

JBC Staff Fiscal Analysis House Appropriations Committee

Concerning procedures relating to state action resulting in the relinquishment of private property, and, in connection therewith, making an appropriation.

Prime Sponsors:

Representative DeGraaf; Bacon
(None)

Date Prepared:

May 6, 2026

JBC Analyst:

Amanda Bickel
303-866-4960

Fiscal Impacts

Appropriation Required, Amendment in Packet

New Cash Fund

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/30/26.

Update: Fiscal impact has changed due to amendment adopted after LCS Fiscal Note was prepared.

The Finance Committee Report (05/04/26) includes amendments to the bill. The Report establishes a maximum balance of \$500,000 for the Forfeiture Counsel Defense Fund and specifies that amounts exceeding this limit will be transferred to the Law Enforcement Community Services Grant Program Fund. A small transfer to the Law Enforcement Community Services Grant Program Fund could occur in FY 2026-27, depending upon the timing of program revenue and expenditures. No transfers are anticipated in subsequent years. Other amendments in the Report do not change the bill's fiscal impact. Legislative Council Staff concurs with this analysis.

Amendments in This Packet

- J.001 Staff-prepared appropriation amendment
- L.020 Bill Sponsor amendment - does not change fiscal impact.

Current Appropriations Clause in Bill

As amended by the Judiciary Committee Report (04/21/26), the bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001

Staff amendment **J.001** (attached) appropriates a total of \$570,500 cash funds from the Forfeiture Defense Counsel Fund to the Judicial Department for FY 2026-27.

L.020

Bill Sponsor amendment **L.020** (attached) specifies that, beginning in FY 2027-28, the Forfeiture Defense Counsel Fund may only be funded by the transfers into the fund from assets seized by law enforcement agencies and gifts, grants, and donations; it may not receive General Fund appropriations.

Legislative Council Staff and JBC Staff concur that this amendment eliminates future General Fund appropriations.

The Committee should adopt J.001 and may also adopt L.020.

Points to Consider

Technical Issue

Amendment **L.020** clarifies that General Fund will not be appropriated for this program. However, neither the bill nor the amendment address how demand for the program that exceeds available funding should be managed by the Department or its contractor.

Related Budget Information and Future Budget Processes

As reflected in the LCS Fiscal Note, the bill removes the primary source of funding for the Law Enforcement Community Services Grant Program. The Long Bill (H.B. 26-1410) includes an appropriation to the Department of Local Affairs of \$401,925 cash funds and 1.0 FTE for this program for FY 2026-27, but there will be little or no revenue to support this appropriation if this bill is enacted in its current form. The General Assembly may therefore consider funding the Law Enforcement Community Services Grant program from another source, adjusting appropriations through the budget process, or eliminating the grant program if no funding is available.

Cash Funds Retained Interest

It has been common practice in legislation creating new cash funds to credit any interest earned on the money in the fund to the fund. The interest earned on cash fund revenue not exempt from TABOR is also revenue subject to TABOR.

If the March 2026 revenue forecast adopted by the Joint Budget Committee (JBC) projects a TABOR surplus liability for FY 2026-27 or for FY 2027-28, these sums must be refunded to taxpayers out of the General Fund. Legislation that increases non-exempt revenue (such as cash funds) to the State will further increase the TABOR refund made out of the General Fund. This will reduce the amount of General Fund available for programs.

Is it the General Assembly's intent for interest earned on the funds in the Forfeiture Counsel Defense Fund to remain in the fund?