



# Fiscal Note

## Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

### SB 25-083: LIMITATIONS ON RESTRICTIVE EMPLOYMENT AGREEMENTS

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**Prime Sponsors:**

Sen. Daugherty; Frizell  
Rep. Brown; Garcia Sander

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**Version:** Initial Fiscal Note

**Date:** February 10, 2025

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

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### Summary Information

**Overview.** The bill limits and clarifies exemptions to prohibitions on non-compete and non-solicitation agreements.

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

- Minimal State Workload

**Appropriations.** No appropriation is required.

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**Table 1  
State Fiscal Impacts**

| <b>Type of Impact</b>   | <b>Budget Year<br/>FY 2025-26</b> | <b>Out Year<br/>FY 2026-27</b> |
|-------------------------|-----------------------------------|--------------------------------|
| State Revenue           | \$0                               | \$0                            |
| State Expenditures      | \$0                               | \$0                            |
| Transferred Funds       | \$0                               | \$0                            |
| Change in TABOR Refunds | \$0                               | \$0                            |
| Change in State FTE     | 0.0 FTE                           | 0.0 FTE                        |

## Summary of Legislation

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Current law exempts competition for highly compensated workers from prohibitions on non-compete and non-solicitation agreements. Under the bill these exemptions would not apply to agreements that restrict the practice of medicine, advanced practice registered nursing, or dentistry. Specifically, the bill prohibits any agreement that restricts a provider who is leaving a practice from providing information to their patients about their new practice or the right to choose your health care provider.

Additionally, current law exempts the purchase or sale of business from prohibitions on non-compete agreements. The bill extends this exemption to ownership shares, partial sales, and, under select circumstances, competition for workers who have a partial ownership of the business.

## State Expenditures

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Starting in FY 2025-26, workload in the Department of Labor and Employment will minimally increase to update existing rules and guidance to conform with the bill. The division may also experience an increase in public inquiries related to these changes; any corresponding workload increase is expected to be minimal based on past experience with limitations on employment agreements.

## Effective Date

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The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to covenants entered into or renewed on or after the bill's effective date.

## State and Local Government Contacts

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Health Care Policy and Financing

Regulatory Agencies

Labor

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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](#).