's effective date.

TNCs must annually report all safety-related incidents to the PUC, which shall be redacted to protect personally identifiable information (PII) and made publicly available.

## Contract and Common Carriers

The bill expands background check requirements to cover all drivers for contract and non-taxi common carriers.

The PUC must conduct a study by January 1, 2028, that examines the current regulatory structure for contract and common carriers. The study must explore market entry models and factors; economic regulation and rate structures; the balance between service territory protections and potential burdens; and changing conditions affecting these concepts. The study must also recommend alternative models, if appropriate.

The bill creates a consistent vehicle inspection standard for limited regulation carriers and large-market taxicab services, determined through PUC rules.

## Rail and Transit

The bill updates statutory language regarding rail and transit regulations to mirror current federal law and to repeal obsolete provisions.

## Telecommunications

The PUC is permitted to administratively set filing fees for persons filing telecommunications-related filings who are not currently subject to the Telecom Utility Fee.

The maximum no-call list fee doubles to $1,000 per year, and the PUC can assess a fee on list brokers for access.

The definition of "voice service providers" is broadened so all providers—not just public utilities—contribute to the telecom utility fee to finance the commission’s telecommunications-related work.

Usage of revenue from charges related to the provision of 911 services are aligned with federal requirements to only cover radio equipment outside of the Public Safety Answering Point used for dispatching calls.

The PUC is required to develop and require state correctional facilities to post flyers informing visitors of informal complaint process for penal communications service providers. The commission may also adopt rules to establish and enforce caps on intrastate prison phone rates assessed by penal communications service providers. Providers must cooperate with PUC staff when staff performs its biannual testing of services.

## Other Provisions

Small operators of natural gas pipelines are exempted from the mandatory minimum $5,000 civil penalty required for violations of pipeline safety laws, and the commission is permitted to impose a lesser penalty.

The PUC must perform a study identifying all privately owned water utilities in the state and assessing their financial conditions and needs.

The PUC is required to open a proceeding to investigate streamlining energy planning proceedings.

The PUC is required to share, upon request by a taxpayer, interconnection information relevant to the federal clean electricity investment credit.

## Comparable Crime Analysis

Legislative Council Staff is required to include certain analysis in the fiscal note for any bill that creates a new crime, or that either reclassifies or creates a new factual basis for an existing crime. This section identifies comparable crimes and discusses assumptions on future conviction rates resulting from the bill.

### Prior Conviction Data and Assumptions

This bill creates the new offense of impersonating a TNC driver, a class 2 misdemeanor, unless the impersonation occurs during the commission of a felony offense, in which case it is a class 6 felony. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of criminal possession of an identification document, a class 2 misdemeanor, unless the person is in possession of identification documents issue to different persons, in which case it is a class 6 felony. From FY 2022-23 to FY 2024-25, 1,471 offenders have been convicted and sentenced for this misdemeanor offense, or about 490 per year. Of the persons convicted, 935 were male, 528 were female, and 8 did not have a gender identified. Demographically, 1,218 were White, 128 were Black/African American, 86 were Hispanic, 10 were Asian, 5 were American Indian, 19 were classified as "Other," and 5 did not have a race identified.

The fiscal note assumes that the bill’s requirements for TNCs to conduct periodic checks using facial recognition software to prevent TNC driver impersonation will largely mitigate criminal justice-related impacts. Because the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note.

## Continuing Program Impacts

Based on the department's FY 2026-27 budget request, the PUC is expected to have cash fund revenue $19.2 million and expenditures of $19.3 million to administer the commission. Expenditures are primarily from cash funds ($19.2 million) and a small amount of federal transit funding ($47,699). If this bill is enacted, current revenue and expenditures will continue for the commission starting in FY 2027-28. 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, 2028, one year after its statutory repeal date. If allowed to repeal, state revenue and expenditures will decrease starting in FY 2027-28 by the continuation amounts shown in Tables 1A and 1B. The changes to the program that drive additional revenue and costs are discussed in the State Revenue and State Expenditures sections below.

## Assumptions

An estimated 500 to 700 drivers for contract and non-taxi common carriers will be required to submit to the fingerprint background check requirements in the bill; however, these background checks are required to be conducted by a private entity and will not impact state revenue or workload for the Colorado Bureau of Investigation in the Department of Public Safety.

## State Revenue

The bill increases state revenue to cover the expenditures incurred by the PUC resulting from changes to the program in the bill. This revenue increase is estimated at about $661,000 in FY 2026-27, and $697,000 in FY 2027-28 and ongoing, with fees paid to the Fixed Utility Fund, the TNC Cash Fund, and Motor Carriers Cash Fund, and civil penalty revenue to the Legal Services Offset Fund. Additionally, the bill is expected to have a neutral revenue impact from other fee adjustments permitted in the bill. All revenue is subject to TABOR.

### Fee Impacts on Utilities

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 PUC based on cash fund balances, program costs, and the number of entities subject to each fee.

#### Energy Utilities

The PUC will raise the annual assessment on the state's regulated energy utilities to cover the legal services costs related to the bill's changes to open meetings laws and siting appeals, which are estimated at about $317,000 in FY 2026-27, and $381,000 in FY 2027-28 and ongoing. Revenue is credited to the Fixed Utility Fund.

#### Transportation Network Companies

The PUC will increase fees on TNCs to cover the costs for an administrative law judge and legal services to manage contestations resulting from the changes in the bill, which are estimated at about $268,000 in FY 2026-27 and $316,000 in FY 2027-28 and ongoing. Revenue is credited to the TNC Cash Fund. To the extent civil penalties are assessed on TNCs, these costs may be offset; see more on civil penalties below.

### Common Carriers

The PUC will increase fees on common carriers to recoup an estimated $75,000 in FY 2026-27 for the contract carrier study required by the bill, credited to the Motor Carriers Cash Fund.

### Telemarketers

The current rate for telemarketers to access the no-call list is $500 annually, and has remained unchanged since 2002; however, "conforming list brokers" may obtain the list free of charge. The bill changes this statute, allowing the PUC to set a fee for conforming list brokers to obtain the list. In total, 201 telemarketers are registered to access the list. Of these, 177 pay a fee currently, and the remaining 24 conforming list brokers will begin paying the fee in FY 2026-27. The fee increase will be realized by the program's vendor, and not credited to the state.

### Telecommunications Providers

The PUC receives fee assessments from telecom providers, capped at 0.4 percent of intrastate revenues, credited to the Telecom Utility Fund. Revenue from traditional landline providers has consistently declined over the years due to customers switching to VoIP (voice-over-internet protocol) or wireless phones and cancelling their landline subscriptions. The bill allows an additional broadband, wireless, and Voice-over Internet Protocol service providers to be assessed fees for applications, certifications, and other filing types, which will support the current level of expenditures for the Telecom section and stabilize revenue collections within the current fee cap despite declining intrastate telecom revenues among the current payer base. As such, this fee impact is expected to be neutral.

### Civil Penalties

The bill is expected to increase civil penalty revenue to the Legal Services Offset Cash Fund by an estimated $16,500 per year, assuming 15 civil penalty assessment notices issued per year at $1,100 per assessment. These costs will offset legal services spending from the TNC Cash Fund.

## State Expenditures

In addition to the costs of continuing the PUC described in the Continuing Program Impact section above, the bill increases state expenditures in the Department of Regulatory Agencies by about $610,000 in FY 2026-27 and $635,000 in FY 2027-28 and ongoing from further changes to PUC operations. These costs, paid from the Fixed Utility Fund, TNC Cash Fund, and the Motor Carriers Cash Fund, are summarized in Table 2 and discussed below.  The bill also minimally affects workload in the Departments of Revenue and Human Services.

**Table 2**
**State Expenditures**
**Department of Regulatory Agencies**

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---|---|---|
| Personal Services | $43,382 | $54,227 |
| Operating Expenses | $512 | $640 |
| Capital Outlay Costs | $7,000 | $0 |
| Legal Services | $473,106 | $567,727 |
| Contract Study | $75,000 | $0 |
| Centrally Appropriated Costs | $9,835 | $12,294 |
| FTE – Personal Services | 0.4 FTE | 0.5 FTE |
| FTE – Legal Services | 1.9 FTE | 2.3 FTE |
| **Total Costs** | **$608,835** | **$634,888** |
| **Total FTE** | **2.3 FTE** | **2.8 FTE** |

## Department of Regulatory Agencies

The PUC requires staff, legal services, and contract costs to implement the bill. All rulemaking efforts are assumed to require no change to appropriations. First-year costs are prorated for the bill’s September effective date. Legal services are provided by the Department of Law at a rate of $138.47 per hour.

### Staff and Legal Services

#### Civil Penalties on TNCs

Starting in FY 2026-27, the PUC requires 0.5 FTE Administrative Law Judge to oversee contested enforcement actions expected to result from increased civil penalties for Refusals of Service by TNCs. First-year costs are prorated for a September start, and include standard operating and capital outlay. Legal services costs are also required to represent both the PUC and commission staff in these actions. The fiscal note assumes 900 hours for the PUC and 900 hours for commission staff are required (1.0 FTE in total).

PUC staff will also have increased workload to manage new incident reporting requirements, however, no appropriations are required for this workload.

#### Appeals Process for Small Utilities

The bill’s allowance for municipally owned utilities, cooperative electric associations, independent transmission developers, and independent power producers to appeal a local government's decision to deny a land use permit or application for a major electrical or natural gas facility they own to the PUC substantially increases the scope of potential siting permit appeals the PUC will hear each year.

For informational purposes, the state's investor-owned electric utilities (Xcel Energy and Black Hills Energy) serve approximately 2 million Coloradans, while the 19 cooperative electric utilities serve about 1.5 million, and the 28 municipal electric utilities serve about 1 million people. Therefore, the bill more than doubles access to the PUC's appeals process, without accounting for independent power producers and independent transmission developers.

The fiscal note assumes that five local government siting decisions per year will be appealed to the PUC. Based on workload for current law siting appeals, legal services costs will increase for commission staff, estimated at 900 hours (0.5 FTE), and for the PUC litigation staff, estimated at 1,400 hours (0.8 FTE).

## Studies

### Contractor for Common Carrier Study

The PUC's Transportation section requires contract staff to perform the study on the current regulatory structure for contract and common carriers by January 2028. The study is estimated to require $75,000 in FY 2026-27 only. Actual costs will be determined through the procurement process.

### Other Studies

For the other three studies required by the bill, no change in appropriations is required, as outlined below.

- The PUC has budgeted for and is currently studying PIPPs.
- Existing PUC staff review water utility filings and jurisdictional issues with water service, and can complete the study on private providers.
- Existing PUC research staff will conduct the investigation into the barriers to joint procurement of advanced energy generation resources, and may request input from utilities and other Colorado market participants to assist the effort.
- Existing PUC research staff will undertake the investigation into streamlining energy planning proceedings.

## Other Agency Impacts

The Department of Revenue can absorb the workload impact from assessing fees on additional voice service providers, as the population is small. Any changes to rules for how investor-owned utility companies implement income-based energy assistance programs is similarly anticipated to be absorbable for the Department of Human Services.

## 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 include employee insurance and supplemental employee retirement payments, are shown in Table 2 above.

## TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1. These TABOR refund impacts occur from both continuing existing revenue and from increased revenue required to cover new costs under the bill. This estimate assumes the March 2026 LCS revenue forecast. 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.

## Local Government

To the extent local governments are involved in appeals to the PUC of their land use decisions for electric and natural gas facilities, legal defense costs will increase. Legal defense costs are assumed to be similar to those required by the PUC litigation staff, which are estimated at 1,400 hours per appeal.

## 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 conduct occurring on or after this date.

## State Appropriations

For FY 2026-27, the bill requires the following appropriations to the Department of Regulatory Agencies:

- $75,000 from the Motor Carriers Cash Fund; and
- $265,401 from the Fixed Utility Fund, entirely reappropriated to the Department of Law with 1.1 FTE.

No appropriation is required from the Transportation Network Company Cash Fund, which is continuously appropriated to the PUC; however, $207,705 must be reappropriated from the fund to the Department of Law with an additional 0.8 FTE.

## State and Local Government Contacts

Colorado Energy Office

Counties

Governor

Human Services

Information Technology

Law

Municipal Utilities

Municipalities

Public Health and Environment

Regulatory Agencies

Revenue