

CHAPTER 11

GOVERNMENT - STATE

SENATE BILL 25B-001

BY SENATOR(S) Amabile and Coleman, Bridges;
 also REPRESENTATIVE(S) McCluskie and Sirota, Bacon, Boesenecker, Brown, Clifford, Duran, Espenoza, Froelich, Garcia,
 Gonzalez R., Hamrick, Jackson, Joseph, Lindsay, Lukens, Marshall, McCormick, Paschal, Smith, Stewart K., Stewart R., Story,
 Taggart, Willford, Zokaie.

AN ACT

CONCERNING THE PROCESSES FOR THE GOVERNOR TO REDUCE SPENDING WHEN THE STATE IS UNABLE TO MEET ITS FISCAL OBLIGATIONS, AND, IN CONNECTION THEREWITH, REQUIRING THE GOVERNOR TO PRESENT SPENDING REDUCTION PLANS TO THE JOINT BUDGET COMMITTEE AND RECEIVE ADVICE FROM THE JOINT BUDGET COMMITTEE.

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

SECTION 1. In Colorado Revised Statutes, **amend with relocated provisions 24-75-201.5** as follows:

24-75-201.5. Revenue shortfalls - authority of the governor - when governor is required to act - definition. (1) **[Formerly 24-2-102 (4)]** (a) If, during any fiscal ~~period~~ YEAR, THE GOVERNOR DETERMINES THAT there are not, OR WILL NOT BE, sufficient revenues available for expenditure during ~~such period~~ THE FISCAL YEAR to carry on the functions of the state government and to support its agencies and institutions, ~~and such fact is made to appear to the governor~~ THE GOVERNOR MAY, in the exercise of ~~his~~ THE GOVERNOR'S discretion, by executive order, ~~he may~~ suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau, or agency of the state government; except that the authority of the governor to restrict the expenditure of ~~moneys~~ MONEY appropriated from the capital construction fund ~~shall~~ MUST be determined ~~by the provisions of section 24-75-201.5~~ IN ACCORDANCE WITH THE REQUIREMENTS IN SUBSECTION (4) OF THIS SECTION.

(b) (I) THE GOVERNOR SHALL PROMPTLY NOTIFY THE JOINT BUDGET COMMITTEE OF AN EXECUTIVE ORDER ISSUED BY THE GOVERNOR PURSUANT TO THIS SUBSECTION (1), INCLUDING AN EXECUTIVE ORDER ISSUED PURSUANT TO SUBSECTION (1)(c) OF

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

THIS SECTION THAT EXTENDS THE OPERATION OF A PRIOR EXECUTIVE ORDER. AS SOON AS PRACTICABLE AFTER RECEIVING THE NOTIFICATION, AND EXCEPT AS PROVIDED IN SUBSECTION (1)(b)(II) OF THIS SECTION, THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING TO DISCUSS THE GOVERNOR'S PLANS FOR SUSPENDING OR DISCONTINUING ANY FUNCTIONS OR SERVICES OF ANY DEPARTMENT, BOARD, BUREAU, OR AGENCY OF THE STATE GOVERNMENT PURSUANT TO THIS SUBSECTION (1). THE JOINT BUDGET COMMITTEE SHALL MAKE ALL REASONABLE EFFORTS TO HOLD THE MEETING BEFORE THE FIRST DAY OF THE CALENDAR MONTH FOLLOWING THE ENTRY OF THE EXECUTIVE ORDER. AT THE JOINT BUDGET COMMITTEE'S MEETING, THE GOVERNOR OR THE OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, SHALL PRESENT THE EXECUTIVE ORDER TO THE COMMITTEE, AND THE COMMITTEE MAY PROVIDE ADVICE AT THE MEETING REGARDING THE SUSPENSION OR DISCONTINUATION OF ANY FUNCTIONS OR SERVICES.

(II) THE JOINT BUDGET COMMITTEE IS NOT REQUIRED TO HOLD A MEETING DESCRIBED IN SUBSECTION (1)(b)(I) OF THIS SECTION IF THE EXECUTIVE ORDER ISSUED PURSUANT TO THIS SUBSECTION (1) IS TO IMPLEMENT A PLAN DESCRIBED IN SUBSECTION (2) OF THIS SECTION AND THE JOINT BUDGET COMMITTEE HELD A MEETING IN ACCORDANCE WITH SUBSECTION (2)(b) OF THIS SECTION. THIS SUBSECTION (1)(b)(II) DOES NOT PROHIBIT THE JOINT BUDGET COMMITTEE FROM HOLDING A MEETING AND REQUESTING THE GOVERNOR OR THE OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, TO ATTEND THE MEETING.

(c) ~~Such~~ A discontinuance or suspension ~~shall become~~ MADE PURSUANT TO THIS SUBSECTION (1) BECOMES effective upon the first day of the calendar month following the entry of ~~such~~ THE executive order and ~~shall~~ MAY continue for ~~such~~ A period of time, not to exceed three months, as ~~shall be determined by such~~ SET FORTH IN THE executive order. If, during ~~any such~~ THE period of time, ~~it again appears to the governor~~ DETERMINES that ~~such~~ THE deficiency of revenues ~~still persists, from time to time, he~~ THE GOVERNOR may extend the operation of ~~such~~ THE executive order for a ~~like~~ period of time not to exceed three ~~months; but~~ MONTHS.

(d) The state ~~shall not be~~ IS NOT liable for the payment of any claim for salaries or expenses SUBJECT TO A SUSPENSION OR DISCONTINUATION PURSUANT TO THIS SUBSECTION (1) purporting to have accrued against any ~~such~~ department, board, bureau, or agency during any ~~such~~ period of THE suspension OR DISCONTINUATION, and the controller shall not issue ~~nor may~~ AND the state treasurer SHALL NOT honor any warrant therefor. ~~Elective officers shall not be subject to the provisions of this article, parts 2 and 11 of article 30, and articles 31, 35, 36, and 101 to 111 of this title.~~

(~~+~~) (2) (a) Whenever the revenue estimate for the current fiscal year prepared BY THE GOVERNOR in accordance with section 24-75-201.3 (2), OR AN INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR, indicates that general fund expenditures for ~~such~~ THAT fiscal year based on appropriations then in effect will result in ~~the use of~~ USING AN AMOUNT OF THE RESERVE DESCRIBED IN SECTION 24-75-201.1 (1)(d) THAT IS EQUAL TO THE LESSER OF THREE PERCENT OF GENERAL FUND APPROPRIATIONS FOR THE FISCAL YEAR OR ~~one-half~~ or more of the reserve required by section 24-75-201.1 (1)(d), the governor shall formulate a plan for reducing ~~such~~ general fund expenditures so that ~~said~~ THE reserve, as of the close of the fiscal year, will be ~~at least~~ BELOW THE AMOUNT REQUIRED IN SECTION

24-75-201.1 (1)(d) BY NO MORE THAN AN AMOUNT EQUAL TO THREE PERCENT OF GENERAL FUND APPROPRIATIONS FOR THE FISCAL YEAR OR ~~one-half~~ OR MORE OF THE amount required by ~~said~~ section 24-75-201.1 (1)(d), AS APPLICABLE. IF THE GOVERNOR IS IMPLEMENTING A PLAN PURSUANT TO SUBSECTION (2)(d) OF THIS SECTION, THE GOVERNOR IS NOT REQUIRED TO FORMULATE AND IMPLEMENT A PLAN PURSUANT TO THIS SUBSECTION (2)(a).

(b) The governor shall promptly notify the general assembly of ~~the~~ A plan CREATED BY THE GOVERNOR PURSUANT TO THIS SUBSECTION (2). THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING AS SOON AS PRACTICABLE AFTER THE GENERAL ASSEMBLY IS NOTIFIED OF THE PLAN. AT THE JOINT BUDGET COMMITTEE'S MEETING, THE GOVERNOR OR THE OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, SHALL PRESENT THE PLAN TO THE COMMITTEE, AND THE COMMITTEE MAY PROVIDE ADVICE AT THE MEETING REGARDING THE PLAN.

(c) The GOVERNOR SHALL PROMPTLY IMPLEMENT A ~~plan shall be promptly implemented by the governor~~, CREATED BY THE GOVERNOR PURSUANT TO THIS SUBSECTION (2) using the procedures set forth in ~~section 24-2-102(4)~~ SUBSECTION (1) OF THIS SECTION OR SECTION 24-50-109.5 or any other lawful means.

~~(b) to (g) Repealed.~~

~~(h)~~ (d) Whenever the revenue estimate for the current fiscal year, prepared BY THE GOVERNOR in accordance with section 24-75-201.3 (2), OR AN INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR, indicates that general fund expenditures for that fiscal year based on appropriations then in effect will result in the use of an amount of the reserve required by section 24-75-201.1 (1)(d) that would result in that reserve equaling less than one billion dollars, the governor shall formulate a plan for reducing ~~such~~ general fund expenditures so that ~~said~~ THE reserve, as of the close of the fiscal year, will be at least one billion dollars. ~~The governor shall promptly notify the general assembly of the plan and promptly implement the plan in accordance with section 24-2-102(4) or 24-50-109.5 or any other lawful means.~~ THE PROCEDURES AND REQUIREMENTS IN SUBSECTIONS (2)(b) AND (2)(c) OF THIS SECTION APPLY TO A PLAN FORMULATED PURSUANT TO THIS SUBSECTION (2)(d). IF THE GOVERNOR IS IMPLEMENTING A PLAN PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION, THE GOVERNOR IS NOT REQUIRED TO FORMULATE AND IMPLEMENT A PLAN PURSUANT TO THIS SUBSECTION (2)(d).

(e) AS USED IN THIS SUBSECTION (2), "INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR" MEANS AN UPDATED REVENUE ESTIMATE IN THE TIME BETWEEN TWO ESTIMATES MADE BY THE GOVERNOR PURSUANT TO SECTION 24-75-201.3 (2), WHICH INTERIM ESTIMATE IS PREPARED BY THE GOVERNOR, DESIGNATED BY THE GOVERNOR AS AN INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT PRIOR REVENUE ESTIMATE, TRANSMITTED TO THE GENERAL ASSEMBLY, AND PRESENTED AT A MEETING OF THE JOINT BUDGET COMMITTEE AS AN INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT PRIOR REVENUE ESTIMATE.

~~(2)~~ (3) In formulating a plan for the reduction of general fund expenditures as required by ~~subsection (1)~~ SUBSECTION (2) of this section, the governor may consider any recommendations for reducing general fund expenditures of the

institutions of higher education submitted by the Colorado commission on higher education, after consultation with the governing boards of ~~such~~ THE institutions.

~~(3) Repealed.~~

(4) Whenever the governor has formulated and implemented a plan to reduce general fund expenditures in accordance with ~~subsection (1)~~ SUBSECTION (2) of this section, and ~~such~~ THE plan reduces general fund expenditures in an amount equal to or greater than one percent of all general fund appropriations for the fiscal year, the governor, after consultation with the capital development committee and the joint budget committee, may transfer general fund ~~moneys~~ MONEY from the capital construction fund into the general fund. Pursuant to this subsection (4), the governor ~~will~~ MAY ONLY restrict the capital construction projects in the reverse order of the priorities as established by the capital development committee unless approved by the capital development committee and the joint budget committee.

(5) NOTWITHSTANDING THE AUTHORITY IN THIS SECTION TO FORMULATE AND IMPLEMENT A PLAN TO REDUCE GENERAL FUND EXPENDITURES, THE GOVERNOR SHALL NOT REDUCE GENERAL FUND EXPENDITURES BY THE JUDICIAL DEPARTMENT, THE LEGISLATIVE DEPARTMENT, OR ELECTIVE OFFICERS OTHER THAN THE GOVERNOR PURSUANT TO THIS SECTION.

SECTION 2. In Colorado Revised Statutes, 24-2-102, **repeal** (4); and **add** (5) as follows:

24-2-102. Appointment of officers and employees. ~~(4) If, during any fiscal period, there are not sufficient revenues available for expenditure during such period to carry on the functions of the state government and to support its agencies and institutions and such fact is made to appear to the governor, in the exercise of his discretion, by executive order, he may suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau, or agency of the state government; except that the authority of the governor to restrict the expenditure of moneys appropriated from the capital construction fund shall be determined by the provisions of section 24-75-201.5. Such discontinuance or suspension shall become effective upon the first day of the calendar month following the entry of such executive order and shall continue for such period of time, not to exceed three months, as shall be determined by such executive order. If, during any such period of time, it again appears to the governor that such deficiency of revenues still persists, from time to time, he may extend the operation of such executive order for a like period of time not to exceed three months; but the state shall not be liable for the payment of any claim for salaries or expenses purporting to have accrued against any such department, board, bureau, or agency during any such period of suspension, and the controller shall not issue nor may the state treasurer honor any warrant therefor. Elective officers shall not be subject to the provisions of this article, parts 2 and 11 of article 30, and articles 31, 35, 36, and 101 to 111 of this title.~~

(5) ELECTIVE OFFICERS SHALL NOT BE SUBJECT TO THE PROVISIONS OF THIS ARTICLE 2, PARTS 2 AND 11 OF ARTICLE 30, AND ARTICLES 31, 35, 36, AND 101 TO 111 OF THIS TITLE 24.

SECTION 3. In Colorado Revised Statutes, 24-30-1404, **amend** (7)(e) as follows:

24-30-1404. Contracts - definition. (7) (e) In the event that the governor restricts or delays the expenditure of money for a project for which a professional services contract is required pursuant to the authority granted to the governor in ~~section 24-75-201.5~~ SECTION 24-75-201.5 (2), the deadlines imposed in subsection (7)(a) of this section for ~~such~~ THE projects ~~shall be~~ ARE tolled until such time as the restriction or delay is no longer in effect, at which time the professional services contract must be executed and encumbered and any contract with the contractor must be entered into within six months.

SECTION 4. Applicability. This act applies to revenue estimates and interim revenue estimates presented, and executive orders issued, on or after the effective date of this act.

SECTION 5. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: August 28, 2025