



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 26-180: INVESTMENT PERFORMANCE AUTHORITY

Prime Sponsors:

Sen. Bright; Marchman
Rep. Garcia; Taggart

Fiscal Analyst:

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Bill Outcome: Postponed Indefinitely
Drafting Number: LLS 26-1005

Version: Final Fiscal Note
Date: July 17, 2026

Fiscal note status: The final fiscal note reflects the introduced bill. The bill was postponed indefinitely by the Senate Appropriations Committee on May 6, 2026, so the impacts identified in this analysis do not take effect.

Summary Information

Overview. The bill would have created a special purpose investment performance authority to oversee investment of certain state funds, with proceeds used for child care assistance in counties.

Types of impacts. The bill was projected to affect the following areas in FY 2026-27 and FY 2027-28:

- State Expenditures
- State Revenue
- Statutory Public Entity
- TABOR Refund

Appropriations. For FY 2026-27, the bill required an appropriation of \$59,010 to the Department of the Treasury.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	Indeterminate	Indeterminate
State Expenditures	\$73,914	\$98,415
Transferred Funds	\$0	\$0
Change in TABOR Refunds	Indeterminate	Indeterminate
Change in State FTE	0.7 FTE	1.0 FTE

Fund sources for these impacts are shown in the tables below.

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$59,010	\$76,883
Federal Funds	\$0	\$0
Centrally Appropriated	\$14,904	\$21,532
Total Expenditures	\$73,914	\$98,415
Total FTE	0.7 FTE	1.0 FTE

Summary of Legislation

Investment Performance Authority

The bill creates the Investment Performance Authority as a special purpose authority outside state government and vests power in a seven-member governing board of directors. The board includes the State Treasurer, director of the Office of State Planning and Budgeting (OSPB), or their designees, and individuals with experience in managing government money, investment consulting or management, child care, and child care advocacy. The bill specifies board member appointing authorities, deadlines, terms of service, and general powers and duties of the authority. Members of the board serve without compensation, but may be reimbursed for expenses.

The bill allows the authority to invest public money on behalf of any department, division, commission, institution of higher education, state enterprise, or any other agency or instrumentality of the state (eligible entity). The authority has discretion to invest public money in any appropriate security or other investment that would not otherwise be allowed under current law.

An eligible entity may choose to invest public money with the authority instead of the State Treasurer if:

- the money is an unencumbered liquid asset contained in a special fund that is not part of the general revenues of the state;
- when received, the money did not constitute state fiscal year spending; and,
- investing the money is not forecasted to create a negative cash balance in the fund, or unduly burden the State Treasurer's pooled funds.

Further, an eligible entity may only invest public money with the authority with approval of the entities' leadership, and with approval of either the State Treasurer, who is chair of the board, or the member of the board who represents OSPB.

Disbursements

If available, the authority must quarterly disburse investment earnings to the investor minus amounts to:

- pay the reasonable costs of the authority, not to exceed one percent of earnings;
- retain a reserve; and,
- disburse to counties for childcare assistance.

The bill requires that the authority coordinate with the Child Care Assistance Program Allocation Committee in the Colorado Department of Early Childhood to develop a formula for disbursing interest available earnings for child care assistance to families with low incomes. Any adjustment to the formula must be in agreement with the committee and the department. The department and committee shall, within existing appropriations, provide consultation and support to the authority.

Start-up Costs

In order to meet the initial organization and operational expenses, and until the authority generates sufficient income, the authority or the Department of the Treasury may seek, accept, and spend gifts, grants, or donations, or borrow money including from fee revenue generated by transaction fees collected by the department under current law. The authority must repay borrowed money within a reasonable time after deriving any investment income.

Statutory Public Entity

Once operational, the bill increases revenue and expenditures for the Investment Performance Authority, a newly created special purpose authority, to manage custodial funds invested by eligible state entities. The authority will receive funds from eligible state entities, and will retain a portion of investment returns to cover its costs. Preliminarily, costs are estimated to be around \$250,000 per year for an authority director, accounting and finance staff, and other operating expenses. However, exact costs for the authority will depend on the volume of investments, the number of investment agreements with eligible state entity, board activity, and other factors.

State Revenue

Allowing the authority to invest state funds has an indeterminate impact on state revenue. The Investment Performance Authority may produce investment returns that are above or below the returns generated by investments managed by the State Treasurer, depending on investment decisions by the authority, market conditions, and the amount invested. Generally, it is assumed that the bill will increase revenue from investment earnings distributed to state agencies in most years; however, investment performance may vary and has not been estimated.

Whether or not earnings accrued by the authority are subject to TABOR will depend on the original source of the funds and how earnings are distributed to state government entities. For example, earnings on funds invested by a state enterprise that are returned to the enterprise are assumed to be exempt from TABOR, whereas earnings on funds invested by nonexempt entities are assumed to contribute toward the state's revenue limit under TABOR when disbursed. Lastly, it is assumed that investment earnings distributed by the authority directly to counties is not state revenue and thus has no impact on the state's TABOR refund obligation.

State Expenditures

The bill increases expenditures in the Treasury Department by about \$74,000 in FY 2026-27 and about \$100,000 in FY 2027-28 and subsequent years. Costs may increase in future years as the size of the portfolio grows. Costs are assumed to be paid from the State Public Financing Cash Fund.

Table 2
State Expenditures
Department of Treasury

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$51,114	\$75,603
Operating Expenses	\$896	\$1,280
Capital Outlay Costs	\$7,000	\$0
Centrally Appropriated Costs	\$14,904	\$21,532
Total Costs	\$73,914	\$98,415
Total FTE	0.7 FTE	1.0 FTE

Treasury Department

The Treasury Department requires 0.5 FTE Administrator III starting in September 2026 to support the State Treasurer as director of the board, provide administrative support to the board, facilitate hiring an authority director, provide ongoing assistance with administrative functions, and perform other duties as assigned. An additional 0.5 FTE Accountant III will be required beginning in January 2027 to complete custody accounting, administer banking security, prepare monthly cash reports, reconcile monthly investments, and administer ad-hoc fund transfers between units of state government and the authority. Personal services have been prorated in FY 2026-27 are prorated for the staff start dates above, and include standard operational expenses and capital outlay costs.

Department of Early Childhood

The bill minimally impacts workload for CDEC to work with the authority and the CCCAP allocation committee concerning distributions of any additional funds to counties. It is assumed the authority will distribute funds directly to counties, without CDEC receiving or managing the funds.

Office of State Planning and Budgeting

The OSPB will have a minimal workload increase to serve on the authority board of directors.

Other State Agencies and Institutions of Higher Education

State agencies, enterprises, and institutions of higher education that choose to invest funds with the authority may have additional revenue to spend, depending on investment performance and distribution amounts. Workload will also increase to identify funds available for investment and to work with the authority and Treasury Department to facilitate investments. No change to appropriations is required for this work.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Local Government

If investments by the authority result in increased investment earnings, the bill increases funding to counties for the Colorado Child Care Assistance Program. As discussed above, the State Revenue section, the amount of funding distributed to counties for child care assistance cannot be estimated.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$59,010 from the State Public Financing Cash Fund to the Department of the Treasury, and 0.7 FTE

State and Local Government Contacts

Early Childhood	Law
Governor	Treasury
Human Services	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).