

JBC Staff Fiscal Analysis  
House Appropriations Committee

Concerning modification of certain tax expenditures.

Prime Sponsors:

Representatives Garcia; Brown  
Senator Weissman

Date Prepared:

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JBC Analyst:

Jon Catlett  
303-866-4386

Fiscal Impacts

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Significant Appropriation Increase in Second Year

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/15/26.

**Update:** Fiscal impact has changed due to new information or technical issues.

Both Legislative Council Staff and the Joint Budget Committee Staff agree that the fiscal impact on the Department of Health Care Policy and Financing should be a net increase of \$41,734 total funds, including:

- An increase of \$50,900 from the Health Care Expansion Fund and a decrease of \$50,900 General Fund;
- An increase of \$21,024 from the Primary Care Fund and an increase of \$20,710 matching federal funds;
- An increase of \$1,660 from the Tobacco Tax Cash Fund and a decrease of \$1,660 General Fund;
- An increase of \$332 from the Children's Basic Health Plan Trust and a decrease of \$332 General Fund.

Additionally, JBC Staff and Legislative Council staff agree that Highway Users Tax Fund is continuously appropriated to the Department of the Treasury for payments to local governments and does not require an appropriation.

Amendments in This Packet

- J.001 Staff-prepared appropriation amendment
- J.002 Staff-prepared appropriation amendment
- L.033 Bill Sponsor amendment - changes fiscal impact and appropriation
- L.034 Bill Sponsor amendment - does not change fiscal impact

L.035	Bill Sponsor amendment – does not change fiscal impact
L.036	Bill Sponsor amendment – indeterminate
L.037	Bill Sponsor amendment – changes fiscal impact
L.038	Bill Sponsor amendment - does not change fiscal impact
L.039	Bill Sponsor amendment - does not change fiscal impact
L.041	Bill Sponsor amendment – changes fiscal impact
L.042	Bill Sponsor amendment – changes fiscal impact

### Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

### Description of Amendments in This Packet

#### J.001

Staff amendment **J.001** (attached) appropriates \$1.1 million total funds to the following Departments:

- \$38,432 General Fund to the Department of Revenue;
- \$25,000 General Fund to the Governor’s Office;
- \$996,276 from the Preschool Programs Cash Fund to the Department of Early Childhood;
- \$41,734 total funds to the Department of Health Care Policy and Financing, including:
  - a decrease of \$52,892 General Fund;
  - \$50,900 from the Health Care Expansion Fund;
  - \$21,024 from the Primary Care Fund;
  - \$1,660 from the Tobacco Tax Cash Fund; and
  - \$332 from the Children's Basic Health Plan Trust.
- \$36,074 total funds to the Department of Public Health and Environment, including:
  - \$17,704 from the Tobacco Education Program Fund;
  - \$17,704 from the Prevention, Early Detection and Treatment Fund;
  - \$333 from the Tobacco Tax Cash Fund; and
  - \$333 General Fund.

The appropriation anticipates the receipt of \$20,710 federal funds by the Department of Health Care Policy and Financing.

#### J.002

Staff amendment **J.002** (attached) appropriates \$1.1 million total funds to the following Departments:

- \$48,482 General Fund to the Department of Revenue;
- \$25,000 General Fund to the Governor’s Office;
- \$996,276 from the Preschool Programs Cash Fund to the Department of Early Childhood;
- \$41,734 total funds to the Department of Health Care Policy and Financing, including:
  - a decrease of \$52,892 General Fund;
  - \$50,900 from the Health Care Expansion Fund;
  - \$21,024 from the Primary Care Fund;

- \$1,660 from the Tobacco Tax Cash Fund; and
- \$332 from the Children's Basic Health Plan Trust.
- \$36,074 total funds to the Department of Public Health and Environment, including:
  - \$17,704 from the Tobacco Education Program Fund;
  - \$17,704 from the Prevention, Early Detection and Treatment Fund;
  - \$333 from the Tobacco Tax Cash Fund; and
  - \$333 General Fund.

The appropriation anticipates the receipt of \$20,710 federal funds by the Department of Health Care Policy and Financing.

**L.033**

Bill sponsor amendment **L.033** clarifies that only one spouse can claim the tax credit if filing separately. It also moves the effective date up by one year, from 2027 to 2026. This increases expenditures in FY 2026-27 by \$10,050 to the Department of Revenue for taxation services and GenTax updates.

**L.034**

Bill sponsor amendment **L.034** makes a technical correction to retailer terminology and clarifies the application of the 2.0 percent vendor allowance for sales tax collection in tax calculations.

**L.035**

Bill sponsor amendment **L.035** defines “qualified retailers,” requiring state registration and reporting before claiming credits, and allowing the state to disqualify retailers for noncompliance or fraud. It also permits limited data-sharing with the Colorado Energy Office to administer the credit.

**L.036**

Bill sponsor amendment **L.036** requires certain foreign entities to include more global income (not just U.S. based income) and clarifies rules for countries without U.S. tax treaties. It also raises the enforcement standard for penalties.

**L.037**

Bill sponsor amendment **L.037** temporarily limits the sales tax exemption for spaceflight-related property through January 1, 2027, after which the exemption is reinstated permanently beginning in 2030. The measure is projected to have nominal impact on General Fund revenue during these years.

**L.038**

Bill sponsor amendment **L.038** ensures that once a credit is claimed by an airport or similar entity, downstream purchasers cannot also claim it for the same fuel.

**L.039**

Bill sponsor amendment **L.039** adds oversight and eligibility requirements for retailers claiming tax credits on electric lawn equipment, including mandatory registration, tax compliance, and the risk of permanent disqualification for violations. Only vetted retailers can participate and penalizes misuse or fraud in the credit program.

## L.041

Bill sponsor amendment **L.041** requires the Department of Revenue, beginning in FY 2027–28 and every four years thereafter, to contract for an independent review of “listed jurisdictions” for tax purposes, assessing tax and transparency criteria and recommending retention of designation. The amendment creates ongoing review requirements with estimated General Fund costs of approximately \$65,000 beginning in FY 2027–28

## L.042

Bill sponsor amendment **L.042** removes the maximum age requirement to be eligible to claim the Colorado earned income tax credit (EITC) beginning in tax year 2028. It is estimated that General Fund revenue will decrease by \$2.9 million in FY 2027–28, reflecting a partial-year effect, and by \$5.9 million in FY 2028–29.

JBC Staff and Legislative Council Staff are in agreement on the fiscal impact of these amendments.

If the Committee adopts **L.033** it should also adopt **J.002** and not **J.001**. It may also adopt **L.031, L.032, L.034, L.035, L.036, L.037, L.038, L.039, L.041, and L.042**.

## Points to Consider

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The Joint Budget Committee has proposed a budget package for FY 2026-27 based on the March 2026 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$57.3 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 13.0 percent reserve associated with the placeholders.

### General Fund Appropriation Placeholders for Other 2026 Legislation

Item	FY 2026-27
SB 26-149 (Pathways for Individuals with Mental Health Disorders)	\$23,222,868
Competency services	20,000,000
Potential prison capacity supplemental	5,900,000
Applied Behavioral Analysis Licensing	5,000,000
County Administration shared services	3,100,000
Medicaid Working Group	500,000
HB 26-1331 (Modify 2026 Interim Committees)	-396,469
<b>Total - Placeholders for other legislation</b>	<b>\$57,326,399</b>

The forecast does not anticipate a TABOR surplus liability for FY 2025-26, but does anticipate a surplus liability of \$711.1 million for FY 2026-27 and \$515.6 million in FY 2027-28 to be refunded to taxpayers out of the General Fund. Legislation that increases non-exempt revenue (such as cash funds) will increase the TABOR refund from the General Fund.

### General Fund Impact

This bill requires a General Fund appropriation of \$10,873 for FY 2026-27, reducing the \$57.3 million set aside by the same amount. If the Committee adopts **L.033**, the bill will require \$20,923 General Fund in FY 2026-27.

### Future Fiscal Impact

This bill is projected to require General Fund appropriations of \$240,625 and 0.7 FTE in FY 2027-28.

### **TABOR/ Excess State Revenues Impact**

This bill is estimated to increase revenue subject to TABOR by \$7.5 million in FY 2026-27 and by \$10.9 million in FY 2027-28 which will reduce the available General Fund in each fiscal year by equal amounts. This bill increases the TABOR refund paid from the General Fund by \$7.5 million for FY 2026-27, reducing the \$57.3 million General Fund set aside for FY 2026-27 by the same amount.