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# UNEMPLOYMENT INSURANCE AND THE GROWING LIST OF COLORADO POLICY PAIN POINTS

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## ABOUT THE AUTHORS



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## ABOUT COMMON SENSE INSTITUTE

**Common Sense Institute** is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

## TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

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## INTRODUCTION

Colorado businesses face no shortage of challenges. Housing costs, labor shortages, inflation, and economic uncertainty all affect the decisions employers make every day. While some of these issues are born from natural market cycles, others are related to regulatory issues.

Colorado's unemployment insurance system illustrates this clearly. In the wake of the COVID-19 pandemic, lawmakers took necessary steps to restore the state's unemployment insurance trust fund's solvency. Those changes, though, also left employers paying substantially more into the system than they did just a few years ago. What began as an emergency response has evolved into a permanent increase in labor costs.

The story of unemployment insurance is not unique. It reflects a broader trend that has emerged across Colorado's economy over the last decade. New compliance obligations rose across industries ranging from energy and transportation to health care and technology. Collectively, these policies are reshaping Colorado's business climate. Their collective impact bears careful consideration.

## KEY FINDINGS

Changes to Colorado's unemployment-insurance program, initiated in response to the pandemic, have led to a doubling of employers' premiums since 2019.

- SB20-207 dramatically raised the wage limits on unemployment-insurance premiums. Whereas employers remitted premiums on just the first \$13,600 of each employee's earnings in 2020, they now owe premiums on the first \$30,600.
- In FY26, employer premium obligations are projected to end 104% higher than in 2019.
- This cost increase has damaged Colorado's economy and caused its workforce to shrink. In total, higher unemployment-insurance premiums have generated the following statewide economic impacts since 2024:
  - > 575 fewer jobs
  - > \$185 million less GDP
  - > \$328 million less output

Due in part to recent state policy, Colorado now ranks as the 6th-most regulated state in the country.<sup>i</sup> The result has been increased costs and added regulatory burdens across every sector of Colorado's economy. The most expensive and impactful regulations come from new environmental, labor, and health-care policies.

- **Energy/environment:** The legislature has enacted 129 new bills since 2009, spawning the Greenhouse Gas Pollution Reduction Roadmap, new building codes, sweeping new restrictions on drilling, and hundreds of millions of dollars in fees for businesses and property owners.
- **Labor:** Alongside dozens of minor fees and regulations, state policy has contributed to a doubling of employers' unemployment-insurance payments since 2019; meanwhile, the voter-approved FAMILI program costs businesses and their employees approximately \$1.5 billion in direct premiums each year.
- **Health care:** 182 new health-care bills since 2019 cost the state government \$858 million annually and the Colorado Option, a flagship health-insurance law aimed to reduce premiums, has failed to achieve its most ambitious targets and has helped drive insurers out of the state's markets.
- **Other issues:** Policies like retail delivery fees, increased gas taxes, and controversial new AI regulations have raised consumer prices, increased the cost of doing business, and threatened Colorado's prospects for economic growth.

# UNEMPLOYMENT INSURANCE

Due to the influence of the COVID-19 pandemic and the state government’s policy responses, Colorado’s unemployment levels spiked in early 2020 and caused the state’s Unemployment Insurance Trust Fund (UITF), from which the state awards unemployment benefits, to become insolvent. By the first half of 2022, Colorado was one of only 9 states with an unemployment insurance program in debt to the federal government, which supports overburdened state systems, and had the 6th-highest debt among those states.<sup>ii</sup> Colorado’s UITF suffered so much through the pandemic years in part because of its precarity in advance of that crisis—in 2019, though functional and solvent, it had one of the weakest reserves of any state and was imminently vulnerable to even a moderate recession. Additionally, the Colorado Department of Labor and Employment’s computer systems “did not have the functionality to conduct...advanced fraud analytics,” resulting in at least \$73 million paid out to fraudulent claims during the pandemic.<sup>iii</sup>

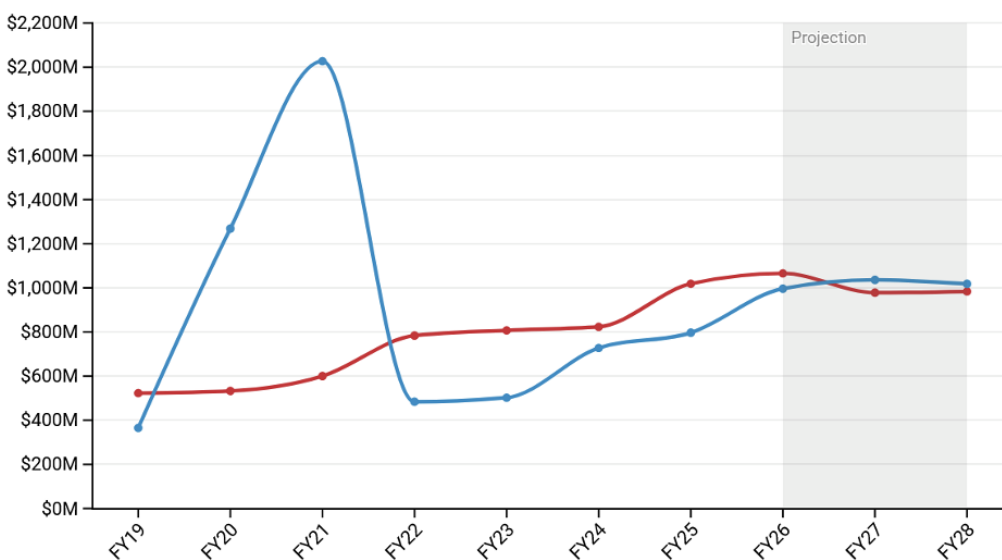
## SB20-207 and Higher Premiums

The severity of the UITF’s condition prompted the passage of SB20-207, which dramatically raised the wage limits on unemployment-insurance premiums. Whereas employers remitted premiums on just the first \$13,600 of each employee’s earnings in 2020, they now owe premiums on the first \$30,600. Because premium rates (the shares of

**FIGURE 1.**

### UITF Premiums and Benefits

■ Total premiums (not including solvency surcharges) ■ Total benefits paid



Source: LCS Quarterly Economic Forecasts

those wage limits that the UITF charges employers) vary each year according to the health of the fund, this change had the primary effect of restoring the UITF to solvency, thereby reducing premium rates, faster than otherwise would have been possible. The fund's balance, however, has now recovered beyond its 2019 level and employer premium obligations remain 104% higher due largely to SB20-207's changes.

The Colorado legislature acted effectively, both through this bill and a \$600 million emergency transfer under SB22-234 that CSI estimated would save employers \$845 million in premiums, to restore the UITF to solvency, repay the state's debt to the federal government, and hasten a return to lower premium rates. The long-term effect of SB20-207, however, is permanently higher employer costs, well into the hundreds of millions of dollars annually, especially given the state government's willingness to capitalize on high collections by paying record amounts in benefits.

## Benefits

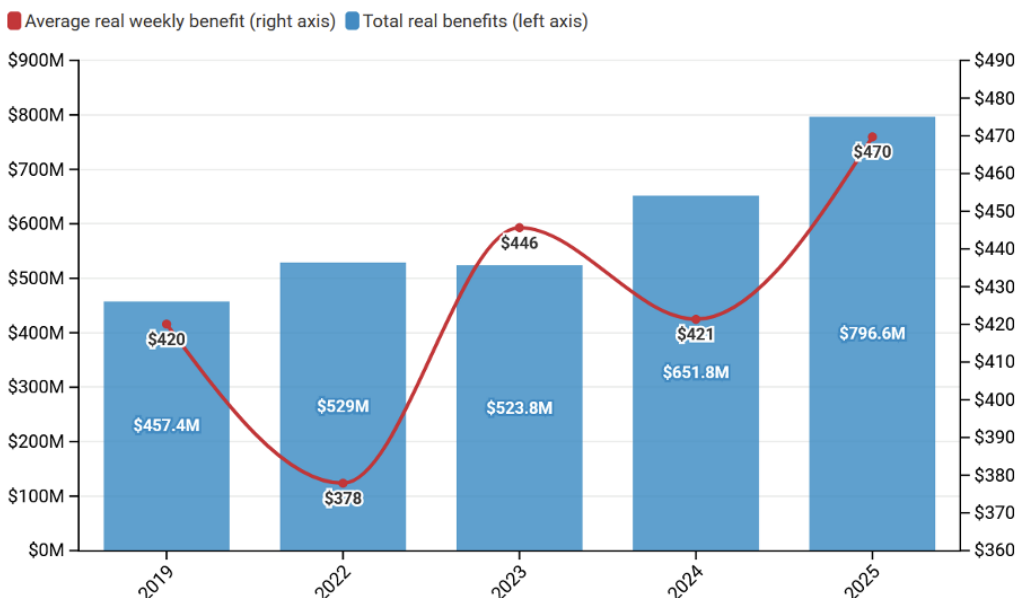
Alone, higher base wages under SB20-207 do not guarantee elevated premiums in perpetuity. Although they generate more revenue for the UITF at any given set of premium rates, Colorado has seven rate schedules that apply at different levels of solvency—the higher the fund balance reaches, the lower the rates become. Increases in benefits, however, have suppressed the UITF's balance and enabled the state's unemployment-insurance program to continue operating at higher premiums. Since 2020, three new policies have increased unemployment benefits: SB20-207 itself, which expanded partial benefits alongside base wages, SB22-234, which makes SB20-207's benefits changes permanent, and SB23-232, which imposes a 10% surcharge on employers to offset federal restrictions on state unemployment-insurance programs.<sup>iv v vi</sup>

Because of these laws, Colorado's unemployment benefits have grown substantially more generous than they were before. Since 2019, the average weekly benefit, adjusted for inflation, has grown from \$420.10 to \$469.70 while the average length of benefits has risen from 10.7 weeks to 12.1.<sup>vii</sup>

**FIGURE 2.**

### Real Total and Average Weekly Benefits (2019, 2022–2025)

2020 and 2021, the height of the pandemic, are excluded for the sake of scale



Sources: FRED, BLS, CSI calculations

This means that the average claimant received \$5,702.22 across the length of his/her claim in 2025—27.1% more in real dollars than in 2019. Alongside a higher unemployment rate, this caused total real benefits to grow by 74.2% between the two years.

By permanently increasing the base wage, SB20-207 enabled Colorado’s unemployment-insurance program to charge higher premiums and offer more benefits at every level of fund solvency. Had these changes not occurred and premiums remained at 2019 levels (adjusted for inflation and unemployment growth), employers would have paid \$122 million less in 2024, \$319 million less in 2025, and \$219 million less in 2026. The following table shows economic impacts of these premium increases, modeled in REMI Tax-PI as elevated production costs for businesses, alongside identical increases in unemployment benefits.

**TABLE 1.**

<b>Economic Impacts of Higher Unemployment Insurance Premiums</b>				
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>Employment</b>	-222	-303	-575	-575
<b>GDP</b>	-\$38,000,000	-\$50,000,000	-\$97,000,000	-\$185,000,000
<b>Personal income</b>	\$99,000,000	\$86,000,000	\$155,000,000	\$340,000,000
<b>Output</b>	-\$68,000,000	-\$89,000,000	-\$171,000,000	-\$328,000,000

# COLORADO'S GROWING COMPLIANCE COSTS

The increase in unemployment-insurance costs is a useful case study in how regulatory decisions affect business operations. Employers do not experience these policies in isolation, though. Unemployment-insurance premiums are only one of many growing costs businesses must absorb. Energy mandates, transportation fees, paid-leave premiums, health-care regulations, and emerging technology requirements have each taken their respective tolls on the private sector. Along with unemployment insurance premiums, these regulations are beginning to paint a broader picture of accumulating compliance costs.

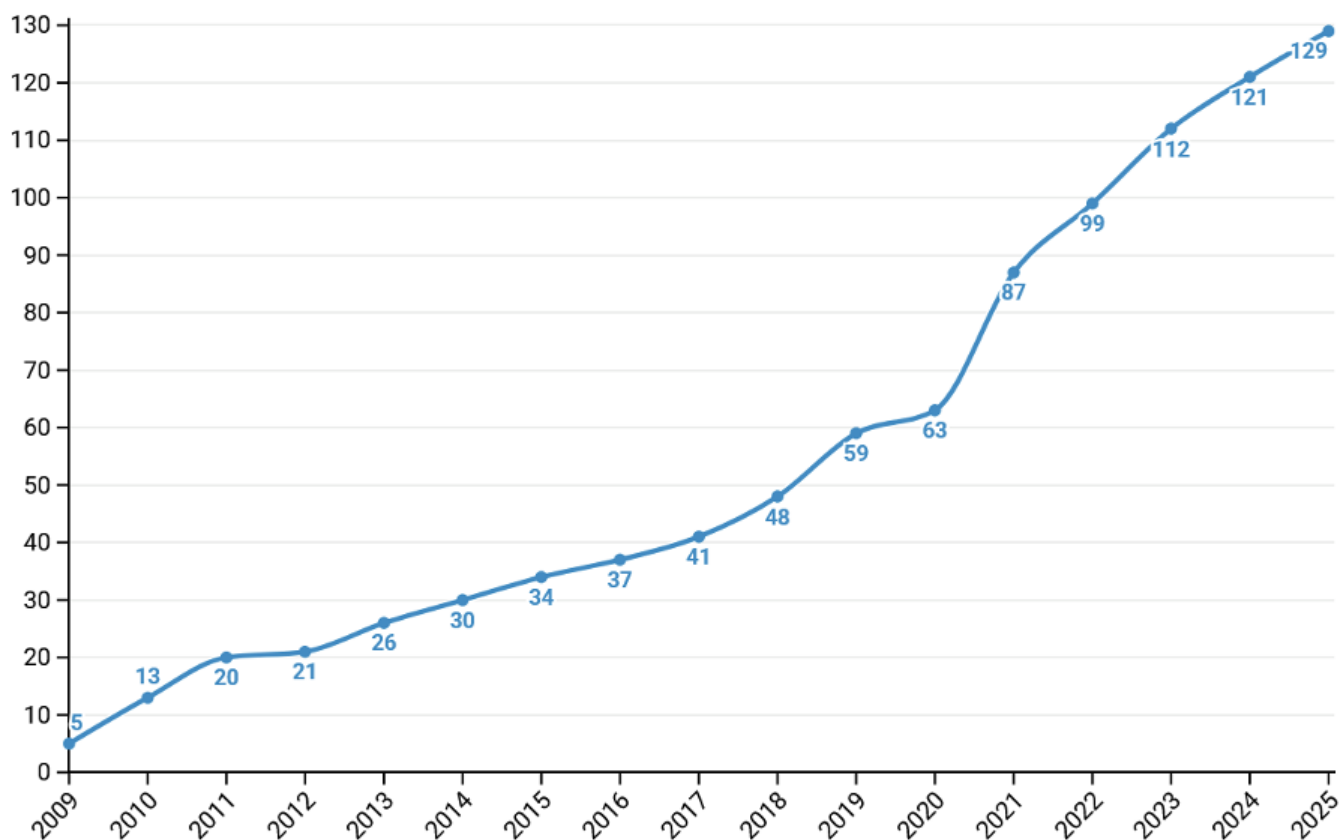
# HB19-1261 AND THE GREENHOUSE GAS POLLUTION REDUCTION ROADMAP

Nowhere are compliance costs more apparent than in Colorado’s energy sector.

The signing of HB19-1261 committed Colorado to some of the country’s most ambitious emissions goals: reducing statewide greenhouse-gas emissions by 26% in 2025, 50% in 2030, and 100% in 2050 relative to the level in 2005. Since then, the state government has enacted 73 new bills and regulations in the pursuit of those ambitions.

**FIGURE 3.**

## Total Number of New Environmental Policies since 2009



CSI estimated that state and local environmental policy stemming from HB19-1261 cost Colorado \$13.8 billion of personal income, and \$32 billion of output over 15 years between 2009 and 2023. In 2023, it cost Colorado roughly 1% of its GDP and employment—an amount larger than the state’s whole agricultural sector—and \$131.7 million in tax revenue from personal income alone. In return, the state fell just short of its 2025 goal to reduce total emissions by 26% relative to its 2005 level.<sup>viii</sup> The following subsections summarize selected findings of CSI’s 2025 study.<sup>ix x</sup>

## Building Energy and Emissions Standards

21 of these new environmental policies serve the purpose of reducing emissions from buildings, which is one of the Greenhouse Gas Pollution Reduction Roadmap’s major objectives. Most of these efforts either impose fees and penalties targeting industrial operations or address energy use by residential and commercial buildings. Out of many such laws passed over the last several years, CSI’s 2025 analysis shortlists eight of those policies that have had the most impact on this sector of the economy to date.

These policies fall into two broad categories: laws that impose fees for pollution directly (HB18-1400, SB20-204, HB21-1266, SB22-193 and SB22-051), and laws that change building codes (HB19-1260, HB21-1286, and HB22-1362), which either require local governments to adopt new international energy codes or establish state-level bodies to develop building codes designed to reduce carbon emissions. In total, the eight policies have reduced employment by almost 1,800 and cost Colorado \$524 million of GDP since 2018.

**TABLE 2.**

Economic Impacts of Higher Unemployment Insurance Premiums					
	2018–2020	2021	2022	2023	Total
Employment	-0	-1,156	-1,932	-1,782	-1,782
GDP	~\$0	-\$120,375,639	-\$207,762,576	-\$195,961,805	-\$524,100,020
Personal income	\$6,795,887	-\$83,345,420	-\$120,920,688	-\$122,357,534	-\$326,623,642
Output	~\$0	-\$202,244,040	-\$344,153,880	-\$321,255,460	-\$867,653,380

## SB19-181

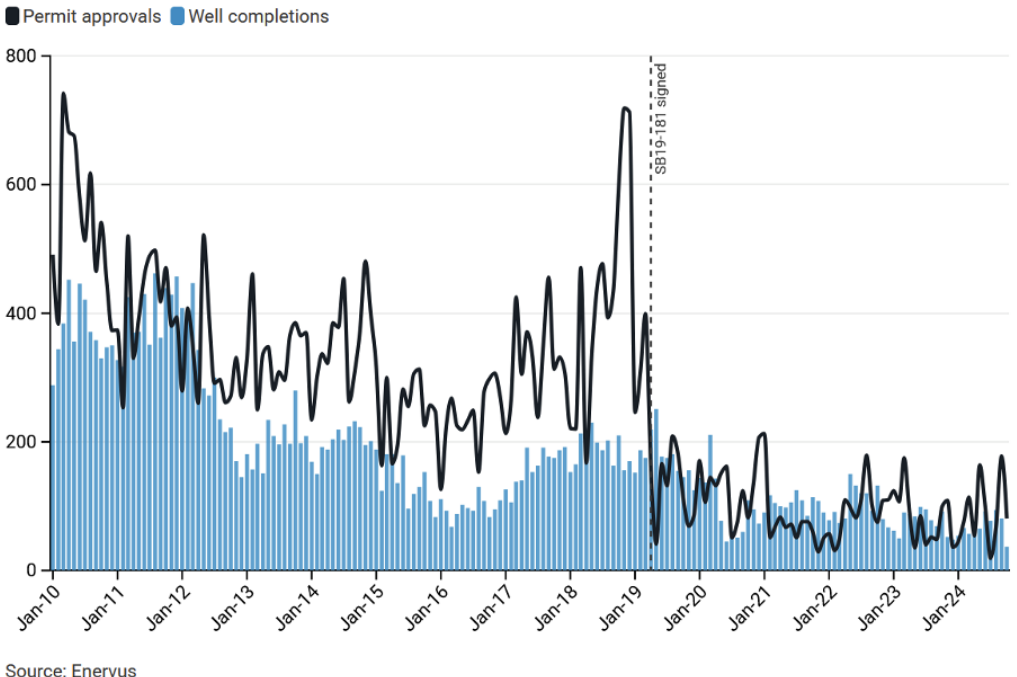
SB19-181 imposed a diverse set of restrictions on well permitting, siting, and maintenance. This drastically reduced the numbers of Colorado drilling permits and well completions. Two years ago, a legislative attempt to ban future drilling outright narrowly failed. These efforts have already manifested as a reduction in output that, given the lagged relationship between well starts and production, is set to grow much larger in coming years.

Colorado oil and gas production fell off the national pace in 2021, when many of the most onerous drilling regulations came into force. The productive decline is most evident in Weld County, most likely because of how much of its territory was rendered inaccessible to drilling by new setback rules. Because Colorado's oil-and-gas operations are cleaner than the national and global averages, these policies may have actually caused a slight rise in global emissions while shrinking the state's economy.

Between 2019 and 2023, Colorado's crude oil and natural gas production fell by 13.3% and 8.3%, respectively. Unlike our declining coal production, this phenomenon cannot be linked to an obvious national trend; over the same period, New

**FIGURE 4.**

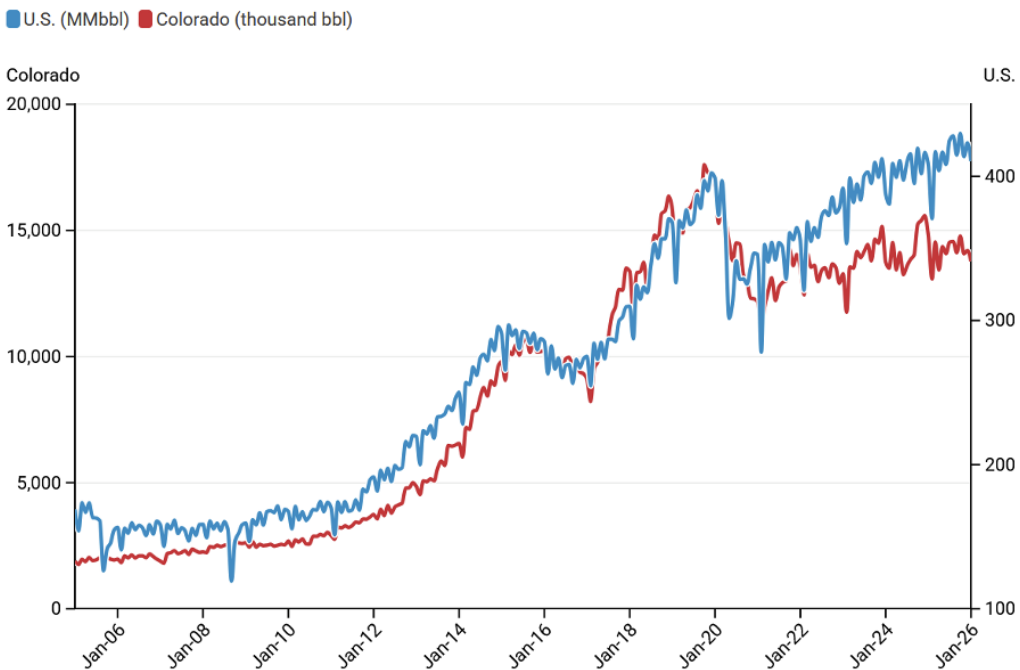
**Drilling Permits Approved and Well Completions in Colorado**



Source: Enervus

**FIGURE 5.**

**U.S. and Colorado Crude Oil Production**



Mexico's oil production rose by 97.7% and its natural gas withdrawals grew by 75.2%. Texas, likewise, added 7.9% more oil and 18.4% more gas despite its long history of high production. If Colorado had continued to extract the same share of its reserves since 2021 as it had in the years prior, it would have produced 16.6 million barrels more of oil and marginally more natural gas worth a combined value of \$1.3 billion.

SB19-181 is not the only recent state policy with disruptive effects on the oil-and-gas industry, but its regulatory costs are by far the largest. The Colorado Oil and Gas Association estimates that the industry incurs about \$500 million in direct costs each year from regulations imposed by SB19-181's directives and another ~\$100 million to other regulatory costs.<sup>xi</sup>

## Clean Energy Plans and Future Electricity Prices

Between 2021 and 2023, state energy and environmental policy caused consumers to spend \$791 million more on electricity and consume 617 million kWh less, which cost Colorado more than 7,000 jobs and \$1.4 billion of GDP. According to another CSI study, and based on the state government's own numbers, the electric capacity and generation changes required of utilities to meet HB19-1261's and its successors' standards will cause consumer electricity prices to rise through the next decades at unprecedented speeds:

- Future electricity prices are projected to rise at more than three times the rate of inflation and nearly 13 times the average annual rate of growth between 2010 and 2020.
- Between now and 2040, these price increases will create large additional costs for consumers of electricity:
  - > \$16 billion to \$23 billion for residential consumers (\$6,400–\$9,280 per household).
  - > \$16.3 billion to \$23.5 billion for commercial consumers (\$41,700–\$60,200 per business).
  - > \$11.6 billion to \$16.8 billion for industrial consumers (\$770,000–\$1.1 million per facility).

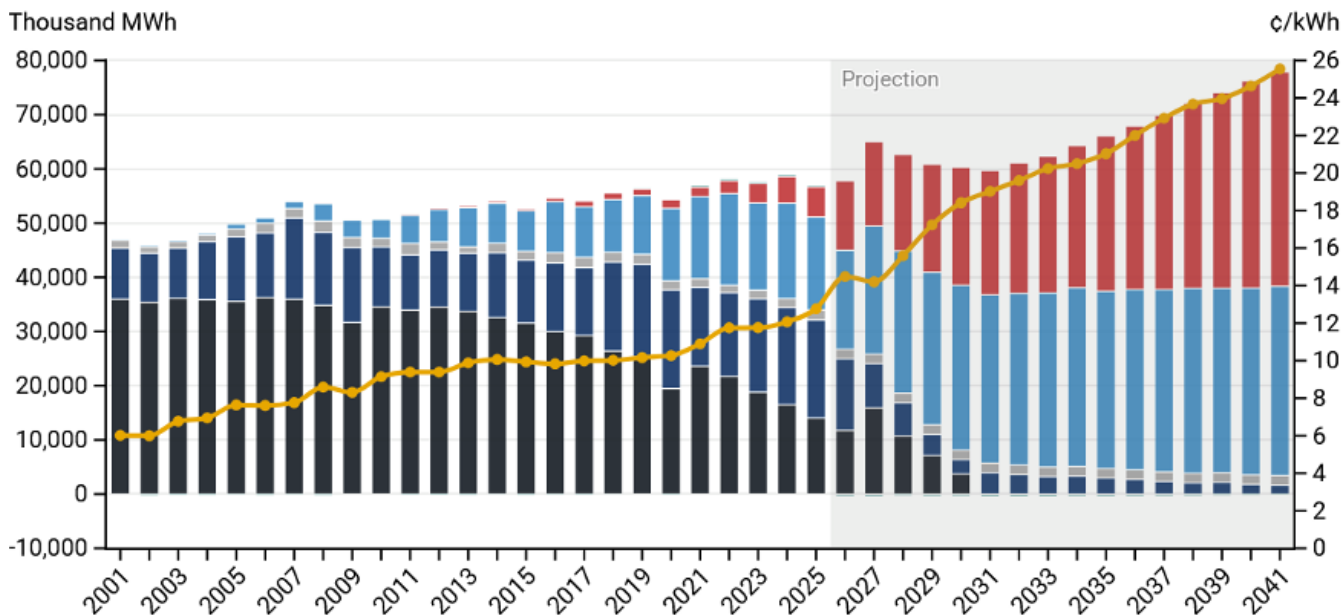
Electric ratepayers and consumers ultimately bear the cost of electricity investments. Most electricity markets, including Colorado's, are regulated by a state Public Utilities Commission (PUC). Each electric utility must submit plans for how it will meet electricity demand and reliability standards while complying with state law. Once these plans are approved, the PUC authorizes electricity rate increases necessary for the utility company to cover costs and provide returns to investors. Given the ambition of the state government's emissions-reduction targets for the utilities sector, rapid price increases are inevitable under even the most optimistic projections. Policymakers concerned about Colorado's economic health should consider the decline of European (especially British and German) manufacturing industries due to electricity policy similar to what Colorado is pursuing.<sup>xii</sup>

**FIGURE 6.**

## Colorado's Electric Power Sector - Electricity Generation by Fuel Type

Projections based on the scenario developed by the Colorado Energy Office to meet state emission reduction laws for the electric power sector.

■ Historic price of electricity and Projected Rate under Scenario B (right axis) 
 ■ Coal 
 ■ Natural gas 
 ■ Hydroelectric 
 ■ Wind 
 ■ Solar 
 ■ Other\*



Sources: EIA and CSI calculations based on costs in the "Pathways to Deep Decarbonization" report. \* Petroleum, pumped storage, biomass, and other gases

## Regulation 20

Regulation 20 forces manufacturers to sell minimum quantities, increasing over time, of zero-tailpipe-emissions vehicles in Colorado, but prices of new vehicles appear not to have responded. Until recently, the new electric-vehicle quotas were redundant—through most of 2025, consumer demand for electric vehicles in Colorado (27.3% of sales) was higher than Regulation 20's floor (22%).<sup>xiii xiv</sup> This, however, appears to have been influenced by the cancellation of federal EV subsidies, which caused a temporary surge in demand in the third quarter. In the months after these subsidies were revoked, electric-vehicle market share fell to just 9.5%. Following also a January reduction in the state EV tax credit, sales remained low in early 2026: the Colorado Automobile Dealers Association reports that sales of battery electric vehicles in Q1 2026 were down 64% from the same period in 2025 while plug-in hybrid sales plunged by 72%.

Still, given the ineffectiveness of Regulation 20's quotas through 2025, the price levels of new motor vehicles in Colorado and outside of Colorado have not yet diverged unfavorably since its implementation. For now, this and several other costs imposed upon Colorado's transportation sector remain mostly prospective.<sup>xv xvi</sup>

## SB21-260

SB21-260's costs, which come from a host of new fees and fee increases, are straightforward and are enumerated in the table below. These cost Coloradans a combined \$200 million in FY24 and many of them are scheduled to grow in the future; over the first ten years after the bill's enactment, the fees will cost an annual average of \$380 million.

**TABLE 3.**

New Fee Revenue from SB21-260		
	FY23	FY24
Highway Users Tax Fund	\$28,300,000	\$97,300,000
Multimodal Options Fund	\$6,800,000	\$7,600,000
Electric Vehicle Grant Fund	\$100,000	\$200,000
Bridge and Tunnel Enterprise	\$23,300,000	\$33,400,000
Community Access Enterprise	\$19,400,000	\$21,700,000
Clean Fleet Enterprise	\$17,300,000	\$19,600,000
Clean Transit Enterprise	\$8,400,000	\$9,400,000
Air Pollution Enterprise	\$9,200,000	\$11,100,000
<b>Total:</b>	<b>\$112,900,000</b>	<b>\$200,400,000</b>

Most noteworthy among SB21-260's provisions are the retail delivery fees, which fund several of the funds and enterprises listed above. Besides starting as the largest single source of new revenue under the bill and increasing over time (from a total of 27¢ per delivery by motor vehicle originally to 31¢ in FY27), they directly raise consumer prices. The seven fees, levied separately so as to bypass voter-approved revenue limits under Proposition 117 (2020), were projected to collect \$75 million in their first year; in the long run, their total revenue will approach and eventually exceed \$100 million per year.

According to a dynamic modeling scenario that treats its components as new production costs for transportation industries, new gas taxes, new taxes on vehicle purchases, new values of government output, and reduced transfer payments from the government to individuals (reflecting its effects on the TABOR spending limit), CSI finds that the bill cost the state 2,600 jobs and \$280 million of GDP through 2023.

**TABLE 4.**

<b>Economic Impacts of SB21-260</b>		
	<b>2022</b>	<b>2023</b>
<b>Employment</b>	-1,835	-2,600
<b>GDP</b>	-\$96,000,000	-\$184,000,000
<b>Personal income</b>	-\$313,000,000	-\$388,000,000
<b>Output</b>	-\$177,000,000	-\$332,000,000

## FAMLI

While energy compliance costs are specific to one industry, some Colorado compliance costs resemble unemployment insurance in that they are borne by all employers.

In 2023, employers and employees began paying payroll premiums into Colorado's new Paid Family and Medical Leave (FAMLI) program initiated by the passage of Proposition 118 in 2020. Most Colorado employers and employees are now responsible for splitting this premium, which began at a total of .9% of each employee's pay. The program allows eligible workers to claim up to 16 weeks of paid leave at wage replacement rates as high as 90% for reasons such as newborn bonding, personal injury, and care for ailing family members. Several other states have also enacted paid family leave programs, most of which are significantly less generous than FAMLI.

CSI conducted a detailed study of Proposition 118 that found a high risk of insolvency in the long term and moderate such risks over the short and medium terms.<sup>xvii</sup> Three years on, however, these risks are not materializing; FAMLI has remained financially secure at premium rates near, and even slightly lower than, the original .9% of pay. This appears to be the result of lower-than-expected utilization rates: the claims rate and average length of leave, which analysis of other states suggested could stabilize as high as 9% of workers and 11.5 weeks, have instead averaged just 6.1% and 7.1 weeks since benefits began. So far, FAMLI has paid \$1.8 billion to claimants and collected well over \$2 billion in premiums.

Although FAMLI's ongoing costs have aligned with Proposition 118's original promises, the program still represents one of the largest costs to businesses imposed by recent state policy. In 2025, Colorado's state income tax collected \$12.6 billion. In FY26, employers and employees are projected to have paid almost \$1.5 billion into FAMLI, an amount of revenue equivalent to an 11.7% increase in Colorado's state income tax rate.

## AI REGULATION

In 2024, Colorado made its first foray into regulating artificial intelligence by passing SB24-205. The bill, which was intended to take effect on February 1, 2026, attempts to regulate the use of high-risk AI systems; upon its signing, Colorado became the first state in the country to approve such an encompassing AI law. Since then, concerns about this bill's impact on investment, employment, business operations, and small businesses have surfaced. Although SB24-205's effective date has already passed, its enforcement was postponed during the 2025 special session, stalled by a legal challenge, then abrogated by SB26-189, which replaces its far-reaching restrictions with a narrower and less severe suite of regulations.<sup>xviii</sup> Colorado is a leader in the technology industry, where the effects of AI regulation would be most evident: the sector employs 10% of Coloradans and sustains 20% of state GDP.

Though none of the passed or proposed laws have come into force, the state government's eagerness to experiment with AI regulation has begun to influence some businesses' decisions. In February, Palantir, a multi-billion-dollar AI company with lucrative government contracts and controversial involvement in surveillance data analytics, moved its corporate headquarters from Denver to a suburb of Miami, Florida; in an investor filing, Palantir cited proposed Colorado AI policy as a reason for its exit. The departure of Colorado's most valuable public firm, especially amid a direct rebuke of state policy, could compromise the state's reputation as a center of investment in technological innovation. If other businesses follow Palantir's example, the state's economic prospects will diminish: even a 0.1% decline in the professional, scientific, and technical services sector would result in a loss of 1,396 jobs and \$210 million in GDP.<sup>xix</sup>

## HEALTH-CARE LAWS

Other compliance costs are borne not only by specific industries, but carry over directly into Colorado’s budget.

CSI identified 182 new bills since 2019 that concern either the regulation of health care or the provision of state health-care services. According to inflation-adjusted figures from the bills’ fiscal notes, these are currently adding \$858 million to state spending each year and directly costing the private sector \$271 million.<sup>xx</sup> Only 36% of that state spending is covered by federal funds and the private costs are likely higher than fiscal notes report. These estimates also exclude the costs of rulemaking actions initiated by some of the bills and ongoing spending increases in HCPF’s baseline, both of which push the true cost even higher. Without these laws, the state’s budget shortfall before the 2025 legislative session, widely reported to be \$1.2 billion, would have been just under \$650 million.

Of the 182 bills, 89 directly regulate providers, 62 expand or contract state health-care services, 22 create/modify regulatory task forces or committees, and nine affect state budgeting.

**TABLE 5.**

Annual Fiscal Impacts of New Health-care Bills by Type			
	State spending	State revenue	Federal funding
Regulations	\$50,596,080	\$1,936,242	\$24,337,254
State services	\$758,635,809	\$196,883,963	\$245,286,919
Committees	\$2,536,156	\$0	\$431,130
Budgeting	\$45,887,185	\$71,797,263	\$36,573,605
<b>Totals:</b>	<b>\$857,655,230</b>	<b>\$270,617,468</b>	<b>\$306,628,907</b>

CSI’s analysis suggests that much of HCPF’s last decade of spending increases could have been avoided in the absence of expansive policy and other nonessential spending.<sup>xxi</sup>

## Colorado Option

Some new health-care laws have impacts that cannot be expressed strictly in fiscal terms. Of these, the one whose footprint in the state’s health-care market looms largest is the Colorado Option, initiated by HB21-1232, which requires health insurance carriers to offer “standardized plans” within the individual and small-group markets at reduced prices. These plans’ premiums were required to be set below their respective 2021 prices by 5% in 2023, 10% in 2024, and 15% in 2025 and allowed to grow with inflation afterwards. CSI research has consistently shown that the impacts of this law, which mandates price reductions without reducing the underlying cost of care, force medical providers to cut costs in a way that impacts quality and access or pass on costs to the remaining private insurance market through higher prices.

Despite forcing insurers to reduce their plan costs, the Colorado Option’s overall influence on health-insurance prices is dubious. The law has not noticeably affected price growth in employer-sponsored markets, but neither has it reduced individual premiums relative to national trends; instead, Colorado’s marketplace plans have increased in price faster than the U.S. average at every metal tier. Among lowest-cost bronze, silver, and gold plans, Colorado’s premiums have risen 40%, 36%, and 25% faster, on average, than equivalent premiums around the country since 2021.<sup>xxii</sup>

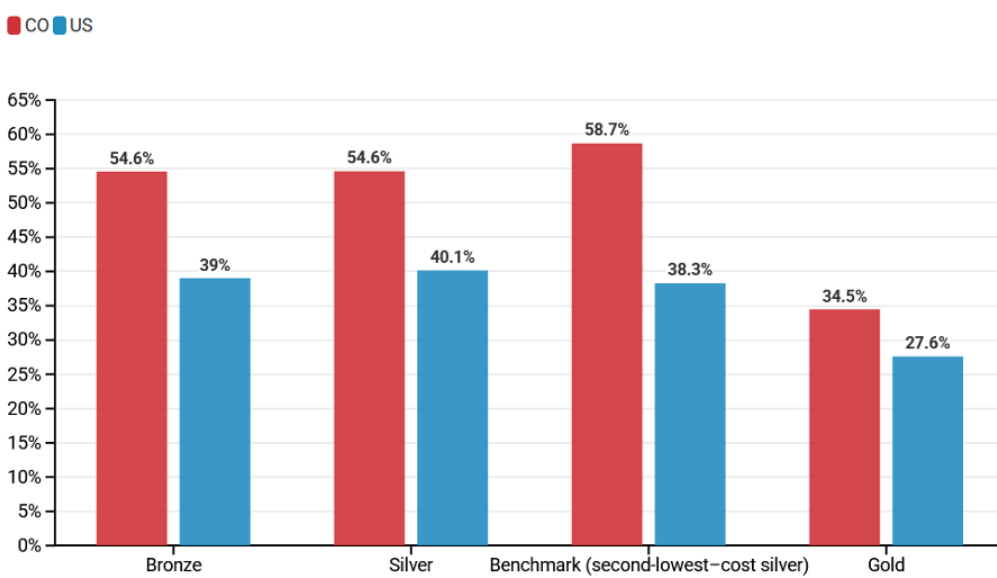
More evident is the law’s effect on consumer choice in the health-insurance market, which may be keeping prices higher. By 2022, four insurers representing tens of thousands of covered Coloradans had left the state’s individual market, small-group market, or both. Since then, even more carriers have left local and national markets and one of the state’s largest insurers, Anthem, withdrew its plan to exit only after the state allocated \$100 million in emergency funding to stabilize the individual market. Market entries and new plan offerings have not offset these departures.

The disruption that the Colorado Option has caused the state’s health-insurance markets may not even be enough to secure compliance with the premium-reduction mandates.

**FIGURE 7.**

### Average Lowest-cost Marketplace Premium Growth between 2021 and 2026, by Metal Tier

Metal tiers reflect plans’ cost-sharing splits; bronze plans have low premiums and high deductibles while gold plans have high premiums and low deductibles



Whereas it was more transparent in previous years, the state did not announce in 2025 how many standardized plans achieved the 15% premium-reduction target; in whatever cases insurers failed to reduce prices by that amount, the difficulty of doing so under present market conditions surpassed even the government's powers of enforcement.<sup>xiii</sup> Those failures, wherever they're found, emphasize the arbitrary quality of HB21-1232's original targets.

## CONCLUSION

Year after year, the Colorado legislature adds new laws, rules, and costs across the state economy. There is no sector of the economy untouched by legislative intervention. This report highlights just a fraction of these effects with a focus on some of the biggest sectors and most impactful regulations, including those affecting the costs of energy, health care, technology, and labor.

This information represents a key insight into the actual impacts of overregulation captured, in part, by other recent Common Sense Institute reports. As Walter Wriston put it, “capital goes where it is welcome and stays where it is well treated.”

Due not only to a rapid increase in the regulatory burden (in both time and cost) imposed by the state legislature in recent years but also, critically, the widespread expectation that the pace of regulatory growth will not slow, Colorado feels less and less like a place where business investment is welcome or treated well.

Regulations increase both the cost of running a business and the cost of living; some have more direct impacts on one or the other, but eventually businesses’ costs get passed on to consumers and employees as higher prices and lower wages. Another recent CSI Colorado study, *Colorado’s Waning Popularity: Census Figures Show Domestic Outflow*, reinforces this notion.<sup>xxiv</sup>

Policymakers would be wise to make cost/benefit analysis a much larger part of the process when deciding whether to sponsor or vote for more regulation. If a policy does not offer benefits that clearly and significantly outweigh costs—in private compliance as well as public enforcement—it should be discarded. The proverbial camel’s back is bending under the weight of the last decade’s new regulations. One never knows which will be the regulatory straw that breaks it.

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