

**First Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 25-0145.01 Jed Franklin x5484

**SENATE BILL 25-023**

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**SENATE SPONSORSHIP**

**Pelton R. and Michaelson Jenet**, Frizell, Gonzales J., Pelton B., Rodriguez

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**Lindstedt**, Boesenecker

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**Senate Committees**  
Local Government & Housing

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING LOCAL GOVERNMENT AUDIT EXEMPTION THRESHOLDS.**

**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)*

**Legislative Audit Committee.** Currently, a local government must obtain an audit of its financial statements for each fiscal year or obtain approval from the state auditor for an exemption if they meet certain requirements. A local government with total revenues and expenditures that are each less than or equal to \$100,000 during a fiscal year may complete an application for exemption from audit. A local government seeking this exemption must provide the state auditor with an application prepared by a person who is skilled in government accounting. A local

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.  
Dashes through the words or numbers indicate deletions from existing law.*

SENATE  
3rd Reading Unamended  
February 5, 2025

SENATE  
2nd Reading Unamended  
February 4, 2025

government with total revenues or expenditures that are over \$100,000 and no more than \$750,000 during a fiscal year may also complete an application for exemption from audit. A local government seeking this exemption must provide the state auditor with an application that is prepared by an independent accountant with knowledge of government accounting.

The bill changes these 2 thresholds for any fiscal year commencing on or after January 1, 2025. First, the bill changes the \$100,000 threshold to \$200,000. Second, the bill changes the \$750,000 threshold to \$1,000,000. The bill would provide consistency with federal requirements and align statutory thresholds with current inflationary values.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 29-1-604, **amend** (1)  
3 and (2)(b) as follows:

4 **29-1-604. Exemptions.** (1) Any local government where neither  
5 revenues nor expenditures exceed one hundred thousand dollars in any  
6 fiscal year commencing on or after January 1, 1998, BUT BEFORE  
7 JANUARY 1, 2025, AND WHERE NEITHER REVENUES NOR EXPENDITURES  
8 EXCEED TWO HUNDRED THOUSAND DOLLARS FOR ANY FISCAL YEAR  
9 COMMENCING ON OR AFTER JANUARY 1, 2025, may, with the approval of  
10 the state auditor, be exempt from the provisions of section 29-1-603.

11 (2) (b) (I) Any local government where revenues or expenditures  
12 for any fiscal year commencing on or after January 1, 2015, BUT BEFORE  
13 JANUARY 1, 2025, are at least one hundred thousand dollars but not more  
14 than seven hundred fifty thousand dollars may, with the approval of the  
15 state auditor, be exempt from the provisions of section 29-1-603.

16 (II) ANY LOCAL GOVERNMENT WHERE REVENUES OR  
17 EXPENDITURES FOR ANY FISCAL YEAR COMMENCING ON OR AFTER  
18 JANUARY 1, 2025, ARE MORE THAN TWO HUNDRED THOUSAND DOLLARS  
19 BUT NOT MORE THAN ONE MILLION DOLLARS MAY, WITH THE APPROVAL OF

1 THE STATE AUDITOR, BE EXEMPT FROM THE PROVISIONS OF SECTION  
2 29-1-603.

3 **SECTION 2. Act subject to petition - effective date.** This act  
4 takes effect at 12:01 a.m. on the day following the expiration of the  
5 ninety-day period after final adjournment of the general assembly; except  
6 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
7 of the state constitution against this act or an item, section, or part of this  
8 act within such period, then the act, item, section, or part will not take  
9 effect unless approved by the people at the general election to be held in  
10 November 2026 and, in such case, will take effect on the date of the  
11 official declaration of the vote thereon by the governor.