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Fiscal Note Memorandum

TO: Members of the Senate Appropriations Committee

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Fiscal Assessment of Amendment L.008 to SB 26-135

This memorandum is an assessment of the fiscal impact of the attached proposed Amendment L.008 to SB 26-135. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment L.008

Under Amendment L.008:

- the measure allows the state to retain and spend additional revenue above the current limit ("Referendum C cap") beginning in FY 2026-27 (the current bill begins in FY 2027-28);
- expends the additional revenue retained under the measure in the year after it was retained (the current bill directs the retained revenue to be spent in the same fiscal year in which it is retained);
- the additional amount that may be retained and spent is equal to appropriations for the state share of school finance and categorical programs paid from sources that are subject to TABOR plus the amount paid for the positive factor for the highest previous year (this calculation in the current bill does not include the positive factor, and is based only on the prior year);
- for FY 2026-27 through FY 2035-36, the positive factor equals two percent of the program foundation plus the prior year positive factor, where the program foundation is equal to the state share of school finance until the new school finance formula is fully phased in, and is equal to the total program after the new formula is phased in (the positive factor in the current bill is equal to two percent of FY 2026-27 total program in all years);



- if there is not sufficient revenue in the Excess Revenue Account to pay the full positive factor, the state must increase the amount paid via the positive factor in future years when revenue is available to make up the difference, known as the deferred positive factor (the current bill does not require the state to pay a deferred positive factor);
- before the new school finance formula is fully phased in, a portion of the positive factor is used to accelerate the phase-in of the new formula (the current bill distributes the entire positive factor outside of the school finance formula);
- after the new school finance formula is fully phased in, or if there is more money available than needed to reach 100 percent phase in, the remainder is distributed to school districts using the mechanism in the current bill;
- after FY 2035-36, the positive factor does not increase, but continues based on the FY 2035-26 program foundation and the deferred positive factor amount, if applicable (the current bill does not require a positive factor to be paid after FY 2026-37).

Fiscal Impact of Amendment L.008

Amendment L.008 has the following fiscal impacts relative to the current bill:

- reduces TABOR refunds by \$276.4 million in FY 2026-27; and
- reduces expenditures by \$825.4 million in FY 2027-28, including
 - a \$132.5 million reduction in the amount spent on the positive factor,
 - an \$898.2 million reduction in other state expenditures, and
 - an increase in expenditures for homestead reimbursements by \$205.3 million due it no longer being counted as a TABOR refund mechanism.

Under Amendment L.008, the amount retained in FY 2027-28 (\$1,101.8 million) will be spent in FY 2028-29, rather than in FY 2027-28. An estimate of the amount retained in FY 2028-29 is not available.

Bill's Revised Fiscal Impact with Amendment L.008

The amended bill reduces TABOR refunds beginning in FY 2026-27 and increases expenditures beginning FY 2027-28. These impacts are summarized in Table 1 and Table 2 below.



Table 1
Summary of Fiscal Impact of SB 26-135 with Amendment L.008

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0
State Expenditures	\$0	\$276.4 million	\$1,101.8 million
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	-\$276.4 million	-\$1,101.8 million	Not estimated.
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Expenditures are paid from revenue retained in the prior year under the measure, and paid from either the Excess State Revenues Account in the General Fund, or from the General Fund itself.

Table 2
Fiscal Impacts of SB 26-135 with Amendment L.008

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Increase in TABOR Limit	\$4.6 billion	\$4.8 billion	\$5.1 billion
Change in TABOR Refunds	-\$276.4 million	-\$1,101.8 million	Not estimated.
Property Tax Reimbursements	\$0	\$205.3 million	\$212.2 million
Positive Factor (K-12)	\$0	\$71.1 million	\$481.2 million
Amount Available for Other Purposes	\$0	\$0	\$408.3 million
Office of the State Auditor	\$0	\$0	\$20,000