



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-297: IMPLEMENTATION OF CO NATURAL MEDICINE INITIATIVE

Prime Sponsors:

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Fiscal note status: The revised fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill requires the Department of Public Health and Environment to collect data and information on the health effects of natural medicine and to track information on how regulated natural medicine is used by individuals, among other provisions.

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

- State Revenue
- State Expenditures
- Local Government

Appropriations. For FY 2025-26, the bill requires and includes a reduction in appropriations of \$78,287 to the Department of Revenue and a reappropriation of \$208,240 to the Office of Information Technology. See State Appropriations section.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$554,515	\$331,698
State Expenditures	\$445,594	\$222,777
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$11,050	\$11,050
Change in State FTE	1.0 FTE	0.8 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Gifts, Grants, and Donations	\$543,465	\$320,648
CBI Identification Unit Cash Fund	\$11,050	\$11,050
Total Revenue	\$554,515	\$331,698

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Natural Medicine Division Cash Fund	-\$78,287	-\$78,287
Gifts, Grants, and Donations	\$543,465	\$320,648
Federal Funds	\$0	\$0
Centrally Appropriated	-\$19,584	-\$19,584
Total Expenditures	\$445,594	\$222,777
Total FTE	1.0 FTE	0.8 FTE

Summary of Legislation

Among other provisions, the bill requires the Colorado Department of Public Health and Environment (CDPHE) to compile data on the health effects of natural medicine, and creates a pilot data collection program to track information on how regulated natural medicine is used by individuals. Both provisions are contingent upon available funding through appropriations or gifts, grants, or donations.

Health Effects of Natural Medicine

The bill directs CDPHE, in coordination with the Department of Revenue (DOR) and the Department of Regulatory Agencies (DORA)—which regulate natural medicine businesses and facilitators, respectively—to request and collect readily available and relevant data and information related to the use of natural medicine and natural medicine products, including:

- law enforcement incidents;
- adverse health events;
- impacts on health care facilities, hospitals, and health care systems;

- consumer protection claims; and
- behavioral health impacts.

CDPHE must also request and collect available and relevant data and information related to natural medicine health effects from sources that may include, among other sources:

- all-payer claims data;
- hospital discharge data; and
- peer-reviewed research studies.

CDPHE is required to provide this information to the DOR for use in its annual reporting. Data collected must be de-identified and not include personal identifying information.

Pilot Data Collection Program

The bill requires that CDPHE create and maintain a database using data collected by DOR and DORA to track information on how regulated natural medicine is used by individuals, with a focus on public health and program outcomes. CDPHE must ensure data is de-identified and does not include personal identifying information. The bill specifies that the data within this database is:

- proprietary and contains trade secrets;
- confidential;
- not subject to the Colorado Open Records Act;
- no subject to subpoena, discovery, or civil court use;
- not to be released publicly except under limited circumstances, including department-approved research or empirical studies, public health tracking of natural medicine effects; and regulatory duties of regulating state agencies. In these cases, CDPHE must only release the minimum necessary data and never include personal information.

CDPHE is prohibited from accepting gifts, grants, or donations to fund this program from public or private sources that may improperly influence data collection or reporting. It must work with DOR and DORA to determine how and when data is collected and reported. The pilot data collection program repeals September 1, 2030, pending a review of whether the program should continue and funding is available, which CDPHE must report to the legislature.

Data Collection Requirements for Natural Medicine Licensees

Beginning July 1, 2026, the bill requires natural medicine facilitators and natural medicine businesses to provide CDPHE with de-identified data and information related to the use of natural medicine products.

For facilitators, this includes:

- health outcome data;
- demographic information;
- individual-level data relating to the outcome of a participant's administration session;
- information about natural medicine services;

- information provided by a participant prior to and following the participant's administration session; and
- other data and information as determined by CDPHE, in a format and on a schedule determined by CDPHE.

For businesses, this includes:

- demographic information of individuals who use regulated natural medicine services;
- outcome data from an individual's participation in regulated natural medicine services; and
- other data and information as determined by DOR, in consultation with CDPHE.

Natural Medicine Division—DOR

The bill repeals the requirement that the Natural Medicine Division in DOR collect data concerning law enforcement incidents, adverse health events, impacts to health care systems, consumer protection claims, and behavioral health impacts related to natural medicine.

The bill requires the division to adopt rules regarding natural medicine labeling, and allows the division to adopt rules regarding natural medicine product registration forms and data collection, among others.

Licensing applicants are no longer required to complete a fingerprint-based criminal history check, and instead must complete a name-based judicial record check.

Natural Medicine Pardons

The bill allows the Governor to grant pardons to a class of defendants who were convicted of possession of natural medicine.

Background

In 2022, Colorado voters passed [Proposition 122](#), which required DORA to establish a regulatory framework for the administration of certain natural psychedelics in licensed facilities and to decriminalize the use of certain natural psychedelics (psilocybin, psilocin, dimethyltryptamine, ibogaine, and mescaline, excluding peyote).

[Senate Bill 23-290](#) codified the Natural Medicine Health Act of 2022, modified provisions related to how state departments regulate natural psychedelics by shifting certain responsibilities to the DOR and updated the criminal provisions related to the measure.

[Senate Bill 24-198](#) required DORA to approve facilitator educational programs, and made other clarifications and technical adjustments to the act.

State Revenue

The bill increases revenue from gifts, grants, and donations, as well as name-based background checks, as shown in Table 2 and discussed below.

Table 2
State Revenue

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
Gifts, Grants, and Donations (Exempt)	\$543,465	\$320,648
CBI Identification Unit Cash Fund (Nonexempt)	\$11,050	\$11,050
Total Revenue	\$554,515	\$331,698

Gifts, Grants, and Donations

The bill is assumed to require gifts, grants, and donations to be implemented, equal to the expenditures required by CDPHE, which are \$543,465 in FY 2025-26, and \$320,648 ongoing. Gifts, grants, and donations are not subject to TABOR. The fiscal note assumes CDPHE will not implement the databases unless sufficient gifts, grants, and donations are identified. CDPHE currently has spending authority for gifts, grants, and donations; however, creation of a cash fund may assist with managing this funding.

Background Checks

The bill will also increase state revenue from background checks by \$11,050 per year. Senate Bill 23-290 included a revenue impact for fingerprint-based criminal background checks of \$33,575 per year, assuming 850 checks performed; however, the Federal Bureau of Investigation did not approve background checks for this purpose, and no background checks were performed. The impact of the judicial name-based record check is assumed to generate \$11,050, assuming a mix of online and in-person applications at two different price points. Revenue is credited to the CBI Identification Unit Cash Fund in the Department of Public Safety and is subject to TABOR.

State Expenditures

On net, the bill increases state expenditures by \$450,000 in FY 2025-26 and \$225,000 in FY 2026-27. Costs incurred in CDPHE are conditional upon receipt of sufficient gifts, grants, and donations. Costs reduced in DOR are from the Natural Medicine Division Cash Fund. These impacts are shown in Table 3 and described in the sections below.

Table 3
State Expenditures
All Departments

Department	Budget Year FY 2025-26	Out Year FY 2026-27
Department of Public Health and Environment (GGD)	\$543,465	\$320,648
Department of Revenue (CF)	-\$97,871	-\$97,871
Total Costs	\$445,594	\$222,777

Department of Public Health

CDPHE requires 2.0 FTE in FY 2025-26, reducing to 1.8 FTE in FY 2026-27 and ongoing to oversee the data collection efforts required by the bill, and related computer systems, survey, and consulting costs. These impacts are discussed below and summarized in Table 3A.

Health Effects of Natural Medicine Data

The health effects of natural medicine data will be housed within the Disease Control and Public Health Response Division of CDPHE, which requires 1.0 FTE Statistical Analyst to identify and track the health and behavioral impacts of use of natural medicine. To facilitate this work, the division also requires:

- a data dashboard, estimated at a one-time cost of \$10,000;
- survey-related costs of \$12,684 to add two questions to the annual Behavioral Risk Factor Surveillance System survey, and \$20,000 for a new annual survey of people who use natural medicines outside of healing centers; and
- \$10,000 to consult with toxicologists regarding data interpretation.

Pilot Data Collection

The pilot database will be housed within the Center for Health and Environmental Data, which requires 1.0 FTE Project and Data Manager position, which reduces to 0.8 FTE in FY 2026-27.

The division will use an existing application, the Colorado Health Informatics Data Systems portal, to collect individual-level data, with the addition of a new database created by the Office of Information Technology. Development of the new database is assumed to require 1,520 hours at \$137 per hour, and adding it to the cloud-based platform will cost around \$50,000 per year.

Table 3A
State Expenditures
Department of Public Health and Environment

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$173,460	\$153,214
Operating Expenses	\$2,560	\$2,304
Capital Outlay Costs	\$13,340	\$0
Information Technology Costs	\$270,444	\$85,836
Survey-Related Costs	\$32,684	\$32,684
Consulting	\$10,000	\$10,000
Employee Insurance and Supplemental Retirement	\$40,977	\$36,610
Total Costs	\$543,465	\$320,648
Total FTE	2.0 FTE	1.8 FTE

Department of Revenue

The bill moves a data collection requirement to CDPHE from DOR, resulting in a General Fund savings for 1.0 FTE Data Manager in DOR, as shown in Table 3B. Any rulemaking workload impact is expected to be minimal and absorbable.

Table 3B
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	-\$77,007	-\$77,007
Operating Expenses	-\$1,280	-\$1,280
Centrally Appropriated Costs	-\$19,584	-\$19,584
Total Costs	-\$97,871	-\$97,871
Total FTE	-1.0 FTE	-1.0 FTE

Other State Agencies

The bill requires that data collected by other relevant state agencies, which may include the Department of Health Care Policy and Financing, the Department of Law, the Department of Public Safety, the Behavioral Health Administration, and institutions of higher education, be provided to CDPHE. No change in appropriations is required.

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 include employee insurance and supplemental employee retirement payments, are shown in the expenditure tables above.

Local Government

Similar to the state, local law enforcement agencies will have additional workload to submit data to CDPHE.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

The bill requires and includes a reduction in appropriations of \$78,287 from the Natural Medicine Division Cash Fund to the Department of Revenue, and 1.0 FTE.

Conditional upon receipt of gifts, grants, and donations, the Department of Public Health and Environment will spend \$543,465 in FY 2025-26, and 2.0 FTE. Of this amount, the bill requires and includes \$208,240 in reappropriated funds to the Office of Information Technology.

State and Local Government Contacts

Judicial	Public Safety
Law	Regulatory Agencies
Public Health and Environment	Revenue

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](#).