



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1325: NATURAL MEDICINE

Prime Sponsors:

Rep. Caldwell; Feret
Sen. Ball; Pelton R.

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Fiscal note status: The revised fiscal note reflects the reengrossed bill, as amended by the Senate Health and Human Services Committee and the Senate Appropriations Committee.

Summary Information

Overview. Conditional upon the receipt of gifts, grants, and donations, the bill creates a pilot program on the safety and effectiveness of using ibogaine to treat mental health conditions, and makes other changes to the Natural Medicine Advisory Board.

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

- State Revenue
- State Expenditures

Appropriations. No appropriation is required. The Behavioral Health Administration may expend gifts, grants, and donations without an appropriation.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|---|---------------------------|------------------------|
| State Revenue (Gifts, Grants, and Donations) | \$151,536 | \$154,670 |
| State Expenditures (Gifts, Grants, and Donations) | \$151,536 | \$154,670 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.8 FTE | 1.0 FTE |

The timing of revenue and expenditures may differ from this estimate if gifts, grants, and donations are received in later years. State expenditures only occur if sufficient gifts, grants, and donations are received.

Summary of Legislation

Conditional upon the receipt of \$150,000 in gifts, grants, or donations and federal approval, the bill requires the Behavioral Health Administration (BHA) to create a pilot program on the administration of ibogaine. In addition, the bill changes to the Natural Medicine Advisory Board, updates protections for facilitators, establishes an order of prioritization for natural medicine licenses, grants the Department of Revenue (DOR) authority to establish rules on the administration of ibogaine, creates a new license type, and makes other changes around the regulation of natural medicines. These provisions are discussed in more detail below.

Pilot Program

Conditional upon the receipt of sufficient gifts, grants, or donations and federal approval, the bill establishes a pilot program in the BHA to support research on the safety and effectiveness of using ibogaine to treat mental health conditions and substance use disorders. The program may approve up to five pilot sites based on the recommendations of a review committee. The bill requires the BHA create a process to solicit and select pilot sites, assist pilot sites to complete and submit an investigational new drug application with the federal government and to consider whether to obtain federal research program status. The bill also outlines requirements to become a pilot site, the rules for the program, and reporting requirements of the BHA and pilot sites. Finally, the bill allows the BHA to accept gifts, grants, and donations and to deposit them in the newly created Ibogaine Research Pilot Program Cash Fund.

Definition of Ibogaine

The bill adds ibogaine derived from a semi-synthetic process approved by the Natural Medicine Advisory Board to the definition of natural medicine in the Natural Medicine Act.

Natural Medicine Advisory Board

The bill removes the requirement that members of the Natural Medicine Advisory Board be approved by the Senate, and revises the expertise and experience requirements to apply equally to all 15 board members. The bill also allows the Governor to remove a member if it is determined that changes to the board's composition are necessary to ensure the board possesses the required expertise. The board may make recommendations of additional genera or species of plants that may be cultivated and manufactured to create semi-synthetic ibogaine.

Facilitator Liability

The bill makes facilitators liable for money damages in a malpractice action for a physical or psychological injury only if the injury was the direct result of intentional misconduct, gross negligence, or a deviation from the standards of practice. The provision does not apply to administrative proceedings.

Facilitator Regulation

The bill requires the Department of Regulatory Agencies (DORA) to adopt rules on the requirements for the use and administration of ibogaine to include requirements for medical prescreening, monitoring, oversight, and aftercare.

Site Regulation

The bill requires the Department of Revenue (DOR) to prioritize licenses for natural medicine facilities in the following order:

- applicants who participate in the pilot program;
- applicants who have established residency in Colorado; and
- applicants who demonstrate priority review status as established by rule.

Under current law, additional substances can be considered natural medicines if recommended by the Natural Medicine Advisory Board and approved by the executive director of the DOR and DORA. The bill requires that the DOR have sufficient funding to finance the program before a substance is added. Once sufficient funding is secured, DOR, the board, DORA, the BHA, and the Department of Public Health and Environment must determine the program scope for implementation.

The bill permits the DOR to enact rules to establish different application fees based on the type of natural medicine and requirements for the cultivation, manufacture, testing, or dispensing of ibogaine. Licensees must establish a plan that benefits indigenous communities before cultivating, manufacturing, testing, dispensing, or administering ibogaine. The DOR may collect gifts, grants, and donations for this purpose.

Purchase of Natural Medicines in Healing Centers

The bill creates a new license type—the limited regulated natural medicine sales license—to allow licensees to co-locate within a healing center to sell natural medicine to individuals taking part in an administration session. The DOR may promulgate the necessary rules and fees for the license.

Other Natural Medicine Regulation Changes

The bill removes the prohibition preventing facilitators from having a financial interest in more than five natural medicine business licenses. It gives the DOR permissive rulemaking authority on application procedures and license requirements for healing centers to operate a temporary premises. DOR may temporarily waive or adjust testing requirements for natural medicine products. The bill also allows the director of the Natural Medicine Division to issue an order to cease and desist if an investigation determines a person is violation of natural medicine regulations. Finally, the bill clarifies that state law does not permit a person to:

- advertise bona fide harm reduction services or support services, unless the process falls under the definition of personal use;
- advertise natural medicine or natural medicine products; or
- use harm reduction services or support services to conduct sales of natural medicines.

Background

Ibogaine is a psychoactive molecule that is derived from plants like the iboga plant, which is a shrub native to central Africa. The personal use and possession of ibogaine was decriminalized as a part of Proposition 122. Current law requires the Natural Medicine Advisory Board to study whether ibogaine should be included as part of the Natural Medicine Act and administered in regulated healing centers. In 2025, the [board recommended](#) that ibogaine be included in the definition of natural medicine, subject to the acquisition of the medicine through the Nagoya Protocol. As a result of this recommendation, ibogaine may be included as a natural medicine upon approval of the executive director of DOR.

Assumptions

At the time of this writing, the DOR reports that there are 40 healing center who have a healing center license. Assuming half choose apply for the new limited regulated natural medicine sales license, this will result in an additional 20 licenses being issued.

State Revenue

The bill will increase state revenue from gifts, grants, and donations, and from potential licensing fees, as described below.

Limited Regulated Natural Medicine Sales License

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. These fee amounts are estimates only, actual fees will be set administratively by the DOR based on cash fund balance, program costs, and the number of licenses subject to the fee.

Starting in FY 2026-27, the bill will increase revenue to the DOR from the new natural medicine sales license. Based on the small number of potential applicants, the assumption that licensed healing centers will apply for these permits, and because costs are not expected to increase to regulate this new license, any increase in fees to healing centers is assumed to be minimal.

Ibogaine Pilot Program Licensing

The bill may increase revenue to the DOR to the extent DOR decides to require an additional license for the administration of ibogaine for pilot program sites. Due to the small number of allowed pilot program sights, and the permissive nature of the licensing fee, the fiscal note assumes costs will be paid from the General Fund.

Gifts, Grants, and Donations

Starting in FY 2026-27, the bill increases state cash fund revenue to the Ibogaine Research Pilot Program Cash Fund by an estimated \$150,000 per year to implement the bill. Gifts, grants, and donations are not subject to the state’s TABOR limit.

State Expenditures

The bill increases state expenditures by \$152,000 in FY 2026-27 and \$155,000 in FY 2027-28 and ongoing for the duration of the pilot program. These costs, paid from the gifts, grants, and donations deposited in the Ibogaine Research Pilot Program Cash Fund, will be incurred in the Behavioral Health Administration, as shown in Table 2 and described in the sections below. The bill will also increase workload in the Department of Regulatory Agencies and DOR.

Table 2
State Expenditures
Behavioral Health Administration

| Cost Component | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$82,626 | \$103,283 |
| Operating Expenses | \$1,024 | \$1,280 |
| Capital Outlay Costs | \$7,000 | \$0 |
| Legal Services | \$41,600 | \$26,000 |
| Centrally Appropriated Costs | \$19,285 | \$24,107 |
| Total Costs | \$151,535 | \$154,670 |
| Total FTE | 0.8 FTE | 1.0 FTE |

Behavioral Health Administration

The BHA will have staff and contract service costs beginning in FY 2026-27 to implement the bill.

Staff

The BHA requires 1.0 FTE to oversee the pilot program. Duties will include rulemaking oversight and coordination, seeking and reviewing applications for the pilot program, coordinating with necessary stakeholders including the federal government, providing support and technical assistance to pilot sites, and to provide oversight to contracts for evaluation. Standard operating and capital outlay costs are included, and staff are prorated for a September 1 start date.

Contract Services

The BHA will contract for consultation from external experts on the use of ibogaine, clinical research process, and to evaluate the impact of the program. Contract costs are estimated at \$104 per hour at 400 hours in FY 2026-27 and 250 hours in FY 2027-28. Costs in the first year are higher due to additional hours for consultation as the program is established.

Department of Revenue

The bill increases workload to the DOR to issue and oversee the new natural medicine sales license and to establish additional rules for that license. Due to the assumed low number of applicants, any increase in workload is assumed to be minimal.

In addition, the bill requires that the DOR receive sufficient funds before regulation of a recommended natural medicine may begin. The fiscal note assumes that if a natural medicine is recommended for regulation, the DOR will request funding through the annual budget process. For informational purposes, it is estimated that \$520,000 and 5.0 FTE is required to create a regulatory program for ibogaine.

Department of Regulatory Agencies

The bill increases workload in the Department of Regulatory Agencies to make necessary rule and guideline changes for facilitator, clinical facilitator, and training license types. This workload 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 include employee insurance and supplemental employee retirement payments are shown in the table above.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, except that most subsections of Section 2 of the bill only take effect upon receipt of \$150,000 in gifts, grants, or donations to the BHA.

State and Local Government Contacts

Behavioral Health Administration

Regulatory Agencies

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](#).