



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note Memorandum

TO: Members of the Senate Appropriations Committee

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Fiscal Assessment of Amendment L.008 to SB 26-135

This memorandum is an assessment of the fiscal impact of the attached proposed Amendment L.008 to SB 26-135. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment L.008

Under Amendment L.008:

- the measure allows the state to retain and spend additional revenue above the current limit ("Referendum C cap") beginning in FY 2026-27 (the current bill begins in FY 2027-28);
- expends the additional revenue retained under the measure in the year after it was retained (the current bill directs the retained revenue to be spent in the same fiscal year in which it is retained);
- the additional amount that may be retained and spent is equal to appropriations for the state share of school finance and categorical programs paid from sources that are subject to TABOR plus the amount paid for the positive factor for the highest previous year (this calculation in the current bill does not include the positive factor, and is based only on the prior year);
- for FY 2026-27 through FY 2035-36, the positive factor equals two percent of the program foundation plus the prior year positive factor, where the program foundation is equal to the state share of school finance until the new school finance formula is fully phased in, and is equal to the total program after the new formula is phased in (the positive factor in the current bill is equal to two percent of FY 2026-27 total program in all years);



- if there is not sufficient revenue in the Excess Revenue Account to pay the full positive factor, the state must increase the amount paid via the positive factor in future years when revenue is available to make up the difference, known as the deferred positive factor (the current bill does not require the state to pay a deferred positive factor);
- before the new school finance formula is fully phased in, a portion of the positive factor is used to accelerate the phase-in of the new formula (the current bill distributes the entire positive factor outside of the school finance formula);
- after the new school finance formula is fully phased in, or if there is more money available than needed to reach 100 percent phase in, the remainder is distributed to school districts using the mechanism in the current bill;
- after FY 2035-36, the positive factor does not increase, but continues based on the FY 2035-26 program foundation and the deferred positive factor amount, if applicable (the current bill does not require a positive factor to be paid after FY 2026-37).

Fiscal Impact of Amendment L.008

Amendment L.008 has the following fiscal impacts relative to the current bill:

- reduces TABOR refunds by \$276.4 million in FY 2026-27; and
- reduces expenditures by \$825.4 million in FY 2027-28, including
 - a \$132.5 million reduction in the amount spent on the positive factor,
 - an \$898.2 million reduction in other state expenditures, and
 - an increase in expenditures for homestead reimbursements by \$205.3 million due it no longer being counted as a TABOR refund mechanism.

Under Amendment L.008, the amount retained in FY 2027-28 (\$1,101.8 million) will be spent in FY 2028-29, rather than in FY 2027-28. An estimate of the amount retained in FY 2028-29 is not available.

Bill's Revised Fiscal Impact with Amendment L.008

The amended bill reduces TABOR refunds beginning in FY 2026-27 and increases expenditures beginning FY 2027-28. These impacts are summarized in Table 1 and Table 2 below.



Table 1
Summary of Fiscal Impact of SB 26-135 with Amendment L.008

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$0	\$0	\$0
State Expenditures	\$0	\$276.4 million	\$1,101.8 million
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	-\$276.4 million	-\$1,101.8 million	Not estimated.
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Expenditures are paid from revenue retained in the prior year under the measure, and paid from either the Excess State Revenues Account in the General Fund, or from the General Fund itself.

Table 2
Fiscal Impacts of SB 26-135 with Amendment L.008

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Increase in TABOR Limit	\$4.6 billion	\$4.8 billion	\$5.1 billion
Change in TABOR Refunds	-\$276.4 million	-\$1,101.8 million	Not estimated.
Property Tax Reimbursements	\$0	\$205.3 million	\$212.2 million
Positive Factor (K-12)	\$0	\$71.1 million	\$481.2 million
Amount Available for Other Purposes	\$0	\$0	\$408.3 million
Office of the State Auditor	\$0	\$0	\$20,000

SB135_L.008

SENATE COMMITTEE OF REFERENCE AMENDMENT

Committee on Appropriations.SB26-135 be amended as follows:

1 Amend printed bill, page 5, after line 4 insert:

2 "SECTION 2. In Colorado Revised Statutes, 22-54-103.3, amend
3 (3)(c); and add (3)(d), (3)(e), and (3)(f) as follows:

4 **22-54-103.3. District total program - 2025-26 through 2030-31**
5 **budget years - definitions - repeal.**

6 (3) (c) For the 2027-28 budget year through the 2030-31 budget
7 year, a district's total program is the greater of the district's total program
8 calculation pursuant to section 22-54-104 plus one percent of the district's
9 total program calculation pursuant to section 22-54-104, or:

10 (I) For the 2027-28 budget year, the amount calculated pursuant
11 to section 22-54-104 plus an amount equal to ~~forty-five percent~~ THE FINAL
12 PHASE-IN PERCENTAGE of the difference between the district's total
13 program calculation pursuant to section 22-54-103.5 and the district's
14 total program calculation pursuant to section 22-54-104;

15 (II) For the 2028-29 budget year, the amount calculated pursuant
16 to section 22-54-104 plus an amount equal to ~~sixty percent~~ THE FINAL
17 PHASE-IN PERCENTAGE of the difference between the district's total
18 program calculation pursuant to section 22-54-103.5 and the district's
19 total program calculation pursuant to section 22-54-104;

20 (III) For the 2029-30 budget year, the amount calculated pursuant
21 to section 22-54-104 plus an amount equal to ~~seventy-five percent~~ THE
22 FINAL PHASE-IN PERCENTAGE of the difference between the district's total
23 program calculation pursuant to section 22-54-103.5 and the district's
24 total program calculation pursuant to section 22-54-104; and

25 (IV) For the 2030-31 budget year, the amount calculated pursuant
26 to section 22-54-104 plus an amount equal to ~~ninety percent of~~ THE FINAL
27 PHASE-IN PERCENTAGE the difference between the district's total program
28 calculation pursuant to section 22-54-103.5 and the district's total
29 program calculation pursuant to section 22-54-104.

30 (d) AS USED IN THIS SUBSECTION (3), UNLESS THE CONTEXT
31 OTHERWISE REQUIRES:

32 (I) "BASE PHASE-IN PERCENTAGE" MEANS A PERCENTAGE EQUAL
33 TO:

34 (A) FOR BUDGET YEAR 2027-28, FORTY-FIVE PERCENT;

35 (B) FOR BUDGET YEAR 2028-29, SIXTY PERCENT;

36 (C) FOR BUDGET YEAR 2029-30, SEVENTY-FIVE PERCENT;

37 (D) FOR BUDGET YEAR 2030-31, NINETY PERCENT; AND

38 (E) FOR BUDGET YEAR 2031-32, AND EACH BUDGET YEAR
39 THEREAFTER, ONE HUNDRED PERCENT.

40 (II) "POSITIVE FACTOR ACCELERATION PERCENTAGE" MEANS A

1 PERCENTAGE EQUAL TO THE LESSER OF:

2 (A) THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE FOR
3 THE APPLICABLE BUDGET YEAR, DIVIDED BY THE DIFFERENCE BETWEEN
4 STATEWIDE TOTAL PROGRAM CALCULATED PURSUANT TO SECTION
5 22-54-103.5 FOR THE APPLICABLE BUDGET YEAR AND STATEWIDE TOTAL
6 PROGRAM CALCULATED PURSUANT TO SECTION 22-54-104 FOR THE
7 APPLICABLE BUDGET YEAR; OR

8 (B) THE DIFFERENCE BETWEEN ONE HUNDRED PERCENT AND THE
9 BASE PHASE-IN PERCENTAGE FOR THE APPLICABLE BUDGET YEAR.

10 (III) "FINAL PHASE-IN PERCENTAGE" MEANS A PERCENTAGE EQUAL
11 TO THE SUM OF:

12 (A) THE BASE PHASE-IN PERCENTAGE FOR THE APPLICABLE
13 BUDGET YEAR; PLUS

14 (B) THE POSITIVE FACTOR ACCELERATION PERCENTAGE FOR THE
15 APPLICABLE BUDGET YEAR.

16 (e) A DISTRICT'S POSITIVE FACTOR ACCELERATION PERCENTAGE IS
17 AVAILABLE TO A DISTRICT TO FUND:

18 (I) INCREASING TEACHER PAY;

19 (II) IMPROVING TEACHER RETENTION;

20 (III) LOWERING CLASS SIZES; AND

21 (IV) INCREASING ACCESS TO CAREER AND TECHNICAL COURSES.

22 (f) LEGISLATIVE COUNCIL STAFF SHALL ANNUALLY PROJECT A
23 BUDGET YEAR'S POSITIVE FACTOR ACCELERATION PERCENTAGE AS SOON
24 AS PRACTICABLE BASED UPON THE MARCH REVENUE FORECAST RELIED ON
25 BY THE GENERAL ASSEMBLY IN SETTING THE BUDGET FOR THE NEXT STATE
26 FISCAL YEAR."

27 Renumber succeeding sections accordingly.

28 Page 5, lines 7 and 8, strike "**funding 2027-28 through 2036-37 budget**
29 **years - definitions - repeal.**" and substitute "**- positive factor education**
30 **investment amount - definitions.**"

31 Page 5, line 9, strike "SECTION," and substitute "SECTION AND SECTION
32 24-54-103.3 (3)."

33 Page 5, after line 10 insert:

34 "(a) "DEFERRED POSITIVE FACTOR PAYMENT" MEANS AN AMOUNT
35 EQUAL TO THE DIFFERENCE BETWEEN:

36 (I) THE TOTAL OF THE POSITIVE FACTOR FOR EACH BUDGET YEAR
37 COMMENCING ON AND AFTER JULY 1, 2027, AND BEFORE THE EARLIER OF
38 THE CURRENT BUDGET YEAR OR THE 2035-36 BUDGET YEAR; AND

1 (II) THE TOTAL OF THE:

2 (A) POSITIVE FACTOR EDUCATION AMOUNT PAID TO ALL DISTRICTS
3 PURSUANT TO SECTION 24-77-302 (2)(b) FOR EACH BUDGET YEAR
4 COMMENCING ON AND AFTER JULY 1, 2027, AND THROUGH THE
5 IMMEDIATELY PRECEDING BUDGET YEAR; AND

6 (B) THE POSITIVE FACTOR ACCELERATION AMOUNT PAID TO ALL
7 DISTRICTS PURSUANT TO SECTION 24-54-103.3 FOR EACH BUDGET YEAR
8 COMMENCING ON AND AFTER JULY 1, 2027, AND THROUGH THE
9 IMMEDIATELY PRECEDING BUDGET YEAR."

10 Reletter succeeding paragraphs accordingly.

11 Page 5, after line 24 insert:

12 "(d) "POSITIVE FACTOR" MEANS:

13 (I) FOR THE 2027-28 BUDGET YEAR, THE SUM OF:

14 (A) TWO PERCENT OF PROGRAM FOUNDATION CALCULATED FOR
15 THE 2025-26 BUDGET YEAR; AND

16 (B) TWO PERCENT OF PROGRAM FOUNDATION CALCULATED FOR
17 THE 2026-27 BUDGET YEAR;

18 (II) FOR THE 2028-29 BUDGET YEAR THROUGH THE 2035-36
19 BUDGET YEAR, THE SUM OF:

20 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE
21 IMMEDIATELY PRECEDING BUDGET YEAR;

22 (B) THE POSITIVE FACTOR FOR THE IMMEDIATELY PRECEDING
23 BUDGET YEAR; AND

24 (III) FOR THE 2036-37 BUDGET YEAR AND EACH BUDGET YEAR
25 THEREAFTER:

26 (A) TWO PERCENT OF PROGRAM FOUNDATION FOR THE 2035-36
27 BUDGET YEAR;

28 (B) THE POSITIVE FACTOR FOR THE 2035-36 BUDGET YEAR.

29 (e) "POSITIVE FACTOR ACCELERATION AMOUNT" MEANS THE
30 AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EXPENDED TO
31 FUND THE POSITIVE FACTOR ACCELERATION PERCENTAGE, AS DEFINED IN
32 SECTION 22-54-103.3 (3)(d), PURSUANT TO SECTION 24-54-103.3 (3).

33 (f) "POSITIVE FACTOR EDUCATION INVESTMENT AMOUNT" MEANS
34 AN AMOUNT OF THE POSITIVE FACTOR FOR A BUDGET YEAR EQUAL TO THE
35 DIFFERENCE BETWEEN THE POSITIVE FACTOR FOR THAT BUDGET YEAR AND
36 THE POSITIVE FACTOR ACCELERATION AMOUNT FOR THAT BUDGET YEAR.

37 (g) "PROGRAM FOUNDATION" MEANS:

38 (I) FOR BUDGET YEARS BEFORE TOTAL PROGRAM IS DETERMINED
39 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO STATE SHARE
40 OF TOTAL PROGRAM; AND

1 (II) FOR BUDGET YEARS WHEN TOTAL PROGRAM IS DETERMINED
2 PURSUANT TO SECTION 22-54-103.5, AN AMOUNT EQUAL TO NEW FORMULA
3 STATEWIDE TOTAL PROGRAM CALCULATION.

4 (h) "STATE SHARE OF TOTAL PROGRAM" MEANS AN AMOUNT
5 EQUAL TO THE TOTAL OF THE STATE'S SHARE OF EACH SCHOOL DISTRICT'S
6 TOTAL PROGRAM, AS DEFINED IN SECTION 22-55-102 (18).".

7 Reletter succeeding paragraph accordingly.

8 Page 5, strike lines 26 and 27.

9 Page 6, strike line 1 and substitute "AMOUNT EQUAL TO THE LESSER OF:

10 (I) (A) THE POSITIVE FACTOR FOR THE CURRENT BUDGET YEAR;

11 (B) PLUS THE DEFERRED POSITIVE FACTOR AMOUNT FOR THE
12 CURRENT BUDGET YEAR; OR

13 (II) THE AMOUNT THAT THE STATE IS".

14 Page 6, strike lines 5 through 8 and substitute:

15 "(2) FOR THE 2027-28 BUDGET YEAR AND EACH BUDGET YEAR
16 THEREAFTER, A DISTRICT'S POSITIVE FACTOR EDUCATION INVESTMENT
17 AMOUNT IS EQUAL TO:

18 (NEW FORMULA DISTRICT TOTAL PROGRAM CALCULATION / NEW
19 FORMULA STATEWIDE TOTAL PROGRAM CALCULATION) X (THE TWO
20 PERCENT K-12 PUBLIC EDUCATION INCREASE MINUS THE POSITIVE FACTOR
21 ACCELERATION AMOUNT).".

22 Page 6, lines 9 and 10, strike "THROUGH THE 2036-37 BUDGET YEAR," and
23 substitute "AND EVERY BUDGET YEAR THEREAFTER,".

24 Page 6, lines 14 and 15, strike "THROUGH THE 2036-37 BUDGET YEAR,"
25 and substitute "AND EVERY BUDGET YEAR THEREAFTER,".

26 Page 6, line 17, strike "FUNDING" and substitute "EDUCATION INVESTMENT
27 AMOUNT".

28 Page 6, line 21, strike "FUNDING" and substitute "EDUCATION INVESTMENT
29 AMOUNT".

30 Page 6, line 23, strike "FUNDING" and substitute "EDUCATION INVESTMENT
31 AMOUNT".

32 Page 7, line 2, strike "FUNDING" and substitute "EDUCATION INVESTMENT

1 AMOUNT".

2 Page 7, strike line 8.

3 Page 7, strike lines 22 and 23.

4 Renumber succeeding subsections accordingly.

5 Page 8, after line 1 insert:

6 "(5) "TWO PERCENT K-12 PUBLIC EDUCATION INCREASE" HAS THE
7 MEANING SET FORTH IN SECTION 22-54-103.7 (1)(i).".

8 Page 8, strike lines 11 through 14 and substitute "EXCESS STATE
9 REVENUES ACCOUNT. THE STATE TREASURER SHALL CREDIT TO THE
10 ACCOUNT AN AMOUNT EQUAL TO THE AMOUNT THAT THE STATE RETAINS
11 IN A FISCAL YEAR PURSUANT TO SUBSECTION (1) OF THIS SECTION MINUS
12 AN AMOUNT EQUAL TO THE TOTAL DOLLAR AMOUNT OF WARRANTS ISSUED
13 BY THE STATE TREASURER PURSUANT TO SECTION 39-3-207 (4) IN THE
14 IMMEDIATELY FOLLOWING FISCAL YEAR.".

15 Page 8, strike lines 16 through 27 and substitute "1, 2027, FROM THE
16 MONEY IN THE EXCESS STATE REVENUES ACCOUNT THAT IS RETAINED FOR
17 A PRECEDING STATE FISCAL YEAR PURSUANT TO SUBSECTION (1) OF THIS
18 SECTION AND DEPOSITED IN THE ACCOUNT PURSUANT TO SUBSECTION
19 (2)(a) OF THIS SECTION, THE GENERAL ASSEMBLY:

20 (I) SHALL TRANSFER OR APPROPRIATE TO THE DEPARTMENT OF
21 EDUCATION AN AMOUNT EQUAL TO THE TWO PERCENT K-12 PUBLIC
22 EDUCATION INCREASE FOR THE CURRENT STATE FISCAL YEAR AND THE
23 DEPARTMENT OF EDUCATION SHALL DISTRIBUTE THAT AMOUNT IN
24 ACCORDANCE WITH SECTION 22-54-103.3 AND SECTION 22-54-107.7; AND

25 (II) AFTER MAKING THE APPROPRIATIONS OR TRANSFERS REQUIRED
26 BY SUBSECTION (2)(b)(I) OF THIS SECTION FOR A STATE FISCAL YEAR, MAY
27 APPROPRIATE OR TRANSFER THE MONEY FOR ANY OTHER PURPOSE.".

28 Page 9, strike lines 1 through 17.

29 Renumber succeeding subsections accordingly.

30 Page 10, line 1, strike "AUGUST 1, 2027," and substitute "AUGUST 1,
31 2026,".

32 Page 10, line 5, strike "TOTAL AMOUNT THAT IS" and substitute

- 1 "GREATEST TOTAL AMOUNT IN A PRECEDING STATE FISCAL YEAR THAT HAS
2 BEEN".
- 3 Page 10, line 7, strike "THE IMMEDIATELY" and substitute "A".
- 4 Page 10, line 9, strike "PROGRAM." and substitute "PROGRAM AND THE
5 AMOUNT OF THE TWO PERCENT K-12 PUBLIC EDUCATION INCREASE FOR
6 THE SAME STATE FISCAL YEAR."
- 7 Page 10, lines 10 and 11, strike "FOR THE IMMEDIATELY PRECEDING STATE
8 FISCAL YEAR".
- 9 Page 12, line 11, strike "(4)," and substitute "(3)".
- 10 Page 12, line 25, strike "(4)." and substitute "(3)".
- 11 Page 13, line 10, strike "(4)." and substitute "(3)".
- 12 Page 13, lines 20 and 21, strike "the state spends" and substitute "spent".
- 13 Strike "JULY 1, 2027," and substitute "JULY 1, 2026," on: **Page 8**, lines 4
14 and 5; **Page 10**, line 1; **Page 12**, line 24; and **Page 13**, line 9.
- 15 Page 1, lines 104 and 105, strike "USING THE INCREASED
16 APPROPRIATION FOR DISTRICT SCHOOL FACTOR FUNDING,".
- 17 Amend the Senate Finance Committee Report, dated March 12, 2026,
18 page 1, line 6, strike "SAME" and substitute "CURRENT".
- 19 Page 1 of the report, strike lines 9 through 12 and substitute "POSITIVE
20 FACTOR EDUCATION INVESTMENT AMOUNTS MUST BE DISTRIBUTED IN THE
21 SAME FORM AND MANNER IN WHICH PAYMENTS OF TOTAL PROGRAM ARE
22 DISTRIBUTED UNDER LAW TO ALL PUBLIC SCHOOLS."."
- 23 Page 1 of the report, strike lines 15 through 21.
- 24 Page 2, of the report, strike line 1.

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