



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1148: PROTECTIONS FOR YOUTH ON SOCIAL MEDIA

Prime Sponsors:

Rep. Zokaie; Willford
Sen. Weissman; Roberts

Fiscal Analyst:

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Bill Outcome: Postponed Indefinitely

Drafting Number: LLS 26-0293

Version: Final Fiscal Note

Date: June 8, 2026

Fiscal note status: The final fiscal note reflects the introduced bill. This bill was postponed indefinitely by the House Judiciary Committee on April 7, 2026; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. The bill would have imposed requirements on online gaming services and social media platforms, and collected an additional fee on microtransactions in games to be credited to the State Public School Fund.

Types of impacts. The bill was projected to affect the following areas beginning in FY 2026-27:

- State Revenue
- State Expenditures

Appropriations. For FY 2026-27, the bill would have required an appropriation of \$127,974 to the Treasury Department.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|-------------------------|---------------------------|------------------------|
| State Revenue | Up to \$20.0 million | Up to \$22.8 million |
| State Expenditures | \$146,545 | \$118,182 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | Up to \$20.0 million | Up to \$22.8 million |
| Change in State FTE | 0.8 FTE | 1.0 FTE |

**Table 1A
State Revenue**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---------------------------------------|-----------------------------------|--------------------------------|
| General Fund | \$0 | \$0 |
| Cash Funds (State Public School Fund) | Up to \$20.0 million | Up to \$22.8 million |
| Total Revenue | \$20.0 million | \$22.8 million |

**Table 1B
State Expenditures**

| Fund Source | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---------------------------|-----------------------------------|--------------------------------|
| General Fund | \$127,974 | \$94,968 |
| Cash Funds | \$0 | \$0 |
| Federal Funds | \$0 | \$0 |
| Centrally Appropriated | \$18,571 | \$23,214 |
| Total Expenditures | \$146,545 | \$118,182 |
| Total FTE | 0.8 FTE | 1.0 FTE |

Summary of Legislation

Regulation of Online Gaming Companies

Beginning on December 1, 2026, the bill requires online gaming companies to abide by new requirements, including providing a minimum duty of care that their product will not result in reasonably foreseeable emotional distress, compulsive use, or discrimination.

Online gaming companies must make privacy settings in their game default to the highest level. If a minor requests that their account on the gaming platform be deleted, the company must honor that request within 15 days. Online gaming companies must not:

- collect, sell, or share personal data that is not necessary;
- permit an individual to track the location of a minor, unless the minor is notified that they are being tracked;
- use personal data to select or recommend media for a minor, unless the minor consents;
- send push notifications to a minor between 12:00 a.m. and 6:00 a.m.; and,
- implement data processing or design practices that lead to compulsive use.

These companies must only collect the data required to verify a user's age, must delete all data upon verifying that the user is a minor, and implement a review process to allow users to appeal the determination of their age. All prices for in-game purchases likely to be made by minors must be listed in U.S. dollars.

Companies that violate any of these requirements commit a deceptive trade practice. The Attorney General may adopt rules to assist in enforcement. These additional requirements do not apply to federal, state, tribal, or local governments or to information that is needed to comply with other state and federal laws.

Additional Fees for Gaming Transactions

Beginning August 12, 2026, the bill requires that online gaming companies impose a 5 percent fee on any in-game add-on transactions. These companies must transfer fee collections to the State Treasurer, who will credit the money to the State Public School Fund.

Regulation of Social Media Platforms

The bill requires social media platforms to clearly provide the platform's policies regarding privacy and community standards, and the purpose of each algorithmic recommendation system, including information about how these systems measure and determine inputs, use personal data, and influence recommendations. These algorithmic recommendation systems must not market illicit substances to minors.

State Revenue

The bill increases revenue to the State Public School Fund by up to \$22.8 million in the first full year of collections, FY 2027-28, as outlined and shown in Table 2 below. Costs in FY 2026-27 are prorated for a 10.5 month impact. These fees are subject to TABOR.

Assumptions

U.S. video game sales are estimated to have totaled \$59.0 billion in 2024. Based on market research, the fiscal note assumes that 44 percent, or \$26.0 billion of video game sales, are add-on transactions. In line with the state's population as a percent of the U.S. population, the fiscal note assumes approximately 1.8 percent, or \$455.8 million, of these sales occur in Colorado and become subject to the fee in this bill.

Fee Revenue for Add-on Gaming Transactions

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected. The table below identifies the estimated fee impact of this bill. Actual revenue transmitted from online gaming companies to the State Treasurer will depend on the level of compliance of these companies and amount of add-on fee transactions. Individual fee amounts will depend on the amount of individual add-on gaming transactions.

Table 2
Annual Fee Impact on Add-on Gaming Transactions

| Type of Fee | Estimated Colorado Add-on Transactions | Fee Percentage | Total Fee Impact |
|---------------------------------|--|----------------|-----------------------------|
| Add-on Gaming Transactions | \$455.8 million | 5% | up to \$22.8 million |
| Total Annual Fee Revenue | | | up to \$22.8 million |

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR.

Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties. If the bill increases the number of deceptive trade practice complaints, state revenue may increase.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

Preliminarily, the bill is estimated to increase state expenditures in the Treasury Department by about \$147,000 in FY 2026-27 and \$118,000 in FY 2027-28 and ongoing. These costs, assumed to be paid from the General Fund as the bill does not allow for the use of fee revenue to cover administrative costs, are summarized in Table 3 and discussed below. The bill also minimally affects workload in the Department of Law and the Judicial Department, and will increase future spending from the State Public School Fund.

**Table 3
State Expenditures
Treasury Department**

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$74,950 | \$93,688 |
| Operating Expenses | \$1,024 | \$1,280 |
| Capital Outlay Costs | \$7,000 | \$0 |
| Contract IT Programming | \$45,000 | \$0 |
| Centrally Appropriated Costs | \$18,571 | \$23,214 |
| Total Costs | \$146,545 | \$118,182 |
| Total FTE | 0.8 FTE | 1.0 FTE |

Treasury Department

Staff

To collect fees from online gaming companies, the Treasury Department requires 1.0 FTE Accountant III. This position will coordinate with online gaming companies, verify transactions and transmit funds to the State Public School Fund. First-year costs are prorated for an assumed October start date to give the department lead time to implement the bill and include standard capital outlay and operating costs.

Contract IT Costs

Treasury's accounting system requires computer programming to accept the 5 percent fee. Costs assume 300 hours of programming at a rate of \$150 per hour.

Department of Law

Workload in the Department of Law will minimally increase to conduct rulemaking and communicate with companies regarding the bill's requirements. To the extent that additional deceptive trade practice complaints are filed, the department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources. No change in appropriations is required.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that online gaming companies will abide by the law and that any violation of the legislation will result in minimal number of new cases.

State Public School Fund

Spending from the State Public School Fund is at the discretion of the General Assembly. The fund may be spent on the state share of school finance and other public education programs.

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 Table 3 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. This estimate assumes the December 2025 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 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to conduct occurring on or after this date.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$127,974 to the Treasury Department, and 0.8 FTE.

State and Local Government Contacts

Information Technology

Treasury

Law

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](#).