Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation

Placed on the ballot by citizen initiative • Passes with a majority vote

Proposition 137 proposes amending the Colorado statutes to:

- direct a portion of existing sales tax revenues from purchases and rentals of sporting goods to be used for certain conservation, wildfire risk mitigation, and outdoor recreation programs; and
- exempt that money from the state's constitutional revenue limit, reducing the amount of money collected above the limit that is returned to taxpayers.

What Your Vote Means

YES

A "yes" vote on Proposition 137 directs existing sales tax revenue collected from sales of sporting goods to be spent on certain conservation, wildfire risk mitigation, and outdoor recreation programs, and exempts it from state revenue limitations.

NO

A "no" vote on Proposition 137 keeps the sales tax revenue collected from sporting goods in the state's general budget and subject to the state's revenue limit, with the revenue either spent on priorities decided annually by the legislature or refunded to taxpayers when required.

Summary and Analysis of Proposition 137

What does Proposition 137 do?

The measure requires that state sales tax revenue collected from purchases and rentals of sporting goods be spent on certain programs. These include:

- conservation programs that support parks, open spaces, and wildlife;
- wildfire risk management and mitigation, forest management and restoration, and a fund for damages that may arise from prescribed fires;
- watershed restoration projects;
- outdoor education and recreation programs; and
- outdoor access and equity improvements, which could include programs that give opportunities to underserved youth and families.

The measure applies to most sporting goods categories and does not change the price of sporting goods or the amount of tax collected. Sporting goods include bicycles, golf equipment, hunting and fishing equipment, camping equipment, boats, recreational vehicles, and campers. It also includes rental services for recreational, sports, and fitness equipment.

The measure exempts this portion of state sales tax revenue from the state's constitutional revenue limit, known as the Taxpayer's Bill of Rights (TABOR) limit. The amount directed to these efforts will be calculated by Legislative Council Staff, the nonpartisan research agency of the General Assembly. For state budget year 2027-28, this is currently estimated to be $175 million.

Will this measure apply to sporting goods revenue in all future years?

In some years, the measure will not direct the full amount of sales tax revenue collected from sporting goods to the identified purposes. This would occur if exempting the revenue from the TABOR limit would reduce two state tax credits available to low- and moderate-income households.

How will the revenue be used?

The measure is estimated to direct about $175 million per year towards the identified conservation purposes, which would be in addition to the approximately $114 million that those efforts currently receive. This amount includes only the specific programs that receive increased funding under the measure and does not include other existing funds for general conservation efforts. The estimated distribution of sales tax revenue directed by the measure is shown in Figure 1 and discussed below.

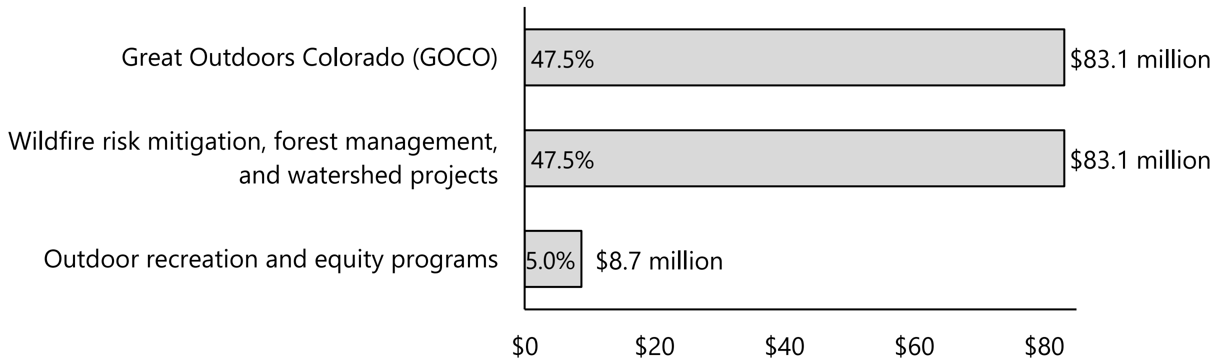
- **Great Outdoors Colorado (GOCO).** About $83.1 million would be dedicated to GOCO, an organization established in the state constitution that funds parks, trails, and wildlife projects through grants to local governments, the state, and other conservation efforts. GOCO is funded by the state lottery, amounting to about $90 million annually, and currently receives no state funding from taxes.

- **Wildfire risk mitigation, forest management, and watershed restoration projects.** About $83.1 million would be dedicated to these efforts per year. In budget year 2027-28, a one-time investment of $10.0 million would be made out of the total funding available to pay for damages that may arise from the use of prescribed fires. These wildfire risk mitigation and forest management efforts currently receive about $16.4 million annually from the state, which is largely awarded through grants from state agencies for fuels reduction in forests and other risk mitigation projects near developed areas. Watershed restoration projects and water projects reducing risk of post-wildfire floods currently receive about $5 million annually from the state.

- **Outdoor recreation, economic development, and equity programs.** The remaining revenue, about $8.7 million, would be dedicated to outdoor recreation and equity programs funded through the Colorado Office of Economic Development and International Trade and Colorado Parks and Wildlife. These programs currently receive about $800,000 from the state annually. The funding is used to support outdoor industry business advancement and outdoor recreation planning for rural communities, and to provide grants to organizations and projects improving access and representation for youth and their families in the Colorado outdoors.

More information is included in the Fiscal Impact section below.

Figure 1
Sales Tax Revenue Distribution under Proposition 137 for State Budget Year 2027-28
Millions of Dollars



How does the measure affect TABOR refunds?

TABOR limits state government revenue available for spending to an amount adjusted annually for inflation and population growth. Revenue collected over the limit must be refunded to taxpayers unless voters approve a measure to allow the government to keep and spend it. Under this measure, the dedicated sales tax revenue would be exempt from the TABOR limit. In years where state revenue exceeds the limit, the measure reduces TABOR refunds by the amount of sporting goods sales tax revenue the state is allowed to keep. In years where state revenue is below the TABOR limit, the measure does not impact TABOR refunds, but it may reduce the amount of money available for other general budget priorities.

For more information, see the Legislative Council Staff memorandum titled “A Brief Overview of the TABOR Revenue Limit.”[1]

Arguments For Proposition 137

1) Without increasing tax rates or changing the cost of sporting goods, the measure directs needed money to recreation access, protects land from development, mitigates wildfire risk, and safeguards watersheds. Competing priorities squeeze the state budget, federal support is unreliable, and the state has not kept up with necessary investments to improve the environment and outdoor economy for residents and visitors. The measure funds trusted programs like GOCO, which has supported conservation projects statewide for over 30 years.

2) Colorado’s outdoor spaces are under strain with more visitors, ongoing drought, and more frequent and devastating wildfires. These pressures threaten communities, water resources, and recreational spaces. This measure provides a user-based model for supporting the outdoors, protecting our communities from wildfire, and restoring watersheds. Residents

[1] Online at: leg.colorado.gov/bluebook

and visitors who rent or buy sporting goods often use them in outdoor-related activities, making them natural stakeholders in protecting Colorado's lands, water, and wildlife. Linking spending to conservation ensures that those who benefit most from the outdoors help sustain it.

Arguments Against Proposition 137

1) This measure is a tax increase in disguise because it reduces or eliminates future TABOR refunds. Keeping state revenue subject to the current constitutional limit is a critical taxpayer protection that is continuously being undermined. Allowing the state to keep even more taxpayer money has the same effect as taxpayers paying higher taxes. Every dollar retained under this measure is a dollar less in either tax refunds or spending on other critical state priorities like health care and education.

2) This measure directs more money to organizations and government entities with specific interests and limited accountability to the legislature or voters. As many of these programs already have dedicated, reliable funding sources, siphoning additional state dollars to these programs reduces the ability of the state to respond to changing conservation needs as best practices evolve. State legislators already have the power to spend money to meet these needs and should have the flexibility to balance their budget priorities without being constrained by this measure.

Information about the organizations supporting and opposing this measure is available on the Colorado Secretary of State's website:

www.coloradosos.gov/pubs/elections/Initiatives/ballot/contacts/2026.html

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Fiscal Impact of Proposition 137

The measure transfers an estimated $175.0 million in the 2027-28 budget year, and increasing amounts in later years, from the state General Fund to pay for various programs related to forest restoration, wildfire mitigation, conservation, and outdoor recreation. It reduces TABOR refunds in years when revenue exceeds the TABOR limit.

State Revenue

The measure transfers an estimated $175.0 million in the 2027-28 budget year and $180.2 million in 2028-29 and future budget years for use on specified programs. This money would otherwise be available for the general state budget or refunded to taxpayers. The transferred revenue is divided between programs within GOCO (47.5 percent), Colorado State Forest Service and the Department of Natural Resources (47.5 percent), Colorado Parks and Wildlife (2.5 percent), and the Office of Economic Development and International Trade (2.5 percent).

The amount transferred may be reduced in years where the transfer would result in the reduction of certain income tax credits for families.

State Spending

The measure increases state spending by up to an estimated $175.0 million in budget year 2027-28 and $180.2 million in budget year 2028-29, and by increasing amounts in future years assuming sporting goods sales growth. Some funds may not necessarily be spent in the year they were received. Potential spending under the measure is shown in Table 1.

Table 1
Potential Change in State Spending Under Proposition 137

Use	Budget Year 2027-28	Future Year 2028-29
Great Outdoors Colorado	up to $83.1 million	up to $85.6 million
Colorado State Forest Service	up to $36.5 million	up to $42.8 million
Department of Natural Resources	up to $36.6 million	up to $42.8 million
Department of Public Safety	$10.0 million	$0
Colorado Parks and Wildlife	up to $4.4 million	up to $4.5 million
Office of Economic Development & International Trade	up to $4.4 million	up to $4.5 million
Total Spending	**up to $175.0 million**	**up to $180.2 million**

In years where state revenue collections are below the TABOR limit, the measure will reduce state money available for other uses (the three largest of which are health care, education, and human services); however, the exact effect of the measure on other programs will depend on budgeting decisions by the state legislature. In years where state revenue collections are above the TABOR limit, the measure has no impact on other state spending, but has impacts to taxpayers as described below.

Taxpayer Impacts

The measure will decrease the amount refunded to taxpayers in years when state revenue is over the TABOR limit. Based on forecasts from June 2026, the measure is expected to decrease refunds by $175.0 million in tax year 2027. Refunds in tax year 2028 are outside the forecast window. The impact on taxpayers depend on how this money would be refunded. The measure is expected to eliminate six-tier sales tax TABOR refunds in at least the 2027-28 budget year, by between $26 and $83 per single filer and between $52 and $166 per joint filer, with the actual amount dependent on income level.

Interactions with Other Measures

Proposition NN allows the state to keep and spend revenue that would otherwise be refunded to taxpayers under TABOR, up to a newly established limit. Because Proposition 137 reduces revenue subject to the constitutional revenue limit, Proposition 137 will reduce the amount of money the state actually keeps and spends under Proposition NN, if both measures pass.