



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1236: ARBITRATION REFORM

Prime Sponsors:

Rep. Zokaie; Mabrey
Sen. Ball; Hinrichsen

Fiscal Analyst:

Clayton Mayfield, 303-866-5851
clayton.mayfield@coleg.gov

Published for: Senate Judiciary

Drafting number: LLS 26-0296

Version: First Revised Note

Date: May 1, 2026

Fiscal note status: This revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill modifies the requirements for arbitration agreements and proceedings under the Colorado Uniform Arbitration Act.

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

- Minimal State Revenue
- Minimal State Expenditures

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

The bill modifies the requirements for arbitration agreements and proceedings under the Colorado Uniform Arbitration Act. Except as preempted by federal law, if the parties to an arbitration agreement are an employer and employee or a merchant and consumer, then the bill requires that arbitration fees and costs charged to employees or consumers cannot exceed those required by state or federal courts to file a claim. Any provision of an arbitration agreement to the contrary is void and unenforceable.

Appointment as an arbitrator requires that the arbitrator not have a rule, policy, procedure, or demonstrated pattern of conduct that violates neutrality. An arbitrator is not ineligible solely based on a finding that they generally find in favor of either party. The bill allows the award of exemplary damages in arbitration proceedings. Finally, if a party fails to fully comply with a record of award within 90 days, the noncompliant party is liable for damages, which may be trebled if the party that fails to comply is an employer or merchant in an employee-employer or merchant-consumer arbitration proceeding.

State Revenue and Expenditures

Starting in FY 2026-27, if more civil cases are filed as a result of changes to arbitration agreements and proceedings, then state revenue from filing fees and state expenditures in the trial courts of the Judicial Department will increase. Revenue from filing fees is subject to TABOR. It is assumed that the bill will impact a narrow subset of cases and that parties to arbitration agreements will follow the law. Therefore, any impact to state revenue or expenditures is expected to be minimal. No change in appropriations is required.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to arbitration agreements entered into on or renewed on after this date.

State and Local Government Contacts

Counties	Law
Judicial	Personnel
Labor	

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](#).