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Revised Fiscal Note

(replaces fiscal note dated February 15, 2024)

Drafting Number:	LLS 24-0292	Date:	April 8, 2024
Prime Sponsors:	Sen. Priola; Rodriguez Rep. Bacon	Bill Status:	Senate Appropriations
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Bill Topic: TRANSPORTATION NETWORK COMPANY TRANSPARENCY

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill requires transportation network companies to develop deactivation policies and make various disclosures to drivers and customers. It increases state expenditures and may increase state revenue on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$153,104 to the Department of Labor and Employment.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee.

**Table 1
State Fiscal Impacts Under SB 24-075**

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$153,104	\$78,987
	Centrally Appropriated	\$28,699	\$17,520
	Total Expenditures	\$181,803	\$96,507
	Total FTE	1.4 FTE	0.9 FTE
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$22,966	\$11,848

Summary of Legislation

The bill requires transportation network companies (TNCs)—with some exceptions for TNCs contracted with schools or government entities—to develop deactivation policies and make various disclosures to drivers and customers, as outlined below.

Deactivation policy. By May 1, 2025, the bill requires a TNC to develop a deactivation and suspension policy that establishes the procedures for deactivating or suspending a driver from the platform. The TNC is required to disclose the policy to its drivers and the Division of Labor Standards and Statistics (DLSS) in the Department of Labor and Employment (CDLE). The TNC must post the policy on its website for at least 14 days before the policy becomes enforceable.

Semiannual disclosures. On a semiannual basis beginning August 1, 2026, a TNC is required to disclose various information to the DLSS, including detailed information on drivers, driver deactivations and suspensions, and transportation tasks for which the TNC dispatches a driver. The DLSS will make these disclosures public record except for drivers' identities.

Transparency requirements. By February 1, 2025, a TNC must electronically disclose certain information to the driver and consumer at the time of offering a transportation task, including money paid by the consumer, the amount the driver will receive, and the amount retained by the TNC. The TNC will also provide drivers with monthly information about pay, time spent on the platform, and the amount a driver may be entitled to deduct from income, according to the IRS business mileage reduction rate.

Acceptance or rejection of transportation tasks. The bill prohibits a TNC from suspending, deactivating, or retaliating against a driver based on a driver's acceptance or rejection of one or more transportation tasks.

Penalties and enforcement. The DLSS must establish procedures for drivers and consumers to submit complaints regarding TNC violations of the bill's requirements, and may investigate complaints at its own discretion. A TNC may be subject to monetary damages of up to \$1,000 to be paid to a consumer or driver affected by a violation, and fines of up to \$100 per violation.

State Revenue

The bill may increase state revenue to the General Fund from fines collected from TNCs. Overall, any revenue is expected to be minimal, as the Colorado Wage Act encourages the DLSS to waive most fines assessed against employers if the employer complies with the law. Any revenue from court filing fees is also expected to be minimal, and any new revenue is subject to TABOR.

State Expenditures

The bill increases state expenditures in the CDLE by about \$182,000 in FY 2024-25 and \$97,000 in FY 2025-26, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
 Expenditures Under SB 24-075**

	FY 2024-25	FY 2025-26
Department of Labor and Employment		
Personal Services	\$131,370	\$74,534
Operating Expenses	\$1,792	\$1,152
Software Licenses	\$6,602	\$3,301
Capital Outlay Costs	\$13,340	-
Centrally Appropriated Costs ¹	\$28,699	\$17,520
Total Cost	\$181,803	\$96,507
Total FTE	1.4 FTE	0.9 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Labor and Employment. The CDLE requires 1.4 FTE in FY 2024-25 and 0.9 FTE in ongoing years for staff to implement and enforce the provisions of the bill. This includes 1.0 FTE of a policy advisor in FY 2024-25 and 0.2 FTE in subsequent years to conduct rulemaking, develop the program, publish external guidance, and consult with businesses on how to comply with the bill's requirements. The CDLE also requires 0.7 FTE annually of compliance investigation staff to develop a complaint form and notices to businesses, investigate complaints submitted by consumers, and award any monetary damages.

In the first year, this fiscal note assumes an August 2024 start date for policy advisor staff and a November 2024 start date for investigation staff. Standard operating, capital outlay, and software costs are included.

Judicial Department. The bill may increase the number of new case filings related to driver deactivations, increasing workload for the trial courts in the Judicial Department. This fiscal note assumes that companies will adhere to the bill's requirements and will not deactivate drivers outside of the policy, and any increase in filings is expected to be minimal and absorbable within the existing resources.

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.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$153,104 to the Department of Labor, and 1.4 FTE.

State and Local Government Contacts

Information Technology
Regulatory Agencies

Judicial

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](#).