

Fact Sheet: HB25-1071 - Distribution of State Funds to Local Governments

Bill Overview

HB25-1071 is a proposed bill in the Colorado General Assembly that modifies the distribution of certain state funds to local governments. The bill aims to streamline funding allocation, remove administrative burdens, and empower local jurisdictions to address complex challenges with greater flexibility.

Starting July 1, 2025, funds from specific state sources will be allocated using a standardized formula that ensures fairness and efficiency.

Key Benefits of HB25-1071

- **Simplified Funding Distribution:** Reduces red tape and streamlines how funds are allocated to local governments, eliminating unnecessary bureaucratic hurdles.
- **Increased Local Control:** Empowers counties and federally recognized tribal governments to use funds as they see fit to address community needs without restrictive state-imposed requirements.
- **More Equitable Allocation:** Ensures all 64 counties and the 2 federally recognized tribal governments receive funding based on a **two-part formula**:
 - 50% is distributed equally among all counties and tribal governments.
 - 50% is allocated based on population size.
- **Reduces Administrative Burdens:** Eliminates the need for local governments to navigate complex and often oversubscribed grant application processes.
- **Predictability & Transparency:** Establishes a consistent funding mechanism, making it easier for counties and tribal governments to plan their budgets effectively.

Funds Affected

The bill modifies the distribution of money from the following funds:

- **Marijuana Tax Cash Fund** – Revenue generated from marijuana taxes.
- **Public School Capital Construction Assistance Fund** – Supports school construction and maintenance projects.
- **Peace Officer Training and Support Fund** – Funds law enforcement training and support programs.
- **Affordable Housing Financing Fund** – Supports affordable housing initiatives.

How is this Different from the Current System?

Currently, these funds are distributed based on a variety of statutory formulas and discretionary funding decisions. Many programs operate through competitive grants that do not always align with the unique needs of every jurisdiction. HB25-1071 replaces this inefficient model with a more predictable and equitable system, ensuring that all counties and tribal governments receive a fair share of funding without unnecessary administrative burden.

Potential Impacts

- **Stronger Rural and Tribal Support:** Provides increased funding for rural counties and tribal governments that currently may not receive proportional funding.
- **More Effective Local Governance:** Counties will have more flexibility to direct funds toward the most pressing needs in their communities.
- **Fairer Resource Allocation:** Standardizes the distribution of funds, ensuring a level playing field across the state.
- **Cost Savings for Local Governments:** By eliminating the need for excessive grant writing, local governments save resources and avoid funding uncertainties.

Implementation Strategy

1. **Legislative Process:** The bill is currently assigned to the **House Finance Committee** for review. If approved, it will move through the legislative process before being sent to the Governor for signature.

Next Steps

- **House Finance Committee Review** – The bill will be discussed and amended as necessary.
- **Full Legislative Debate & Vote** – If passed by both the House and Senate, it will proceed to the Governor.
- **Implementation Begins July 1, 2025** – Counties and tribal governments will begin receiving funds under the new distribution model.

Conclusion

HB25-1071 represents a transformative step toward **equitable, efficient, and locally controlled funding** for Colorado's counties and tribal governments. By removing unnecessary bureaucratic barriers, increasing funding predictability, and ensuring fair distribution, this bill will empower local jurisdictions to address community needs in ways that work best for them.