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Compliance Connection

June 2026

Federal Compliance Update

PCORI Fees Due July 31, 2026 – Updated Form 720

The IRS released an updated Form 720 for Patient-Centered Outcomes Research Institute (PCORI) filing.

Who Must File Form 720 for PCORI Fees?

The Patient-Centered Outcomes Research Institute (PCORI) fee is an annual fee established under the Affordable Care Act to fund medical research that helps patients and healthcare providers make more informed treatment decisions. The fee is reported and paid to the IRS using Form 720, Quarterly Federal Excise Tax Return, even though most employers file it only once each year.

Employers Required to File Form 720

Generally, an employer must file Form 720 and pay the PCORI fee if it sponsors an applicable self-insured (self-funded) health plan, including:

- Traditional self-funded medical plans
- Level-funded health plans
- Health Reimbursement Arrangements (HRAs), including:
    - Integrated HRAs
    - Individual Coverage HRAs (ICHRAs)
    - Qualified Small Employer HRAs (QSEHRAs)
- Certain other self-insured medical reimbursement arrangements

The employer (or plan sponsor) is responsible for calculating the average number of covered lives during the plan year and paying the applicable fee to the IRS.

Employers required to pay PCORI fees must report and pay the 2**025** PCORI fees by July 31, 2026, using the updated IRS form. Insurers are responsible for calculating and paying the fee for fully insured plans.

The following fees apply to plan years that ended in 2025 and are based on the number of covered lives:

- $3.47 per covered life for plan years ending between January 1 and September 30, 2025
- $3.84 per covered life for plan years ending between October 1 and December 31, 2025

Form 720 and Form 720-V should be completed for the second quarter of 2026.

DOL Clarifies Employer Contributions to Trump Accounts Generally Do Not Create ERISA Plans

On June 17, 2026, the U.S. Department of Labor (DOL) issued guidance (Technical Release 2026-02) on whether Trump Accounts may be employee pension benefit plans subject to the Employee Retirement Income Security Act (ERISA), including when employers make contributions through an Internal Revenue Code (Code) Section 128(c) Trump Account Contribution Program.

Technical Release 2026-02 provides that Trump Accounts and Trump Account Contribution Programs generally will NOT constitute employee pension benefit plans subject to ERISA. This guidance provides clarity for employers that are considering implementing a Trump Account Contribution Program. According to this guidance:

- Employer contributions to Trump Accounts will not generally result in ERISA coverage for a Trump Account or the contribution arrangement where they occur only during the growth period; and
- Employer involvement with a Trump Account and a contribution arrangement in periods beyond an account beneficiary's growth period should be limited in accordance with the payroll safe harbor conditions for individual retirement accounts (IRAs) in 29 CFR 2510.3-2(d) to avoid ERISA status.

Trump Accounts

Trump Accounts are a new type of traditional IRA established by authorized individuals for the benefit of eligible children. Contributions to Trump Accounts may start July 4, 2026, and can be made by anyone, including parents or guardians, grandparents, employers, philanthropic contributors or any other source. Under a pilot program, children born between 2025 and 2028 may be eligible to receive a special $1,000 contribution to their Trump Accounts from the federal government if certain requirements are met.

Contributions are subject to an annual limit of $5,000 (subject to cost-of-living adjustments after 2027), although certain types of contributions are not counted toward this limit, such as the federal government's $1,000 pilot program contribution. The accounts are treated similarly to traditional IRAs for tax purposes, with special rules applying during a "growth period" that ends on Dec. 31 of the year before the calendar year in which the child reaches age 18.

Employers can contribute to the Trump Account of an employee or an employee's dependent pursuant to a Code Section 128(c) Trump Account Contribution Program. These contributions are not includible in the employee's income for federal tax purposes. Contributions are limited to $2,500 per employee per year, subject to cost-of-living adjustments after 2027. This program must be established pursuant to a written plan document and meet certain tax rules that apply to dependent care assistance programs regarding discrimination, eligibility, notifications and benefits.

Also, a Trump Account Contribution Program may be offered via salary reduction under a Section 125 cafeteria plan if the contribution is made to the Trump Account of an employee's dependent, but not if the contribution is made to the Trump Account of the employee.

Non-ERISA Status

ERISA's definition of "employee benefit pension plan" focuses on employer-established arrangements that provide retirement benefits to employees. According to the DOL, Trump Accounts and Trump Account Contribution Programs that benefit employees' dependents do not meet this definition because they do not provide benefits for employees themselves.

Also, the DOL's guidance provides that Trump Account Contribution Programs that benefit employees (e.g., employees who are age 16 or 17) could potentially trigger ERISA coverage; however, employer contributions to Trump Accounts during the growth period will not give rise to an ERISA-covered plan where participation is voluntary for employees, and the employer does not:

- Impose conditions on utilization of Trump Account funds beyond those permitted under the Code;
- Make or influence the investment decisions with respect to funds contributed to a Trump Account;
- Represent that the Trump Accounts or Trump Account Contribution Program is an employee pension benefit plan or an employee welfare benefit plan established or maintained by the employer; or
- Receive any payment or compensation in connection with a Trump Account.

After the growth period, a Trump Account is generally subject to the rules that apply to traditional IRAs. To avoid ERISA plan status, employer involvement with a Trump Account after the growth period should be limited in accordance with the payroll safe harbor conditions for IRAs in 29 CFR 2510.3-2(d).

State Compliance Update

Colorado Employment Law Impacts for 2026 and Beyond

HB26 – 1143 Non-Employment Educational Opportunities Background Check Information

https://leg.colorado.gov/bills/HB26-1143
Status: Signed into law by Governor Jared Polis on June 3, 2026.

Effective date
The act takes effect 90 days after adjournment of the legislative session, unless a referendum petition is filed.

What the law does
HB26-1143 is designed to remove barriers for individuals who do not have a Social Security number when applying for non-employment-based educational opportunities that require a background check.

The law:

- *Requires acceptance of an Individual Taxpayer Identification Number (ITIN)*
  - If an organization requires a Social Security number to conduct a background check for a non-employment educational opportunity, it must generally accept an ITIN instead of a Social Security number, subject to certain exceptions.
- *Applies to unpaid educational opportunities*
  Examples include:
  - Unpaid internships
  - Volunteer positions
  - Pre-apprenticeships
  - Clinical rotations or clinical educational experiences required for graduation or professional licensure.
- *Creates special rules for hospitals and schools*
  - Licensed or certified hospitals and certain schools that serve vulnerable populations may accept a fingerprint-based background check instead of requiring an ITIN.
  - State colleges and universities offering programs involving vulnerable populations may choose to accept either:
    - an ITIN, or
    - a fingerprint-based background check.
- *Allows limited exceptions*
  A Social Security number may still be required when federal or state law, accreditation requirements, grant requirements, or certain reimbursement processes specifically require one.
- *Creates enforcement and penalties*
  - The Colorado Attorney General may enforce the law through civil actions.
  - Civil penalties are:
    - **$2,000** for a first violation.
    - **$5,000** for each subsequent violation.

Impact on Colorado employers
Most private employers: Minimal or no direct impact.
This law does not apply to employment positions. It specifically excludes positions that constitute employment under Colorado law.

Organizations that may be affected include:

- Hospitals
- Health care systems
- Universities and colleges
- K-12 schools
- Nonprofits

- Organizations that host unpaid interns, volunteers, clinical students, or other non-employment trainees requiring background checks.

Affected organizations should:

- Review background check policies and forms.
- Update procedures so applicants for covered unpaid educational opportunities are not automatically required to provide a Social Security number.
- Train HR, volunteer coordinators, student placement staff, and compliance personnel on the new requirements.
- Coordinate with background check vendors to ensure ITINs or fingerprint-based checks can be processed where required.

Bottom line

HB26-1143 is not a general employment law. Instead, it affects organizations that administer unpaid educational, clinical, internship, or volunteer opportunities requiring background checks. For most Colorado employers, there is little direct impact unless they sponsor or host these types of non-employment educational programs.

HB26 – 1207 Disclosure of Demographic Workforce Data https://leg.colorado.gov/bills/HB26-1207

Status: Signed into law by Governor Jared Polis on June 4, 2026.

Effective date

The law becomes effective July 1, 2027, assuming no referendum petition is filed. Covered employers must begin reporting with their first Colorado periodic report due on or after July 1, 2027.

What the law does

HB26-1207 creates a state-level workforce demographic reporting requirement for certain private employers.
Specifically, the law:

- Requires certain employers to submit EEO-1 workforce demographic data to the Colorado Secretary of State as part of their periodic business filings.
- Applies to private employers conducting business in Colorado with 100 or more employees that were required to file an EEO-1 report with the EEOC as of March 1, 2026.
- Requires reporting even if the federal government eliminates or changes EEO-1 reporting requirements. The law ties the required data to the federal EEO-1 form as it existed on March 1, 2026, ensuring Colorado continues to receive workforce demographic information regardless of future federal action.

Impact on Colorado employers

Who is affected?

- Private employers with 100 or more employees that conduct business in Colorado and meet the EEO-1 reporting criteria.
- The law does not apply to:
    - State agencies
    - Local governments
    - Federal agencies
    - School districts
    - Institutions of higher education
    - Certain quasi-governmental entities.

Employer action items

Covered employers should prepare to:

- Review current EEO-1 demographic data collection processes.
- Ensure demographic information is accurate and complete.
- Coordinate with HR, legal, and compliance teams regarding Colorado's new filing requirements.
- Monitor guidance from the Colorado Secretary of State regarding the reporting format and filing procedures.
- Continue collecting EEO-1 data even if federal reporting requirements are reduced or eliminated.

Practical considerations
While the law largely mirrors existing federal EEO-1 reporting, it introduces several new compliance considerations:

- Colorado has created an independent state reporting obligation that survives any future repeal of federal EEO-1 reporting.
- The statute leaves some implementation questions unanswered, such as the precise scope of employees to be reported and how reported data will be treated for confidentiality or public records purposes. Additional guidance from the Secretary of State is expected before the reporting requirement takes effect.

Bottom line
HB26-1207 establishes one of the nation's first state-mandated EEO-1 reporting requirements. Beginning July 1, 2027, covered private employers with 100 or more employees must include workforce demographic (EEO-1) data in their Colorado periodic business filings, regardless of whether the federal government continues to require EEO-1 reporting. Employers should begin evaluating their demographic data collection and reporting processes well before the effective date.

HB26 – 1272 Extreme Temperatures Worker Protections https://leg.colorado.gov/bills/HB26-1272
Status: Signed into law by Governor Jared Polis on June 4, 2026.

Effective date
The law takes effect 90 days after adjournment of the legislative session, unless a referendum petition is filed.

What the law does
HB26-1272 is Colorado's first broad workplace law addressing both extreme heat and extreme cold across industries. It establishes a phased approach, directing the Colorado Department of Labor and Employment (CDLE) to develop standards and requiring employers to implement temperature-related safety measures over time.

The law requires CDLE to:

- Collect statewide data on temperature-related workplace injuries, illnesses, and emergencies beginning **January 15, 2027**, including:
    - Creating a public reporting platform.
    - Collecting data from the Colorado Department of Public Health and Environment (CDPHE), Workers' Compensation, and other state sources.
- Develop a Model Temperature-Related Injury and Illness Prevention Plan (TRIIPP) by **July 1, 2028**. The model plan must include guidance on:
    - Access to cool, potable drinking water
    - Cool-down and warm-up rest areas
    - Temperature monitoring
    - Acclimatization for new and returning workers
    - Employee training
    - Emergency response procedures.
- Adopt rules as needed to implement the law and review/update the model TRIIPP at least every five years.

Employer requirements
Employers with workers exposed to extreme heat or cold will eventually be required to:

- Develop and maintain a Temperature-Related Injury and Illness Prevention Plan (TRIIPP).
- Submit the TRIIPP to CDLE by September 1, 2028.
- Provide temperature safety training that meets CDLE standards.
- Follow future CDLE rules regarding plan updates and implementation.

Who is affected?
The law broadly applies to employers with workers exposed to extreme temperatures, including many:

- Construction employers
- Landscaping companies
- Public works departments
- Utilities
- Agriculture

- Warehousing and manufacturing
- Delivery and transportation employers
- Indoor workplaces where temperatures become dangerously hot or cold.

Impact on Colorado employers
Although many of the detailed requirements will not be implemented until CDLE issues guidance and model plans, employers should begin preparing now by:

- Identifying jobs with heat or cold exposure.
- Reviewing current practices for:
  - Drinking water availability
  - Shade, cooling, warming, and rest breaks
  - Emergency response procedures
  - Acclimatization of new employees
  - Supervisor and employee training.
- Monitoring CDLE rulemaking during 2027–2028 for specific compliance requirements.

Bottom line
HB26-1272 creates a statewide framework for protecting workers from extreme heat and cold. While employers are not required to submit prevention plans until September 1, 2028, the law takes effect on August 12, 2026, and begins a phased rollout that includes state data collection, development of model prevention plans, future rulemaking, and mandatory employer training. Employers with outdoor or temperature-exposed workforces should begin evaluating their safety programs well before the compliance deadlines.

SB26 – 047 Colorado Firefighter Safety Act Petition Elections https://leg.colorado.gov/bills/SB26-047
Status: Signed into law by Governor Jared Polis on April 20, 2026.

Effective date
The law takes effect 90 days after adjournment of the legislative session, unless a referendum petition is filed.

What the law does
SB26-047 makes a procedural change to the Colorado Firefighter Safety Act by expanding the types of elections in which voters may decide whether firefighters employed by a local government will have collective bargaining rights.

Specifically, the law:

- Expands the definition of "general election" to include coordinated elections under Colorado's Uniform Election Code. This allows petitions concerning firefighter collective bargaining to appear on a broader range of election ballots.
- Updates election terminology by replacing the outdated term "general municipal election" with "regular municipal election" to align with current Colorado election law.

Impact on Colorado employers
Most Colorado employers: No impact.
This law affects only local government employers with fire departments that are subject to the Colorado Firefighter Safety Act. For affected public employers, the law:

- Makes it easier for voters to place firefighter collective bargaining questions on the ballot by allowing those questions to appear during coordinated elections.
- May increase the opportunities for firefighters to seek voter approval for collective bargaining rights.
- Does not change the collective bargaining process itself or create new bargaining obligations absent voter approval.

Bottom line
SB26-047 is a local government labor relations and election law, not a general employment law. It broadens when voters can consider petitions related to firefighter collective bargaining by allowing those measures to appear on coordinated election ballots. Private employers have no compliance obligations under this law.

SB26 – 052 Coal Transition Community Investment https://leg.colorado.gov/bills/SB26-052
Status: Signed into law by Governor Jared Polis on March 9, 2026.

Effective Date
The bill includes a safety clause, so it became effective March 9, 2026.

What the law does
SB26-052 is intended to support communities impacted by coal mine and coal-fired power plant closures by creating employment opportunities for displaced workers and providing greater flexibility in how transition funds are invested.

The law:
- Creates a hiring preference for qualified coal transition workers in designated coal transition communities.
- Applies to covered businesses operating in those communities that construct or operate:
  - Railroads,
  - Utilities,
  - Energy generation facilities, or
  - Advanced manufacturing facilities.
- Requires covered businesses to make good-faith efforts to provide a first and preferred opportunity for employment to qualified coal transition workers. A non-qualified applicant may be hired only if:
  - No qualified coal transition worker applies,
  - Qualified workers decline the job offer, or
  - Qualified workers are less qualified than other applicants.

The law also requires covered businesses to:
- Consult with the Colorado Just Transition Office and other designated organizations to identify qualified workers.
- Submit an annual report to the Just Transition Office if a qualified coal transition worker applied, including:
  - Positions filled,
  - Number of qualified coal transition workers hired,
  - Number of non-qualified workers hired, and
  - Recruitment efforts undertaken to attract qualified coal transition workers.

Additionally, the law allows public entities to invest settlement or transition funds received because of coal facility closures using a broader range of investment options approved under their investment policies.

Impact on Colorado employers
Most Colorado employers: No impact.
The law applies only to covered businesses operating in designated coal transition communities and engaged in specific industries.
Covered employers should:
- Review hiring practices to ensure qualified coal transition workers receive the required hiring preference.
- Develop procedures to document good-faith recruitment efforts.
- Coordinate with the Just Transition Office when recruiting.
- Prepare to complete annual reporting if qualified coal transition workers apply for employment.

Bottom line
SB26-052 is a targeted workforce development law, not a statewide employment law. It creates a hiring preference and reporting requirements for certain employers operating in Colorado's coal transition communities while expanding investment options for public entities managing coal transition funds. For the vast majority of Colorado employers, the law creates no new compliance obligations.

SB26 – 093 Workers' Compensation Insurance Coverage Verification https://leg.colorado.gov/bills/SB26-093
Status: Signed into law by Governor Jared Polis on May 29, 2026.

Effective Date
The bill includes a safety clause, so it became effective May 29, 2026.

What the law does
SB26-093 is intended to improve compliance with Colorado's workers' compensation insurance requirements in the construction industry.

The law requires that:
- Applicants for building permits or construction permits for projects with a total construction cost exceeding $1 million must, before work begins, submit a signed declaration under penalty of perjury verifying that every person working under the permit will maintain valid workers' compensation insurance coverage throughout the project.
- Any person may file a complaint with the Colorado Division of Workers' Compensation alleging that an employer or contractor is not maintaining the required workers' compensation insurance coverage.

Impact on Colorado employers
Most Colorado employers: No impact.
The law primarily affects:
- General contractors
- Construction companies
- Developers
- Businesses performing work on construction projects requiring permits exceeding $1 million in total construction costs.

Covered employers should:
- Verify that workers' compensation insurance is maintained for all employees working under the permit.
- Review subcontractor agreements and onboarding procedures to ensure subcontractors maintain required workers' compensation coverage.
- Keep documentation supporting the required declaration in case of an audit or complaint.
- Understand that noncompliance could result in investigations and potential delays to construction projects.

Bottom line
SB26-093 strengthens enforcement of Colorado's existing workers' compensation laws for large construction projects by requiring permit applicants to certify workers' compensation coverage before work begins and by creating a formal complaint process for alleged noncompliance. While the law creates new compliance obligations for construction employers, it has little or no impact on employers outside the construction industry.

Colorado Updates Voting Leave Law
Colorado recently updated its voting leave law to require employers of all sizes to allow employees to take leave to vote on *any day* that voter service and polling centers are open. (Previously, voting leave was only required on the day of the election.)

Employers don't have to grant leave if an employee has at least three consecutive hours during which they're not scheduled to work while the polls are open.

HB 26-1113 was signed by the governor on June 1, 2026, and took immediate effect.

Colorado Requires EEO-1 Data in State Business Filings
Beginning July 1, 2027, certain employers with 100 or more employees will need to include federal EEO-1 data in their Periodic Reports filed with the Colorado Secretary of State. Employers covered by this requirement are those that:
- Are required to file Periodic Reports with the Colorado Secretary of State (these reports have to be filed by certain state-registered business entities, like LLCs and corporations), *and*
- Were (or would have been) required to submit EEO-1 data to the EEOC as of March 1, 2026.

Notably, even if the federal government eliminates the federal EEO-1 requirement, covered employers will still need to include the data that was covered by the EEO-1 in their Periodic Reports.

HB 26-1207 was signed by the governor on June 4, 2026.

Colorado Restricts Employer Retention of Employee IDs

Colorado recently enacted a law that prohibits employers of all sizes from taking, keeping, or otherwise requiring applicants or employees to surrender their government- issued ID. The law was signed by the governor on June 3, 2026, and became effective immediately.

Employers *can* hold an employee's ID during the Form I-9 process and make any necessary copy, but only for as long as it takes to verify their employment eligibility and for no longer than 10 hours. Once employment eligibility is verified and any copy made, the ID must be returned to the employee. Employers can retain the copy.

Notice Requirement

When verifying employment eligibility, employers need to give employees written notice about how their ID can be held and used. The notice needs to be provided in English and in the individual's primary language (if the employer knows it isn't English). Employers need to get an acknowledgment from the employee confirming that they received the notice and keep a record of both the notice and the acknowledgment.

The law doesn't say whether a template notice will be provided or how long employers need to retain notice and acknowledgment records. We recommend keeping them for at least as long as you retain other employment records.

Action Items

Begin providing written notice and collecting acknowledgments as required. Ensure that those verifying employment eligibility are aware that they need to be returning documents promptly.

CO HB 26-1283 was signed by the governor on June 3, 2026.

Compliance Calendar

July

7/31 – Form 5500 Filing Deadline (Calendar Year Plans)
7/31 – PCORI Fee Deadline

August

8/1 – VETS – 4212 Filing Open (federal contractors)

September

9/30 – Summary Annual Report (SAR) Deadline for Calendar Year Plans