HB 25-1020

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1020: EARNED-WAGE ACCESS SERVICE PROVIDER

Prime Sponsors:
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Published for: House Business & Labor
Drafting number: LLS 25-0434

Version: Initial Fiscal Note
Date: January 28, 2025

Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates new requirements for earned-wage access service providers and requires the Department of Law to implement an earned-wage access service provider license.

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

- State Revenue
- State Expenditures
- TABOR Refunds

Appropriations. For FY 2025-26, the bill requires an appropriation of $131,039 to the Department of Law.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	$30,000	$7,600
State Expenditures	$162,900	$178,442
Transferred Funds	$0	$0
Change in TABOR Refunds	$30,000	$7,600
Change in State FTE	1.7 FTE	2.0 FTE

[1] Fund sources are shown in the table below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	$101,039	$133,146
Cash Funds	$30,000	$7,600
Federal Funds	$0	$0
Centrally Appropriated	$31,861	$37,696
Total Expenditures	**$162,900**	**$178,442**
Total FTE	**1.7 FTE**	**2.0 FTE**

Summary of Legislation

Beginning January 1, 2026, the bill requires a provider of earned-wage access services to obtain a license from the Office of the Attorney General in the Department of Law. The bill outlines requirements for a license application and reasons the Department of Law may deny an applicant a license. It specifies that an application fee must not exceed more than $1,000 and that a license is valid for one year. Annual license renewals may not exceed $200. The bill gives the department authority to receive and act on complaints, create education programs, issue cease and desist orders, and bring civil action against a provider, with penalties up to $10,000 per violation.

The bill also creates requirements and prohibitions for earned-wage access service providers. Notable among these, providers must develop policies and procedures to respond to consumer inquiries and complaints, cannot impose a cancellation fee, and must reimburse the consumer for any overdraft fees imposed by a bank as a result of actions taken by the provider. Licensed providers must file an annual report with the Department of Law and make all records available to the department on request.

Background

Earned-wage access services allow users to access some portion of their earned wages before their usual pay date. Some companies offer these services as an employee benefit. These services are typically linked to a user’s bank account or payroll information to determine how much money a person may access and what the provider may charge. According to the Department of Personnel and Administration, there are approximately 30 independent earned-wage access service providers in Colorado, though it is unknown how many employer-integrated plans exist.

State Revenue

The bill increases revenue in the Department of Law up to $30,000 in FY 2025-26 and up to $7,600 in ongoing years. Because the bill does not specify a cash fund, this fiscal note assumes revenue will be deposited into the Consumer Credit Unit Cash Fund; see Technical Note. The estimate is based on the assumptions that 30 independent earned-wage access service providers will apply for a license in the first year, two new providers will apply for a license in subsequent years, and two providers will not reapply in subsequent years. This revenue is subject to TABOR.

Fee Impact on Earned-Wage Access Service Providers

Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the Department of Law based on cash fund balance, program costs, and the number of licenses subject to the fee. The bill caps the license fee at $1,000, and annual renewal fees at $200. The fiscal note assumes that full amount will be assessed for licensing and renewals to cover the department’s costs to administer the program; see Technical Note. The tables below identify the fee impact of this bill.

Table 2A
Fee Impact on Earned-Wage Access Service Providers
FY 2025-26

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
License Fee	$1,000	30	$30,000
Renewal Fee	$200	0	$0
Total Fee Revenue – FY 2025-26			**$30,000**

Table 2B
Fee Impact on Earned-Wage Access Service Providers
FY 2026-27

Type of Fee	Estimated Fee	Number Affected	Total Fee Impact
License Fee	$1,000	2	$2,000
Renewal Fee	$200	28	$5,600
Total Fee Revenue – FY 2026-27			**$7,600**

Judicial Department

The Judicial Department may have increased revenue from any fines assessed to providers for noncompliance with the bill. However, this fiscal note assumes most providers will comply with the bill and any revenue impact will be minimal.

State Expenditures

The bill increases state expenditures in the Department of Law by $163,000 in FY 2025-26, $178,000 in FY 2026-27, and similar amounts on an ongoing basis. Expenditures in FY 2025-26 assume an earlier start date than permitted under the current version of the bill; see Technical Note. These costs, assumed to be paid from the General Fund and the Consumer Credit Unit Cash Fund, are summarized in Table 2 and discussed below. The bill also increases workload in the Department of Personnel and Administration and, minimally, the Judicial Department.

Table 2
State Expenditures
Department of Law

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	$115,523	$138,186
Operating Expenses	$2,176	$2,560
Capital Outlay Costs	$13,340	$0
Centrally Appropriated Costs	$31,861	$37,696
Total Costs	**$162,900**	**$178,442**
Total FTE	**1.7 FTE**	**2.0 FTE**

Department of Law

The Department of Law requires 2.0 FTE beginning in FY 2025-26 and in ongoing years for staff to establish and enforce a new earned-wage access provider license program. A majority of new staff (1.2 FTE) will begin work in July 2025 to adopt rules for the new license requirement and set up application renewal procedures, with a financial credit examiner (0.8 FTE) beginning work in November 2025. Beginning in 2026, staff will review and process applications, conduct regulatory oversight, and enforce penalties for violations. Standard operating and capital outlay costs are included.

Other Agency Impacts

Administrative law judge workload will increase in the Department of Personnel and Administration to hold hearings when violations occur. Initially, any impact is expected to be absorbable. The department will assess workload generated by the bill and make any necessary staffing requests through the annual budget process.

Assuming case filings in the trial courts will be rare, any workload impact to the Judicial Department is expected to be minimal.

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, leased space, and indirect cost assessments, are shown in the expenditure table 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 the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. 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.

Technical Note

Cash Fund Revenue

The bill does not indicate where the Department of Law will deposit revenue from license fees. The fiscal note assumes fee revenue will be deposited in the Consumer Credit Unit Cash Fund and all revenue collected will go toward the bill's administration, until the bill is adjusted to indicate where the revenue will be deposited.

Effective Date

The bill's effective date precludes the Department of Law from receiving an appropriation in July 2025 to begin implementing the bill. The costs in this fiscal note assume the effective date will be adjusted to allow for a full-year appropriation in FY 2025-26, prior to the other provisions taking effect on January 1, 2026.

Effective Date

The bill takes effect November 1, 2025, and applies to earned-wage access services provided on or after this date.

State Appropriations

For FY 2025-26, the bill requires the following appropriations totaling $131,039 to the Department of Law:

- $101,039 from the General Fund, and 1.7 FTE; and
- $30,000 from the Consumer Credit Unit Cash Fund.

Departmental Difference

The Department of Law estimates the bill requires $260,000 and 2.6 FTE in FY 2025-26 and $224,000 and 2.5 FTE in FY 2026-27 and ongoing. This cost includes additional staff to implement and advise the program. The fiscal note reflects a lesser cost to implement the program based on previous recent legislation, including Senate Bill 19-002, which created a student loan servicer license and required 2.0 FTE to license approximately 35 student education loan servicers, and House Bill 21-1282, which required 1.0 FTE to establish a nonbank mortgage servicer registration.

State and Local Government Contacts

Judicial	Law
Labor	Personnel