

**JBC Staff Fiscal Analysis**  
**House Appropriations Committee**

Concerning state public education K-12 funding, and, in connection therewith, increasing appropriations for state public education K-12 by up to two percent for ten years, allowing the state to retain an amount of state revenue in excess of the limitation on state fiscal year spending equal to state public K-12 education funding, and submitting a ballot question to the registered electors of the state.

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**Prime Sponsors:**

Senators Bridges; Kipp  
 Representatives Bacon; Lukens

**Date Prepared:**

May 4, 2026

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**Fiscal Impacts**

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Appropriation Not Required, Amendment in Packet

General Fund/TABOR Impact

**Fiscal Note Status**

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The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/28/26.

**No Change:** Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill.

**Amendments in This Packet**

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L.022            Bill Sponsor amendment – changes fiscal impact

**Clause in Bill**

The bill neither requires nor contains an appropriation clause for FY 2026-27.

**Description of Amendments in This Packet**

**L.022**

Bill Sponsor amendment **L.022** (attached) does the following:

- Changes the distribution of the positive factor by eliminating the provision that would have used some of the positive factor to accelerate the phase-in of the new school finance formula. Rather, the entire positive factor will be distributed outside of total program, such that each district receives an amount

equal to the district's percent of statewide total program funding under the new school finance formula fully implemented, multiplied by the total amount of the positive factor. This changes district level distributions and reduces the positive factor by \$2.1 million in FY 2027-28, because the positive factor is no longer included in total program for the purposes of calculating the positive factor.

- Removes a provision referred to as the “deferred positive factor,” which requires that if there is not sufficient revenue in the Children’s 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. This change could have impacts to the positive factor payment in future years if revenue is insufficient to fund the full positive factor, but this is not expected to occur over the forecast period and therefore does not change the fiscal impact of the bill.
- Requires that, if the positive factor is less than half of the amount that is credited to the Children's Account, the difference between half of the amount credited to the account and the positive factor must be spent on K-12 public education. In FY 2027-28, this results in \$163.1 million from the Children's Account being earmarked for education. On net, the amount from the Children's Account that is available for any purpose in FY 2027-28 is reduced by \$161.0 million.

Legislative Council Staff agrees with the fiscal impact of amendment **L.022** as described above.

## Points to Consider

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The Joint Budget Committee (JBC) has proposed a budget package for FY 2026-27 based on the March 2026 Office of State Planning and Budgeting (OSPB) revenue forecast. 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.

### TABOR/ Excess State Revenues Impact

Conditional on voter approval, the bill allows the state to retain and spend revenue in excess of the Referendum C cap, which would otherwise be refunded to taxpayers as TABOR refunds under current law. The additional amount that may be retained and spent is equal to the amount spent on state public education funding in the prior fiscal year, estimated at \$4.6 billion for FY 2026-27.

Under Legislative Council Staff estimates in the Revised Fiscal Note dated 04/28/26, the bill is expected to reduce TABOR refunds by \$136.1 million in FY 2026-27, \$969.7 million in FY 2027-28, and by varying amounts in future years. Under OSPB estimates in the Legislative Council Staff Revised Fiscal Note dated 04/28/26, the bill is expected to reduce TABOR refunds by \$570.7 million in FY 2026-27, \$383.5 million in FY 2027-28, and by varying amounts in future years.

### General Fund Impact/ Future Fiscal Impact

Additional revenue retained as described above will be expended in the same fiscal year in which it is retained. These expenditures will be from a combination of the General Fund and the newly created Children’s Account in the General Fund.