

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 26-0969.04 Pierce Lively x2059

**HOUSE BILL 26-1419**

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**House Committees**  
Appropriations

**Senate Committees**  
Appropriations

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**A BILL FOR AN ACT**

101      **CONCERNING THE OVER-REFUND AMOUNT FOR STATE FISCAL YEAR**  
102              **2024-25 OF STATE REVENUES IN EXCESS OF THE STATE FISCAL**  
103              **YEAR SPENDING LIMIT UNDER SECTION 20 OF ARTICLE X OF THE**  
104              **STATE CONSTITUTION, AND, IN CONNECTION THEREWITH,**  
105              **MAKING AN APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)*

Section 20 of article X of the state constitution (TABOR) imposes a limitation on the amount of state fiscal year spending. If state fiscal year

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters or bold & italic numbers indicate new material to be added to existing law.*  
*Dashes through the words or numbers indicate deletions from existing law.*

SENATE  
3rd Reading Unamended  
May 11, 2026

SENATE  
Amended 2nd Reading  
May 8, 2026

HOUSE  
3rd Reading Unamended  
April 30, 2026

HOUSE  
Amended 2nd Reading  
April 28, 2026

spending exceeds that limitation, the state is required to refund the amount of state fiscal year spending in excess of that limitation (TABOR refund). Under current law, if the state issues a TABOR refund for a state fiscal year, and the amount of that TABOR refund is greater than the amount of state fiscal year spending in excess of the limitation of state fiscal year spending for the state fiscal year (over-refund), the state reduces the amount of the next available TABOR refund by the amount of the over-refund.

Changes in federal tax policy in 2025 reduced the amount of state tax revenue for the 2025 tax year. Due to when this change in federal tax policy was signed into law, it was not reflected in the amount of state fiscal year 2024-25 spending, even though the change impacted the 2025 tax year. Accordingly, the bill directs the office of the state controller, in consultation with the office of state planning and budgeting and the department of revenue, to determine the amount of the over-refund for state fiscal year 2024-25 taking into account the impact on state revenues from the federal tax policy change. No more than half of this over-refund can offset future TABOR refunds for any single state fiscal year beginning with the 2026-27 state fiscal year.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4 (a) H.R. 1 of the 119th Congress (2025-26), Pub. L. 119-21 had  
5 a significantly negative impact on Colorado's financial outlook;

6 (b) H.R. 1 was signed into law on July 4, 2025, four days after the  
7 end of state fiscal year 2024-25, which meant that there was insufficient  
8 time to adjust revenue accruals and the certification of the amount of state  
9 fiscal year spending in excess of the constitutional limitation on state  
10 fiscal year spending;

11 (c) H.R. 1 impacted state 2025 income tax year revenue, which  
12 revenue would typically contribute to both state fiscal year 2024-25 and  
13 state fiscal year 2025-26 state revenue, but since H.R. 1 was signed into  
14 law after the end of state fiscal year 2024-25, the impact on state 2025

1 income tax year revenue was only accrued to state fiscal year 2025-26;

2 (d) H.R.1 currently has an effective 18-month impact on state  
3 fiscal year 2025-26 state revenue and no impact on state fiscal year  
4 2024-25 state revenue;

5 (e) Although not predicted by current revenue forecasts, if the  
6 18-month impact of H.R. 1 on state fiscal year 2025-26 revenue results  
7 in state fiscal year spending for that year to exceed the constitutional  
8 limitation on state fiscal year spending, then, while the actual impacts of  
9 H.R. 1 on state revenues may differ from what was certified for state  
10 fiscal years 2024-25 and 2025-26, correcting the accounting of state fiscal  
11 year 2024-25 state fiscal year spending to reflect the revenue reductions  
12 caused by H.R. 1 would only shift certified state revenue in excess of the  
13 constitutional limitation on state fiscal year spending between state fiscal  
14 years 2024-25 and 2025-26. Therefore, if 2025-26 state fiscal year  
15 spending exceeds the constitutional limitation on state fiscal year  
16 spending, there is no need to correct the calculation of 2024-25 state  
17 fiscal year spending because the cumulative amount of state revenue that  
18 would be refunded to taxpayers between state fiscal years 2024-25 and  
19 2025-26 under existing accounting would be the same regardless of the  
20 fiscal year in which the impact of H.R. 1 is accounted for.

21 (f) Based on preliminary estimates presented by the office of state  
22 planning and budgeting to the executive committee of the legislative  
23 council and the joint budget committee in July and August of 2025, if  
24 accruals of state fiscal year 2024-25 state revenues would have updated  
25 to reflect the impact of H.R.1 on state fiscal year 2024-25 state revenues,  
26 the revenue reductions caused by H.R. 1 would have potentially meant  
27 that state fiscal year 2024-25 state fiscal year spending did not exceed the

1 constitutional limitation on state fiscal year spending; however, under  
2 current law, state fiscal year 2024-25 state fiscal year spending did exceed  
3 the constitutional limitation on state fiscal year spending and the state is  
4 required to refund that excess revenue;

5 (g) Based on state income tax revenue collections received that  
6 are tied to activity in the first half of 2025, H.R.1 lowered the state  
7 income tax revenue that the state actually received for state fiscal year  
8 2024-25 when compared to the currently booked accruals of that state  
9 income tax revenue, which resulted in an inaccurate calculation of state  
10 fiscal year 2024-25 state fiscal year spending;

11 (h) If the office of the state controller discovers an error involving  
12 a prior state fiscal year, the office of the state controller may correct that  
13 error by increasing or decreasing state fiscal year spending for the  
14 relevant state fiscal year;

15 (i) If an adjustment of state fiscal year spending cannot be made  
16 under current law, the plenary power of the General Assembly allows the  
17 General Assembly to enact legislation that facilitates compliance with  
18 article X, section (20) of the Colorado constitution (TABOR) and may  
19 direct the office of the state controller to prepare the annual finance report  
20 that certifies the state's compliance with TABOR in a manner that  
21 complies with that statutory direction; and

22 (j) This act requires the office of the state controller to correct the  
23 accounting of state fiscal year 2024-25 fiscal year spending to reflect  
24 H.R.1 and to make corresponding changes to the future refund of state  
25 fiscal year spending that exceeds the constitutional limitation on state  
26 fiscal year spending.

27 **SECTION 2.** In Colorado Revised Statutes, 24-77-103.7, **add**

1 (4.5) as follows:

2 **24-77-103.7. Over-refunds of state revenues - definitions.**

3 (4.5) IF IN SEPTEMBER 2026 THE CONTROLLER CERTIFIES  
4 PURSUANT TO SECTION 24-77-106.5 (1) THAT STATE FISCAL YEAR 2025-26  
5 STATE REVENUES DID NOT EXCEED THE LIMITATION ON STATE FISCAL YEAR  
6 SPENDING IMPOSED BY SECTION 20 (7)(a) OF ARTICLE X OF THE STATE  
7 CONSTITUTION FOR STATE FISCAL YEAR 2025-26:

8 (a) BEFORE NOVEMBER 16, 2026, THE CONTROLLER SHALL  
9 DETERMINE AN AMOUNT EQUAL TO THE DIFFERENCE BETWEEN:

10 (I) THE AMOUNT THAT THE STATE IS REQUIRED TO REFUND  
11 PURSUANT TO SECTION 20 (7)(d) OF ARTICLE X OF THE STATE  
12 CONSTITUTION FOR STATE FISCAL YEAR 2024-25, AS CERTIFIED IN THE  
13 ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE THAT THE  
14 STATE CONTROLLER PUBLISHED FOR STATE FISCAL YEAR 2024-25; AND

15 (II) THE AMOUNT THAT THE STATE WOULD HAVE BEEN REQUIRED  
16 TO REFUND PURSUANT TO SECTION 20 (7)(d) OF ARTICLE X OF THE STATE  
17 CONSTITUTION FOR STATE FISCAL YEAR 2024-25 AS A RESULT OF THE  
18 REDUCTION OF STATE REVENUES FOR STATE FISCAL YEAR 2024-25 CAUSED  
19 BY H.R. 1 OF THE 119TH CONGRESS (2025-26), PUB. L. 119-21, AS  
20 DETERMINED BY THE CONTROLLER, THE OFFICE OF STATE PLANNING AND  
21 BUDGETING, AND THE DEPARTMENT OF REVENUE.

22 (b) FOR PURPOSES OF THE CALCULATION SET FORTH IN SUBSECTION  
23 (4) OF THIS SECTION AND SECTION 24-77-103.5 (2), THE AMOUNT OF THE  
24 OVER-REFUND FOR THE FISCAL YEAR COMMENCING ON JULY 1, 2024, THAT  
25 IS USED FOR THE REDUCTION SET FORTH IN SUBSECTION (4)(b) OF THIS  
26 SECTION IS EQUAL TO THE AMOUNT DETERMINED BY THE CONTROLLER IN  
27 ACCORDANCE WITH SUBSECTION (4.5)(a) OF THIS SECTION AND,

1 NOTWITHSTANDING SUBSECTION (2) OF THIS SECTION, SHALL ONLY BE  
2 USED FOR FISCAL YEARS COMMENCING ON OR AFTER JULY 1, 2026, AND  
3 SHALL NOT EXCEED ONE-HALF OF THE AMOUNT CALCULATED IN  
4 ACCORDANCE WITH SUBSECTION (4.5)(a) OF THIS SECTION FOR ANY FISCAL  
5 YEAR.

6 **SECTION 3. Appropriation.** For the 2026-27 state fiscal year,  
7 \$18,021 is appropriated to the legislative department for use by the office  
8 of the state auditor. This appropriation is from the general fund and is  
9 based on an assumption that the office will require an additional 0.2 FTE.  
10 The office may use this appropriation to implement this act.

11 **SECTION 4. Safety clause.** The general assembly finds,  
12 determines, and declares that this act is necessary for the immediate  
13 preservation of the public peace, health, or safety or for appropriations for  
14 the support and maintenance of the departments of the state and state  
15 institutions.