Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 25B-004: INCREASE TRANSPARENCY FOR ALGORITHMIC SYSTEMS

Prime Sponsors:
Sen. Rodriguez
Rep. Bacon

Fiscal Analyst:
John Armstrong, 303-866-6289
john.armstrong@coleg.gov

Bill Outcome: Signed into Law
Drafting number: LLS 25B-0017

Version: Final Fiscal Note
Date: September 10, 2025

Fiscal note status: The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill delays implementation of Senate Bill 24-205 from February 1, 2026, to June 30, 2026.

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

- Minimal State Revenue
- Minimal State Workload

Appropriations. No appropriation is required.

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	$0	$0
State Expenditures	$0	$0	$0
Transferred Funds	$0	$0	$0
Change in TABOR Refunds	$0	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Senate Bill 24-205 imposed certain requirements on developers of artificial intelligence systems on or after February 1, 2026. The bill delays these requirements until June 30, 2026.

Background and Assumptions

SB 24-205 and Fiscal Note

SB 24-205 established standards and requirements for developers and deployers of AI systems to protect against algorithmic discrimination, beginning February 1, 2026. The fiscal note for SB 24-205 did not include resources for any state agency because, at that time, the bill did not clearly apply to any existing state computer systems. Most existing state systems that make critical decisions on program eligibility, benefit calculations, and similar matters are programmed to generate output and results in accordance with legal requirements programmed by humans into a defined algorithm, rather than using generative AI or similar methods. The fiscal note for SB 24-205 assumed that state agencies would request additional resources through the budget process, as necessary, if they made the decision to deploy AI systems regulated under the bill.

Additional Developments and Funding

Since passage of SB 24-205, several developments have affected agencies costs and workload related to AI systems. Many consumer and business software products, including those used by state agencies, have incorporated generative AI features into their core products. The Office of Information Technology has worked to catalog these systems, evaluate their risk, and take steps to ensure compliance with SB 24-205 when it takes effect in February 2026. Other agencies outside the purview of OIT have reported similar work. Agencies have differed in their assessments about what systems and practices may or may not trigger requirements under SB 24-205.

In 2025, the Joint Budget Committee allocated 0.5 FTE to the Judicial Department through the FY 2025-26 Long Bill based on the department's interpretation that the SB 24-205 would apply to the Probation Division's case management system, which uses available information to assign a risk score individuals on probation (the Judicial Department had requested 7.0 FTE for this purpose). To date, other agencies have not received dedicated funding to address reporting, risk management, and other requirements under SB 24-205.

Fiscal Note Baseline Assumptions

The fiscal note uses the FY 2025-26 Long Bill as the baseline funding level for all agencies when evaluating AI legislation at the 2025 special session, under the assumption that funding approved by the General Assembly for FY 2025-26 reflects the amount needed to begin implementation of, and compliance with, SB 24-205 in February 2026. If an agency requires additional resources for FY 2025-26 or any future year related to SB 24-205, funding should be requested through the annual budget process. Fiscal notes for legislation at the 2025 special session will only address the impacts directly attributable to that specific legislation.

State Revenue

The bill delays implementation of SB 24-205, including the deceptive trade practice enforced by the Attorney General and district attorneys. As a result, it shifts the potential increase in civil case filings fees to FY 2026-27, but does not change overall state revenue.

State Expenditures

No new state expenditures will be incurred as a result of this bill. As discussed in the Background section, any funding needs identified by state agencies related to implementation of SB 24-205 since its passage must be requested through the annual budget process.

Effective Date

The bill was signed into law by the Governor on August 28, 2025, and takes effect on November 25, 2025, assuming no referendum petition is filed.

State and Local Government Contacts

All State Agencies