



## Fiscal Note

### Legislative Council Staff

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## HB 26-1407: STATE MONEY USED TO REFINANCE ARPA MONEY

#### Prime Sponsors:

Rep. Brown; Taggart  
Sen. Amabile; Kirkmeyer

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

### Summary Information

**Overview.** The bill transfers state money from several funds used to hold federal coronavirus recovery money to the General Fund in FY 2025-26, and makes conforming changes to FY 2022-23 appropriations.

**Types of impacts.** The bill is projected to affect the following areas through FY 2026-27.

- State Expenditures
- State Transfers

**Appropriations.** The bill includes reductions in FY 2022-23 appropriations totaling \$2.4 million to multiple agencies that have spending authority through FY 2026-27. In addition, the bill extends roll forward spending authority for a capital construction appropriation to the Colorado Department of Human Services through the end of FY 2026-27.

**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	-\$2,416,989	\$0	\$0
Transferred Funds	\$35,721,373	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the table below. Reduced expenditures are shown as occurring in FY 2025-26 for informational purposes and may occur through FY 2026-27, as these expenditures result from a change in FY 2022-23 appropriations that roll forward. In addition to the FY 2025-26 transfers summarized in Table 1A, the bill likely reduces future transfers in FY 2026-27 by allowing the CDHS additional time to spend money from the Behavioral and Mental Health Cash Fund. See State Transfers section.

**Table 1A  
 State Transfers**

<b>Fund Source</b>	<b>Current Year FY 2025-26</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$35,721,373	\$0	\$0
Cash Funds	-\$35,721,373	\$0	\$0
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Table 1B  
 State Expenditures**

<b>Fund Source</b>	<b>Current Year FY 2025-26</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	\$0	\$0	\$0
Cash Funds	-\$2,416,989	\$0	\$0
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>-\$2,416,989</b>	<b>\$0</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

## Summary of Legislation

On June 30, 2026, this bill transfers state money, totaling about \$35.7 million, to the General Fund from several funds used to hold federal coronavirus recovery money. It also makes adjustments to various appropriations related to these transfers. Lastly, the bill gives the Colorado Department of Human Services (CDHS) spending authority through the end of FY 2026-27 for capital construction costs related to the youth neuro-psych facility at the Colorado Mental Health Hospital in Fort Logan (CMHHIFL).

## Background

Colorado received \$3.8 billion in federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA). ARPA money was deposited into the ARPA of 2021 Cash Fund and then transferred to various cash funds (recipient funds) and appropriated for various programs for use over several years. This federal funding was required to be obligated by December 31, 2024, and must be spent by December 31, 2026. Over the last two years, several bills (namely [House Bill 24-1465](#), [House Bill 24-1466](#), and [Senate Bill 25-312](#)) swapped state and federal funding and took other actions to ensure that federal ARPA funds were spent within the applicable federal deadlines. Generally, these swaps resulted in federal funds being spent first on immediate costs such as personal services, while state funds were deposited into the various recipient funds to be spent on one-time uses.

The capital construction costs for the youth neuro-psych facility at CMHHIFL were appropriated through [House Bill 22-1238](#). The original appropriation for this project was \$35 million from the Behavioral and Mental Health Cash Fund to the CDHS in FY 2022-23; however, through the ARPA swap bill, House Bill 24-1466, \$30.2 million of this funding now originates from the General Fund. The facility is currently under construction with a 14-month timeline and completion estimated in early 2027. Since construction payments are largely contingent upon project completion, the majority of the expenditures will occur within the next fiscal year.

## State Transfers

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In the current FY 2025-26, the bill transfers \$35.7 million to the General Fund as follows:

- \$27,905,384.00 from the Refinance Discretionary Account;
- \$4,085,246.49 from the Revenue Loss Restoration Cash Fund;
- \$1,974,702.20 from the Economic Recovery and Relief Cash Fund;
- \$1,005,850.24 from the Behavioral and Mental Health Cash Fund; and
- \$750,190.06 from the State Highway Fund.

In addition, by extending the deadline for the CDHS to spend its capital construction appropriation for the youth neuro-psych facility at the CMHHIFL, the bill reduces an FY 2026-27 transfer that would otherwise have occurred. Under the bill, the transfer of any unexpended funds from the CMHHIFL project will be transferred directly to the General Fund on June 30, 2027, rather than be transferred to the ARPA Refinance State Money Cash Fund on December 31, 2026. This amount has not been estimated.

## State Expenditures

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The bill reduces cash fund expenditures by \$2.4 million in the current FY 2025-26, including \$0.8 million in the Department of Health Care Policy and Financing and \$1.6 million in the Colorado Department of Early Childhood. See State Appropriations for more detail on these reductions.

In addition, bill increases cash fund spending in the CDHS in FY 2026-27 by extending the deadline to spend state money appropriated from the Behavioral and Mental Health Cash Fund on capital construction costs for the youth neuro-psych facility at the Colorado Mental Health Institute at Fort Logan.

## Effective Date

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State Appropriations**

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The bill includes the following adjustments to FY 2022-23 appropriations of money originating in the General Fund that have spending authority through December 31, 2026:

- a reduction of \$800,000 from the Behavioral and Mental Health Cash Fund to the Department of Health Care Policy and Financing; and
- a reduction of \$1,616,989 from the Economic Recovery and Relief Cash Fund to the Colorado Department of Early Childhood.

In addition, the capital construction appropriation from the Behavioral and Mental Health Cash Fund to the Department of Human Services is given roll forward spending authority through the end of FY 2026-27.

## **State and Local Government Contacts**

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Joint Budget Committee Staff