



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1406: REPEAL CAPITAL CONSTRUCTION FUNDING REQUIREMENTS

Prime Sponsors:

Rep. Sirota; Taggart
Sen. Amabile; Kirkmeyer

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Published for: House Appropriations

Drafting number: LLS 26-0889

Version: Initial Fiscal Note

Date: April 2, 2026

Fiscal note status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of the FY 2026-27 Long Bill budget package.

Summary Information

Overview. The bill repeals several capital construction funds and long-term maintenance payment structures, and makes numerous changes to state transfers and diversions.

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

- Minimal State Workload
- State Transfers and Diversions

Appropriations. For FY 2026-27, the bill requires and includes an appropriation reduction of \$26,037,973 from multiple state agencies. See State Appropriations section.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$0	\$0	\$0
Transferred and Diverted Funds	\$15,263,000	\$27,761,186	\$27,761,186
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Money from various sources is transferred or diverted to the General Fund. Transfer related to ADLE payments are made via appropriations. See Table 2 below for fund details.

Summary of Legislation

Under current law, state agencies and institutions of higher education receiving an appropriation for capital construction are required to set aside an amount of money equal to the recorded depreciation of the capital asset to pay for long-term maintenance costs. These annual depreciation lease-equivalent (ADLE) payments are appropriated to the corresponding agency and credited to the Capitol Complex Renovation Fund in the Department of Personnel and Administration (DPA). The bill repeals this requirement.

Furthermore, the bill requires the State Treasurer to transfer \$15,263,000 from the Capitol Complex Renovation Fund to the General Fund on June 30, 2026. On June 30, 2027, the State Treasurer must transfer the remaining balance of the fund, after which the fund is repealed. Certain reporting requirements are repealed in connection with the use of money in this fund.

Lastly, the bill repeals the Capitol Complex Master Plan Implementation Fund in the DPA and eliminates future transfers to the fund.

State Transfers and Diversions

The bill makes several changes to existing and new transfers and diversions related to the Capitol Complex Renovation Fund, ADLE Payments, and the Capitol Complex Master Plan Implementation Fund, as shown in Table 2 and discussed below.

Table 2
State Transfers and Diversions

Fund	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$15,263,000	\$27,761,186	\$27,761,186
Various Cash Funds	\$0	\$776,787	\$776,787
Capitol Complex Renovation Fund	-\$15,263,000	-\$26,037,973	-\$26,037,973
Capitol Complex Master Plan Implementation	\$0	-\$2,500,000	-\$2,500,000
Net Transfer/Diversion	\$0	\$0	\$0

Capitol Complex Renovation Fund

In FY 2025-26, the bill transfers \$15,263,000 from the Capitol Complex Renovation Fund to the General Fund, as shown in Table 2A. In FY 2026-27, the bill transfers the remaining balance of the fund, which is assumed to be less than \$1.8 million. However, the fund's balance on June 30, 2027, depends on an array of decisions made by the General Assembly and the DPA; therefore, the fiscal note cannot estimate the FY 2026-27 transfer amount.

**Table 2A
 Capitol Complex Renovation Fund Transfer**

Fund	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$15,263,000	not estimated	\$0
Capitol Complex Renovation Fund	-\$15,263,000	not estimated	\$0
Net Transfer/Diversion	\$0	not estimated	\$0

ADLE Payment Transfers and Diversions

The bill reduces annual transfers and diversions from the General Fund and various cash funds to the Capitol Complex Renovation Fund for ADLE payments by about \$26.0 million starting in FY 2026-27, as shown in Table 2B below. The fiscal note assumes that outyear costs will closely resemble the budget year. Because ADLE payments are first appropriated to agencies prior to transfer or diversion, these impacts are represented in the reduced appropriations under the bill.

**Table 2B
 Transfers and Diversions of ADLE Payments**

Fund	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$25,261,186	\$25,261,186
Various Cash Funds	\$0	\$776,787	\$776,787
Capitol Complex Renovation Fund	\$0	-\$26,037,973	-\$26,037,973
Net Transfer/Diversion	\$0	\$0	\$0

Capitol Complex Master Plan Implementation Fund

Beginning in FY 2026-27, the bill reduces a conditional transfer from the General Fund to the Capitol Complex Master Plan Implementation Fund by an estimated \$2.5 million per year, as shown in Table 2C below. This reduction assumes that the Capital Development Committee will request the annual transfer, as permitted in statute.

**Table 2C
 Capitol Complex Master Plan Implementation Fund Transfer**

Fund	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$2,500,000	\$2,500,000
Capitol Complex Master Plan Implementation Fund	\$0	-\$2,500,000	-\$2,500,000
Net Transfer/Diversion	\$0	\$0	\$0

State Expenditures

The bill minimally decreases workload in state agencies that currently receive an appropriation for ADLE payments, the Department of Treasury, and the Legislative Department by repealing capital construction funding structures and workload associated with estimating maintenance costs, approving operating budgets, reviewing capital development requests, and managing fund transfers and diversions.

Furthermore, it is assumed that any long-term maintenance costs currently paid from the Capitol Complex Renovation Fund will shift to the General Fund, subject to an appropriation by the General Assembly. ADLE payments depend on a wide array of capital depreciation rates, available funding, and decisions made by the General Assembly; therefore, the fiscal note cannot estimate these expenditures.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, except that Section 8 of the bill takes effect only if the FY 2026-27 Long Bill becomes law, in which case Section 8 takes effect upon whichever effective date is later in either bill.

State Appropriations

For FY 2026-27, the bill requires a reduction in General Fund and cash fund appropriations as shown in Table 3 on the following page. In addition, the bill includes technical language making this reduction in appropriations conditional on sufficient appropriations being available in the applicable line item in the FY 2026-27 Long Bill.

**Table 3
 State Appropriations**

Department	Fund	Change in Appropriation
Agriculture	Agriculture Management Fund	-\$203,337
Agriculture	Inspection and Consumer Services Fund	-\$10,000
Agriculture	Various Cash Funds	-\$248,280
Corrections	General Fund	-\$659,571
Higher Education	General Fund	-\$13,100,234
Human Services	General Fund	-\$7,781,784
Military and Veterans Affairs	General Fund	-\$87,994
Natural Resources	General Fund	-\$651,475
Natural Resources	Parks and Outdoor Recreation Fund	-\$143,912
Personnel and Administration	General Fund	-\$2,600,060
Public Health and Environment	General Fund	-\$380,068
Public Health and Environment	Newborn Screening and Genetic Counseling Fund	-\$103,558
Public Safety	Highway Users Tax Fund	-\$67,700
Total Appropriations		-\$26,037,973
General Fund		-\$25,261,186
Cash Funds		-\$776,787

State and Local Government Contacts

Joint Budget Committee Staff

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](#).