



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1199: REPLACEMENT OF STOLEN CATALYTIC CONVERTERS

Prime Sponsors:

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Published for: House Energy & Environment**Drafting number:** LLS 26-0203**Version:** Initial Fiscal Note**Date:** March 5, 2026**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill allows a vehicle to use a catalytic converter that complies with federal standards rather than state standards if the vehicle's catalytic converter has been stolen or fails. The bill also requires a person repairing or replacing a catalytic converter to inform the vehicle's owner about state programs to replace their vehicle with a zero-emission vehicle.

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

- Minimal State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$284,530 to the Department of Public Health and Environment.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$322,560	\$259,617
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	1.8 FTE	2.0 FTE

Fund sources for these impacts are shown in the table below.

**Table 1A
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$284,530	\$212,080
Cash Funds	\$0	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$38,030	\$47,537
Total Expenditures	\$322,560	\$259,617
Total FTE	1.8 FTE	2.0 FTE

Summary of Legislation

Under current law, when a catalytic converter mechanically fails or is stolen from a motor vehicle, the replacement catalytic converter must comply with state standards. Current state standards exceed those set by the federal Environmental Protection Agency (EPA).

The bill creates a temporary exemption that allows a vehicle owner to use a replacement catalytic converter that complies with less stringent EPA standards, if the following conditions are met:

- the catalytic converter was stolen or mechanically fails;
- if stolen, the owner reports the theft to law enforcement;
- the owner has made a reasonable effort to obtain a replacement catalytic converter that meets state standards but was unable to obtain one; and,
- the vehicle passes an emissions inspection within 30 days of replacement.

The bill requires the Air Quality Control Commission in the Department of Public Health and Environment (CDPHE) to adopt rules to implement the bill by October 1, 2026. This section is repealed on July 1, 2028.

Finally, the modifies the Motor Vehicle Repair Act to prohibit a business or individual from repairing or replacing a catalytic converter unless they inform the vehicle's owner about state programs to replace the vehicle with a zero-emission vehicle, punishable by a petty offense.

Comparable Crime Analysis

Legislative Council Staff is required to include certain analysis in the fiscal note for any bill that creates a new crime, or that either reclassifies or creates a new factual basis for an existing crime. This section identifies comparable crimes and discusses assumptions on future conviction rates resulting from the bill.

Prior Conviction Data and Assumptions

The bill adds repairing or replacing a catalytic converter without informing the customer about state programs to replace their vehicle with a zero-emissions vehicle to prohibited acts under the Motor Vehicle Repair Act, a petty offense. To form an estimate on the prevalence of this new crime, the fiscal note analyzed the existing offense of failing to issue an invoice for vehicle repair as a comparable crime. From FY 2022-23 to FY 2024-25, zero offenders have been sentenced and convicted for this existing offense; therefore, the fiscal note assumes that there will be minimal or no additional case filings or convictions for the new offense under the bill. Because the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit the [Fiscal Notes website](#) for more information about criminal justice costs in fiscal notes.

State Revenue

Emissions Testing Fees

The bill may increase state fee revenue from additional vehicle emissions tests. Requiring a vehicle with a new catalytic converter to pass an emissions test will change when an emissions test is required, but it likely replaces the vehicle's subsequent test and, thus, shifts when fees are paid without impacting overall revenue. In addition, catalytic converters that conform to the lower federal standards may be more likely to fail an emissions test, which would result in additional testing as equipment is further repaired or replaced. This increase is expected to be minimal. Of the emissions testing fees charged, the revenue predominantly accrues to the contracted vendor, Air Care Colorado, and is not subject to TABOR.

Civil Penalties

Under the Colorado Consumer Protection Act, a person committing a deceptive trade practice may be subject to a civil penalty of up to \$20,000 for each violation. Additional penalties may be imposed for subsequent violations of a court order or injunction. This revenue is classified as a damage award and not subject to TABOR. Given the uncertainty about the number of cases that may be pursued by the Attorney General and district attorneys, as well as the wide range in potential penalty amounts, the fiscal note cannot estimate the potential impact of these civil penalties.

Filing Fees

The bill may increase revenue to the Judicial Department from an increase in civil case filings. Revenue from filing fees is subject to TABOR.

State Expenditures

The bill increases state expenditures in the Department of Public Health and Environment by about \$323,000 in FY 2025-26 and \$260,000 in FY 2026-27 only. These costs, paid from the General Fund, are discussed below and summarized in Table 2. The bill also minimally affects workload in the Department of Law, the Judicial Department, and the Colorado Energy Office.

Department of Public Health and Environment

The CDPHE will incur staff, information technology, and legal services costs through FY 2027-28.

Table 2
State Expenditures
Department of Public Health and Environment

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$159,433	\$199,291
Operating Expenses	\$2,048	\$2,560
Capital Outlay Costs	\$14,000	\$0
Programming Costs	\$49,200	\$10,229
Translation Services and Materials	\$10,000	\$0
Legal Services	\$49,849	\$0
Centrally Appropriated Costs	\$38,030	\$47,537
FTE – Personal Services	1.6 FTE	2.0 FTE
FTE – Legal Services	0.2 FTE	0.0 FTE
Total Costs	\$322,560	\$259,617
Total FTE	1.8 FTE	2.0 FTE

Staff

The CDPHE requires 2.0 FTE to conduct rulemaking, outreach, tracking, and enforcement of the temporary policy in FY 2026-27 and FY 2027-28 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. Costs are prorated to assume a September 2026 start date, and standard operating and capital outlay costs are included.

Programming

The CDPHE requires about \$49,000 in FY 2026-27 and about \$10,000 in FY 2027-28 to develop a database for tracking alternative catalytic converters.

Translation Services and Materials

In FY 2026-27 only, the CDPHE requires an estimated \$10,000 in additional operating costs associated with translation services and materials for outreach.

Legal Services

In FY 2026-27 only, the CDPHE requires 360 hours of legal services to conduct rulemaking. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

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, indirect cost assessments, and other costs, are shown in Table 2 above.

Other Agency Impacts

Department of Law

Workload in the Department of Law will minimally increase to the extent that deceptive trade practice complaints are filed. The department will review complaints under the bill and prioritize investigations as necessary within the overall number of deceptive trade practice complaints and available resources.

Judicial Department

The trial courts in the Judicial Department may have an increase in cases filed under the Colorado Consumer Protection Act from the addition of a new deceptive trade practice. It is assumed that online marketplaces will abide by the law and that any violation of the legislation will result in minimal number of new cases. The fiscal note assumes that this can be accomplished within existing resources and that no change in appropriations is required.

Colorado Energy Office

Workload will increase for the Community Access Enterprise in the Colorado Energy Office (CEO) to update its website and respond to inquiries from motor vehicle repair facilities. The bill could also increase demand for electric-vehicle rebates, which could require the Community Access Enterprise to request additional funds. The fiscal note assumes any impact to the CEO will be minimal and absorbable with existing resources.

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 2026-27, the bill requires a General Fund appropriation of \$284,530 to the Department of Public Health and Environment, and 1.6 FTE. Of this amount, \$49,849 is reappropriated to the Department of Law, with an additional 0.2 FTE.

State and Local Government Contacts

Colorado Energy Office

Public Health and Environment

Judicial

Revenue

Law