



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1118: CATALYTIC CONVERTER REPLACEMENT EXEMPTION

Prime Sponsors:

Rep. Mauro; Mabrey

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Published for: House Energy & Environment

Drafting number: LLS 25-0600

Version: Initial Fiscal Note

Date: February 7, 2025

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

Summary Information

Overview. Through July 2027, the bill allows a vehicle to use a catalytic converter that complies with federal standards instead of state standards if the vehicle's catalytic converter has been stolen or fails.

Types of impacts. The bill is projected to affect the following areas through FY 2026-27:

- State Expenditures

Appropriations. For FY 2025-26, the bill requires an appropriation of \$278,624 to the Department of Public Health and Environment.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|-------------------------|-----------------------------------|--------------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | \$312,924 | \$249,297 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 1.8 FTE | 2.0 FTE |

Table 1A
State Expenditures

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---------------------------|-----------------------------------|--------------------------------|
| General Fund | \$278,624 | \$206,422 |
| Cash Funds | \$0 | \$0 |
| Federal Funds | \$0 | \$0 |
| Centrally Appropriated | \$34,300 | \$42,875 |
| Total Expenditures | \$312,924 | \$249,297 |
| Total FTE | 1.8 FTE | 2.0 FTE |

Summary of Legislation

Currently, internal combustion engine vehicles in Colorado must have a catalytic converter that meets state standards, which exceed standards set by the federal Environmental Protection Agency (EPA). A catalytic converter is an element of a car's exhaust system that makes exhaust gas less polluting. The bill allows a vehicle to use a catalytic converter that complies with EPA standards instead if the vehicle's catalytic converter has been stolen or fails, any theft has been reported to law enforcement, and the vehicle's owner has made a reasonable effort to obtain a replacement that complies with state standards. This exception repeals July 1, 2027.

State Expenditures

The bill increases state expenditures in the Department of Public Health and Environment by about \$310,000 in FY 2025-26 and \$250,000 in FY 2026-27. These costs, paid from the General Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Department of Revenue.

**Table 2
State Expenditures
Department of Public Health and Environment**

| Cost Component | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$155,090 | \$193,862 |
| Operating Expenses | \$2,048 | \$2,560 |
| Capital Outlay Costs | \$13,340 | \$0 |
| Database | \$50,000 | \$10,000 |
| Translation Services and Materials | \$10,000 | \$0 |
| Legal Services | \$48,146 | \$0 |
| Centrally Appropriated Costs | \$34,300 | \$42,875 |
| FTE – Personal Services | 1.6 FTE | 2.0 FTE |
| FTE – Legal Services | 0.2 FTE | 0.0 FTE |
| Total Costs | \$312,924 | \$249,297 |
| Total FTE | 1.8 FTE | 2.0 FTE |

Department of Public Health and Environment

CDPHE will incur staff, information technology, and legal services costs in FY 2025-26 and FY 2026-27 only.

Staff

CDPHE requires 2.0 FTE to conduct rulemaking, outreach, tracking, and enforcement of the temporary policy in FY 2025-26 and FY 2026-27 only. Although these staff will not be required once the exemption period ends, some workload may remain to respond to inquiries from repair shops or the public. Staff costs in the first year are prorated to account for the bill's effective date. Standard operating and capital outlay costs are included.

Database

CDPHE requires \$50,000 in FY 2025-26 and \$10,000 in FY 2026-27 to develop a database for tracking alternative catalytic converters.

Translation Services and Materials

In FY 2025-26 only, CDPHE requires additional operating costs associated with translation services and materials, estimated at \$10,000.

Legal Services

CDPHD requires 360 hours of legal services to conduct rulemaking in FY 2025-26 only. Legal services are provided by the Department of Law at a rate of \$133.74 per hour.

Other Agency Impacts

Workload may also increase in the Department of Revenue for the Division of Motor Vehicles receive inquiries about the temporary requirements. This can be accomplished within existing appropriations.

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.

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 2025-26, the bill requires a General Fund appropriation of \$278,624 to the Department of Public Health and Environment, and 1.6 FTE. Of this, \$48,146 is reappropriated to the Department of Law, with an additional 0.2 FTE.

State and Local Government Contacts

Law

Revenue

Public Health and Environment

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](#).