



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25B-1016: SPENDING REDUCTION PROCEDURES

Prime Sponsors:

Rep. Taggart
Sen. Kirkmeyer

Fiscal Analyst:

Josh Abram, 303-866-3561
josh.abram@coleg.gov

Published for: House Appropriations**Drafting number:** LLS 25B-0034**Version:** Initial Fiscal Note**Date:** August 21, 2025**Fiscal note status:** The fiscal note represents the introduced bill.

Summary Information

Overview. The bill requires a hearing of the Joint Budget Committee whenever a revenue forecast from the Governor's Office determines a shortfall that will affect either the ability to carry out functions of state government, or negatively impact the General Fund statutory 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

The bill requires that the Joint Budget Committee (JBC) conduct a hearing and receive presentations whenever the Governor's Office or Legislative Council Staff issue an interim revenue estimate between regularly issued quarterly revenue estimates.

Under current law, if revenue is insufficient to carry on the functions of state government, the Governor may issue an executive order to end or pause the functions of state agencies for up to three months, and extend the order for an additional three months if necessary. If the Governor extends the initial order, this bill requires that the JBC hold a hearing where the governor and the Office of State Planning and Budgeting (OSPB) present a spending reduction plan and consult with the committee. At the hearing, representatives from departments included in the Governor's spending reduction plan must be available to respond to JBC questions.

When either a quarterly or interim revenue estimate from the OSPB shows that state spending will dip into the statutory General Fund reserve by specified amounts, this bill requires that the Governor make a plan for reducing appropriations, and requires that the JBC hold a hearing to consult with the governor, OSPB, and executive branch departments. A JBC hearing is required if the Governor's Office determines that current year General Fund expenditures will result in the use of one-half the reserve, or leave the reserve with a balance of less than \$1 billion.

State Expenditures

The bill requires additional legislative hearings of the JBC when interim forecasts are issued or 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 takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to executive orders issued, plans formulated, and revenue estimates and interim revenue estimates made on or after that date.

State and Local Government Contacts

Governor
JBC Staff

LCS Economists