



Colorado Chamber
FOUNDATION

REGULATORY LANDSCAPE
UPDATE
2025



PREPARED BY



About This Report

Report Background

This Colorado Regulatory Landscape 2025 Update is based on a comprehensive 2024 StratACUMEN report that examined the unintended business and economic consequences of regulations and business restrictions throughout the state of Colorado.

The key metrics presented here contain updated 2025 data where available, along with estimates prepared by the StratACUMEN team based on validated trends where actual data is not yet available. This update provides policymakers and stakeholders with current insights into Colorado's regulatory environment and its impact on business operations and economic growth.

The original comprehensive report is available at: cochamber.com/regulation-report



Expert Project Team



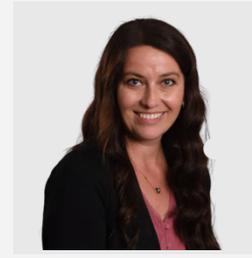
Dr. Memo Diriker

Director Emeritus of the Business, Economic, and Community Outreach Network (BEACON) at Salisbury University. Extensive expertise in regulatory economics and business impact analysis.



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Director of the Menard Family Center for Economic Inquiry at Creighton University. Specializes in economic policy research and workforce sustainability studies.



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Senior Partner at the StratACUMEN Group. Leads strategic economic consulting projects with focus on regulatory impact assessment, business dynamism.

Collectively, the members of this project team have over 70 years of experience studying how regulations and business restrictions shape economic behavior, business dynamism, and workforce sustainability within societies. Their combined expertise in economic analysis, regulatory frameworks, and policy evaluation ensures rigorous methodology and credible findings.

Total State-Level Business Restrictions

205,000+

**State-level business restrictions
affecting Colorado businesses in
2025**

Federal Context:

In addition to state restrictions, Colorado businesses face approximately **1.5 million federal regulations**, though state-level regulations remain the primary focus for policy reform at the state level.

State Regulatory Growth from 2024 to 2025

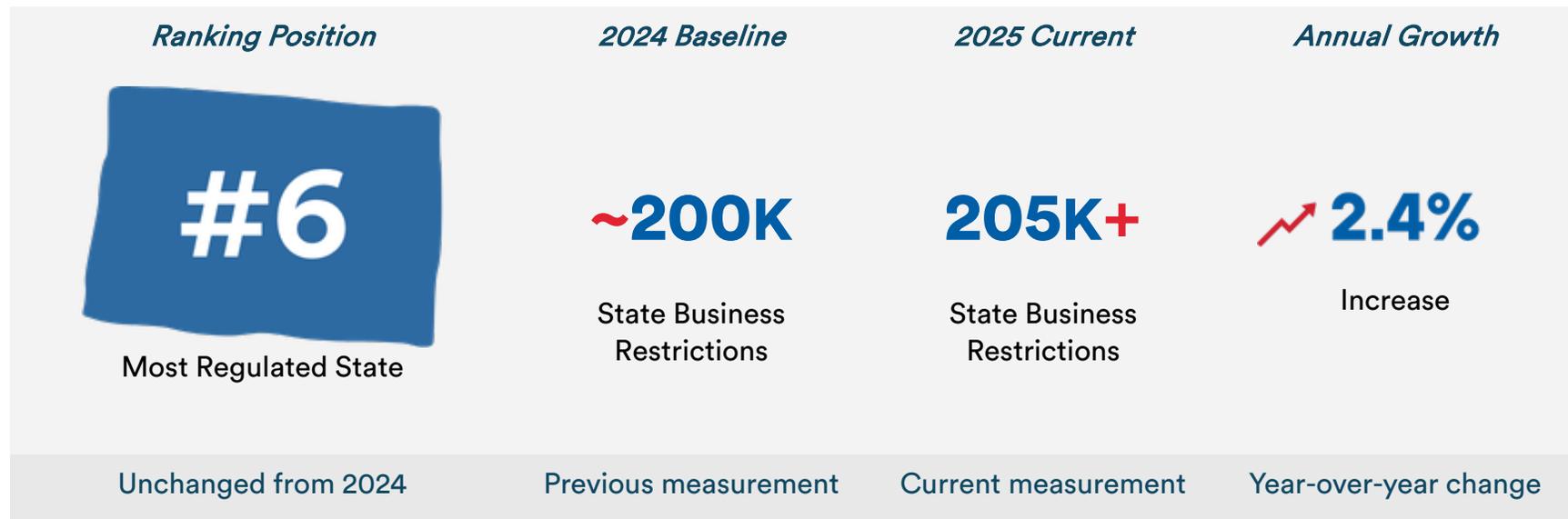
Colorado has experienced a considerable increase in state-level business restrictions over the past year. The number of restrictions has grown from just under 200,000 in 2024 to over 205,000 by the end of 2025. This represents a continued expansion of the regulatory environment that Colorado businesses must navigate.

These restrictions typically contain imperatives such as "shall," "required to," and "prohibited," creating mandatory compliance obligations for businesses across all sectors. Each restriction adds to the administrative burden, compliance costs, and operational complexity that companies face when conducting business in Colorado.

Note: The figure of "205,000+" reflects the structural complexity of the regulatory code, which contains layered, cross-referenced, and interdependent provisions. For reporting clarity and consistency, the total is presented as a rounded threshold rather than a single-point value.

Colorado's National Ranking: 6th Most Regulated State

For 2025, Colorado has remained the 6th most regulated state in the nation, maintaining its position from the previous year. The absolute number of state-level business restrictions continues to climb; the number of restrictions went from approximately 200,000 in 2024 to over 205,000 by the end of 2025, representing a 2.4% increase in regulatory burden.

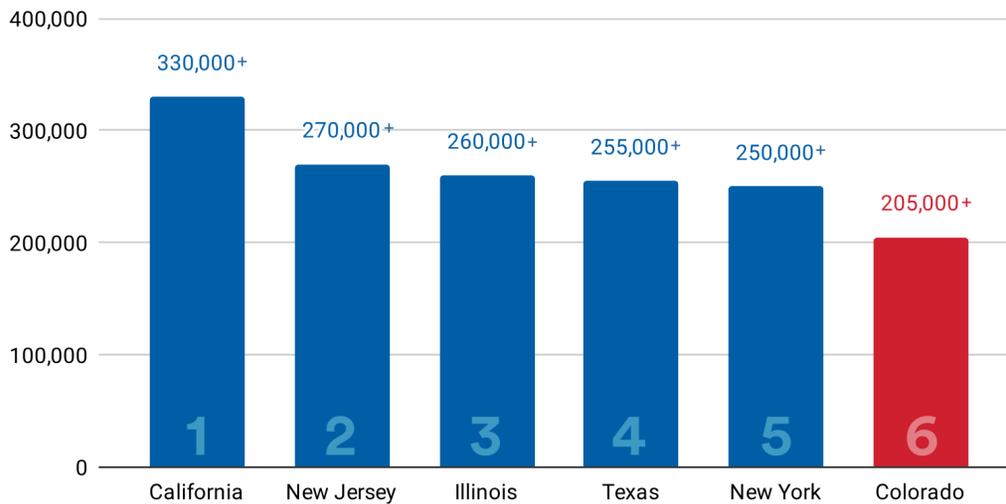


This consistent ranking among the most heavily regulated states places Colorado in a challenging competitive position relative to states with lighter regulatory burdens. The continued growth in restrictions suggests an ongoing trend toward increased regulatory complexity that businesses must manage.

Comparison with Most Regulated States

States With the Highest Number of Business Restrictions

As of 12/2025. Source: The StratACUMEN Group.



This comparison illustrates Colorado's position among the nation's most heavily regulated states. While Colorado ranks 6th overall, it faces significantly fewer restrictions than the top three states (California, New Jersey, and Texas), but maintains a substantially higher regulatory burden than most other states across the nation. The gap between Colorado and less-regulated states represents opportunities for policy reform and competitive advantage through streamlined regulatory frameworks.

Growth Rate of State Business Regulations



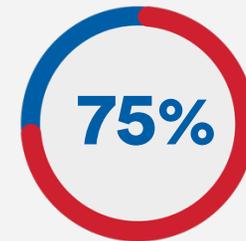
Environmental Regulations: Ranked 7th Nationally



Most Regulated Nationally
Environmental regulations

60K+

Total Environmental Restrictions
Estimated by end of 2025



Above Average
Compared to U.S. State Average

Environmental regulations and their related business restrictions constitute a large part of the hurdles and obstacles businesses face in Colorado. The state's **7th place** ranking means that there are **43 states** in the country where businesses face fewer such hurdles and obstacles in the environmental compliance arena.

The StratACUMEN project team estimates that by the end of 2025 the number of environmental and workforce-related regulations has grown to **over 60,000** from slightly above 53,000 in 2024. This number puts the state **75% above the U.S. average**. This represents a higher compliance burden, particularly for industries in manufacturing, energy, construction, and natural resources. The negative impacts of these burdens are felt more by the smaller Colorado businesses.

These regulations cover areas including air quality standards, water resource management, waste disposal requirements, emissions controls, land use restrictions, and workplace safety provisions. While many regulations serve important public health and environmental protection goals, the cumulative effect creates substantial administrative and financial burdens for businesses operating in the state.

Note: Environmental regulation estimates use a different methodology than the business restriction counts and are not comparable. Counts also include spillover effects across sectors (e.g., manufacturing regulations also counted as environmental).

Employment Impact Scenarios: Understanding Regulatory Burden

These models help quantify the employment costs associated with regulatory growth. Looking at this from a statewide perspective, we can estimate that a 10% annual increase in regulations translates into approximately 9,000 fewer firms and 36,000 fewer jobs across Colorado's economy. This demonstrates the substantial real-world impact that regulatory policy decisions have on Colorado's business landscape and employment opportunities.

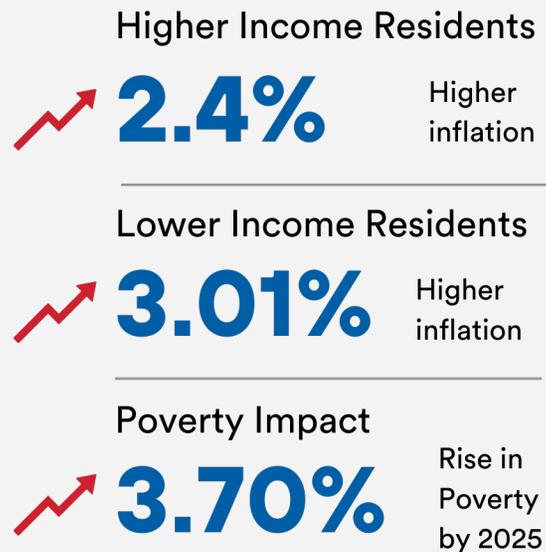
For each 10% increase in regulations:

<i>Compliance Costs Impact</i>	<i>Lost Sales Impact</i>	<i>Unintended Consequences</i>
-2.71	-3.50	-1.79
Annual Job Loss Per Firm	Annual Job Loss Per Firm	Annual Job Loss Per Firm
A 3.6% reduction in restrictions could enable an average Colorado business to hire one additional employee , all other factors being equal	A 2.9% reduction in restrictions could enable an average Colorado business to hire one additional employee through recovered sales capacity.	A 5.6% reduction in restrictions could enable an average Colorado business to hire one additional employee by reducing indirect regulatory impacts.

Note: These scenarios are NOT forecasts. They are analytical models that examine Compliance Costs, Lost Sales, and other Unintended Consequences if regulations were to increase by 10% in a year based on 2025 estimates. These estimates are 0.01% higher than the 2024 estimates. Each scenario is independent from the others, so these numbers are not cumulative.

Differential Inflation Impact by Income Level

Regulations Increase Costs Unequally



Regulations don't affect all Coloradans equally. The compliance costs and market restrictions created by regulations ultimately get reflected in consumer prices, but these price increases have disparate impacts across different income groups. Understanding these differential effects is crucial for crafting equitable policy solutions.

Lower income households experience a 0.61% higher inflation impact than higher income groups due to regulatory costs. This disparity exists because the goods and services consumed by lower income groups tend to be more price sensitive and represent a larger share of household budgets.

Essential items like food, housing, utilities, and transportation are heavily affected by regulations, and these items constitute a much larger portion of lower income household expenditures. This means that regulatory costs get passed through to those least able to absorb price increases.

Key Findings and Policy Implications

Sustained High Ranking

Colorado maintains its position as the **6th most regulated state**, with over 205,000 state-level business restrictions by the end of 2025, representing a 2.4% annual increase from approximately 200,000 restrictions in 2024.

Employment Consequences

Modeling suggests that a 10% increase in regulations could result in approximately **9,000 fewer firms and 36,000 fewer jobs statewide**, with varying impacts depending on whether businesses face compliance costs, lost sales, or other unintended consequences.

Environmental Regulatory Burden

With over 60,000 environmental and workforce regulations, Colorado ranks **7th nationally** and stands **75% above the US average**, creating significant compliance challenges for businesses across multiple sectors.

Economic Equity Concerns

Lower-income households experience inflation impacts that are 0.61% higher than higher-income groups, partly due to regulatory costs being passed through to consumers in price-sensitive markets.

This updated analysis demonstrates that Colorado's regulatory environment continues to present significant challenges for business growth, employment expansion, and economic competitiveness. While regulations serve important public policy objectives, the cumulative burden suggests opportunities for strategic regulatory reform that could enhance Colorado's business climate while maintaining essential protections. Policymakers should consider how targeted reforms might reduce compliance costs, support job creation, and improve economic outcomes, particularly for vulnerable populations most affected by regulatory-driven price increases.



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