



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

SB 25B-001: PROCESSES TO REDUCE SPENDING DURING SHORTFALL

Prime Sponsors:

Sen. Amabile; Coleman

Rep. McCluskie; Sirota

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting number: LLS 25B-0003

Version: Final Fiscal Note

Date: September 11, 2025

Fiscal note status: The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill establishes procedures the Joint Budget Committee to hold hearings with the Governor's Office when there are not sufficient revenues to carry out state services without negatively affecting the General Fund reserve.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- Minimal State Workload

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$0	\$0	\$0
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, if state revenue will be insufficient in a current fiscal year to continue the functions of state government, the Governor may, by executive order, end or pause the functions of state agencies for up to three months, and if necessary, extend the order for three additional months. This bill requires the Governor to notify the Joint Budget Committee (JBC) of the executive order, and the JBC to hold a hearing with the governor and the Office of State Planning and Budgeting (OSPB) regarding any planned reduction of state spending in response to either a regular or interim revenue estimate made by OSPB.

Whenever a revenue estimate from the OSPB shows that state spending will dip into the General Fund reserve by specified amounts, the bill requires that the JBC hold a meeting to discuss the Governor's plan for reducing state spending. A meeting is required if a regular or interim revenue forecast shows that:

- state spending will dip into the reserve by the lesser of three percent of current fiscal year General Fund appropriations or 50 percent of the required reserve; or,
- the balance of the reserve will end the year below \$1 billion.

The Governor's plans to reduce General Fund expenditures may not reduce expenditures in the Judicial Department, Legislative Department, or by elective officers other than the Governor.

State Expenditures

The bill requires additional legislative hearings of the JBC in certain fiscal emergencies. The triggers requiring more hearings are assumed to occur infrequently, and when they do occur, will increase legislator per diem and travel costs in the Legislative Department, and workload for the Governor's Office and JBC staff. Any costs are expected to be minimal and do not require a change in appropriations. No impact is expected for other executive branch departments.

Effective Date

The bill was signed into law by the Governor and it took effect on August 28, 2025; the bill applies to revenue estimates and executive orders on or after that date.

State and Local Government Contacts

Governor
JBC Staff

LCS Economist