

CHAPTER 368

GOVERNMENT - STATE

HOUSE BILL 26-1416

BY REPRESENTATIVE(S) Nguyen and Brown, Taggart, Winter T., Camacho, Stewart K., Soper, Woog, Richardson, Carter, Titone, Lindsay, Velasco, Caldwell, Clifford, Jackson, Rutinel, Woodrow;
also SENATOR(S) Amabile and Carson, Roberts, Pelton R., Coleman.

AN ACT**CONCERNING TRANSFERS FROM THE UNIVERSAL HIGH SCHOOL SCHOLARSHIP CASH FUND.**

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

SECTION 1. Legislative declaration. (1) The general assembly finds, determines, and declares that:

(a) Colorado's economy is experiencing a period of heightened uncertainty driven by dynamic trade policies, uncertain funding conditions, and evolving global economic pressures;

(b) These factors have contributed to increased costs for businesses, disruptions in supply chains, and declining business confidence across multiple sectors. This has also led to slowing job growth, rising consumer debt, and weak economic confidence.

(c) With more than 99% of Colorado businesses classified as small businesses, these impacts are felt across communities statewide, particularly in rural areas that are increasingly vulnerable to economic disruption. Key industries affected include outdoor gear manufacturing, construction, retail, bioscience, technology, advanced manufacturing, and energy. These pressures threaten business continuity, workforce stability, and local economic ecosystems.

(d) Small businesses are a critical component of Colorado's economy and community. The Colorado office of economic development and international trade operates the small business development center program. Through the office's support, the program generated an average of \$2.15 in tax revenue for every \$1.00 invested in the program since 2020, with this amount increasing to an average of

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\$5.02 in tax revenue from long-term clients. During the same time, every dollar invested in the program resulted in approximately \$25.26 in new capital raised for small businesses from external sources, such as federal, state, debt, and equity financing.

(e) (I) The Colorado office of economic development and international trade, through its economic development commission, has a demonstrated history of strategically deploying state resources to support economic growth, retain jobs, and respond to economic disruptions. Pursuant to part 1 of article 46 of title 24, the economic development commission has effectively leveraged its strategic fund and related programs to support major statewide economic development initiatives and preserve community businesses.

(II) In response to prior economic disruptions, including the COVID-19 pandemic, the state established a robust portfolio of small business support programs, including direct grants and technical assistance. Some prior programs of this type included rural theater rehabilitation, the community business preservation program, an expansion of the rural jump-start program, and small business development center support.

(III) The small business development center network experienced delays in federal funding throughout calendar year 2025 and has yet to receive its 2026 allocation, placing its operations, particularly rural service centers, at risk. These disruptions underscore the need for flexible, state-level tools to respond to funding instability at the federal level.

(2) (a) The general assembly therefore finds that it is necessary and appropriate to adequately respond to the current economic environment by providing the economic development commission the ability to reallocate previously appropriated but unused funds to nimbly respond to economic conditions and mitigate impacts to small businesses without new employees, including the strategic use of previously appropriated funds associated with the universal high school scholarship program, created in Senate Bill 23-205, passed in 2023, which experienced implementation challenges due to federal free application for student aid rollout issues.

(b) By reallocating a portion of these previously appropriated funds, the state can both return excess dollars to the general fund for budget balancing purposes and provide targeted, immediate support to small businesses facing economic hardship; and

(c) Enabling the reallocation of previously appropriated funds to support small business resilience is a necessary and prudent response to current economic conditions and is in the best interests of the state of Colorado.

SECTION 2. In Colorado Revised Statutes, 24-48.5-502, **add** (3)(b.7) and (3)(b.8) as follows:

24-48.5-502. Universal high school scholarship program - established - administration - cash fund - eligibility - transfers.

(3) (b.7) ON JUNE 30, 2026, THE STATE TREASURER SHALL TRANSFER NINE HUNDRED THOUSAND DOLLARS FROM THE CASH FUND TO THE COLORADO ECONOMIC DEVELOPMENT FUND, CREATED IN SECTION 24-46-105 (1)(a).

(b.8) ON JUNE 30, 2026, THE STATE TREASURER SHALL TRANSFER TWO MILLION SIX HUNDRED THOUSAND DOLLARS FROM THE CASH FUND TO THE GENERAL FUND.

SECTION 3. 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: June 3, 2026