



Fiscal Note
Legislative Council Staff
Nonpartisan Services for Colorado’s Legislature

SB 25-173: REVENUE CLASSIFICATION TAXPAYERS BILL OF RIGHTS

Prime Sponsors:
Sen. Weissman
Rep. Garcia; Zokaie

Fiscal Analyst:
Elizabeth Ramey, 303-866-3522
elizabeth.ramey@coleg.gov

Published for: House Finance
Drafting number: LLS 25-0786

Version: First Revised Note
Date: April 1, 2025

Fiscal note status: This fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill specifies that certain revenues are considered to be damage awards or property sales, and therefore exempt from TABOR.

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

- State Expenditures
- Minimal State Workload
- TABOR Refunds

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$0	\$0	\$0
State Expenditures (General Fund) ¹	\$0	\$15.4 million	\$0
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	-\$15.4 million	-\$15.3 million	-\$15.3 million
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

¹ Under the March 2025 OSPB Forecast selected by the Joint Budget Committee for budget balancing purposes, the bill is not projected to require a \$15.4 million General Fund expenditure in FY 2025-26, and total expenditures would be \$0 in every year.

Table 1A
Change in TABOR Refunds¹

Fund Source	Current Year FY 2024-25	Budget Year FY 2025-26	Out Year FY 2026-27
Prop. Tax Reimbursement to Local Govts.	-\$15.4 million	\$0	\$0
Six-Tier Sales Tax Refunds	\$0	-\$15.3 million	-\$15.3 million
Net Change in TABOR Refunds	-\$15.4 million	-\$15.3 million	-\$15.3 million

¹ Under the March 2025 OSPB Forecast selected by the Joint Budget Committee for budget balancing purposes, the bill would reduce six-tier sales tax refunds by \$15.4 million in FY 2024-25, \$15.3 million in FY 2025-26, and \$15.3 million in FY 2026-27, with no change to refunds via property tax reimbursements to local governments.

Summary of Legislation

The revenue limit in the Colorado Constitution's TABOR amendment applies to all state revenue that is not specifically excluded. Two exclusions that appear in TABOR are for damage awards and property sales. Beginning in the current FY 2024-25, the bill modifies the statutory definitions of both of these terms to include additional sources of revenue satisfying these exclusions.

Damage Awards

Under current law, "damage award" is defined to mean pecuniary compensation received by the state as a result of any judgment or allowance in favor of the state. The bill broadens the definition to include monetary compensation received by the state from:

- civil penalties assessed by the Department of Health Care Policy and Financing (HCPF) against nursing facilities as recommended by the Department of Public Health and Environment (CDPHE);
- civil penalties imposed by the CDPHE for violations of water quality control laws, regulations, permits, final cease-and-desist orders, or clean-up orders;
- fines or penalties collected by the CDPHE and deposited in the Community Impact Cash Fund for violations of air quality control laws, regulations, and permits;
- penalties imposed by the Energy and Carbon Management Commission (ECMC) for violations of state law, commission rules or orders, or permits; and
- penalties collected by the Department of Labor (CDLE) for employer or employee failure to furnish information required by the Division of Labor Standards and Statistics.

Property Sales

Under current law, “property sale” is defined to mean transfers of ownership of estates, or contracts resulting in payments to the state for exploitation of nonrenewable natural resources on state property. The bill broadens the definition to include transfers of rights in tangible or intangible property from the state to any other party. The bill specifically identifies these transfers as qualifying under its definition of property sales:

- merchandise sales at the History Colorado Center;
- merchandise sales at state historical society museums;
- sales of supplies related to agricultural inspections;
- sales of supplies related to wildfire equipment repair;
- sales of supplies related to pesticide inspections;
- sales related to the Correctional Education Program;
- sales related to the business enterprise program in CDLE;
- non-concessionary sales at the Colorado State Fair; and
- sales of wine for promotional purposes by the Wine Industry Development Board.

Assumptions

The bill’s definition of property sales is not exclusive to the sales categories bulleted in the Summary of Legislation section. This fiscal note assumes that only the listed sales categories will be reclassified as property sales for TABOR purposes under the bill. If additional sales are reclassified, the bill will reduce state TABOR refunds by a greater amount than estimated.

State Expenditures

The bill increases General Fund expenditures by \$15.4 million and workload in the Office of the State Controller in FY 2025-26.

Property Tax Reimbursements

For FY 2025-26, the bill increases General Fund expenditures by \$15.4 million as a result of reduced revenue subject to TABOR in FY 2024-25. Under the March 2025 LCS forecast, the FY 2024-25 TABOR surplus is not expected to be large enough to fully fund reimbursements to local governments for constitutional homestead property tax exemptions. The fiscal note assumes that General Fund expenditures will be required to fully fund the reimbursements. Therefore, reducing revenue subject to TABOR by \$15.4 million in FY 2024-25 results in a corresponding increase in General Fund expenditures for FY 2025-26 to fund property tax reimbursements. Under the March 2025 OSPB forecast selected by the Joint Budget Committee for budget balancing, the bill would not require these expenditures.

Department of Personnel

The bill increases workload in the Office of the State Controller to make accounting changes required by the bill. This workload increase is expected to be minimal and can be accomplished within existing appropriations.

TABOR Refunds

The bill reduces revenue subject to TABOR and is expected to decrease the amount of state revenue required to be refunded to taxpayers by about \$15.4 million in the current FY 2024-25, and \$15.3 million in each of FY 2025-26 and FY 2026-27, as shown in Table 2. This estimate assumes the March 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreasing the TABOR refund obligation, while also maintaining the same level of total revenue, increases the amount of General Fund revenue available to spend or save.

Table 2
Change in Revenue Subject to TABOR

Exclusion	FY 2024-25	FY 2025-26	FY 2026-27
Damage Awards	-\$14.3 million	-\$14.3 million	-\$14.3 million
Property Sales	-\$1.1 million	-\$1.0 million	-\$1.0 million
Total	-\$15.4 million	-\$15.3 million	-\$15.3 million

Table 2A
Change in Damage Awards Subject to TABOR

Damage Awards	FY 2024-25	FY 2025-26	FY 2026-27
Nursing Facility Penalties	-\$2.8 million	-\$2.8 million	-\$2.8 million
Water Quality Penalties	-\$1.8 million	-\$1.8 million	-\$1.8 million
Air Quality Penalties	-\$2.0 million	-\$2.0 million	-\$2.0 million
ECMC Penalties	-\$7.6 million	-\$7.6 million	-\$7.6 million
CDLE Penalties	\$0	\$0	\$0
Total Damage Awards	-\$14.3 million	-\$14.3 million	-\$14.3 million

Table 2B
Change in Property Sales Subject to TABOR

Property Sales	FY 2024-25	FY 2025-26	FY 2026-27
History Colorado	-\$144,000	-\$144,000	-\$144,000
Other Historical Museums	-\$388,000	-\$388,000	-\$388,000
Agriculture and Pesticide Inspections	-\$56,000	-\$68,000	-\$70,000
Wildfire Equipment Repair	\$0	\$0	\$0
Correctional Education Program	-\$107,000	-\$107,000	-\$107,000
Business Enterprise Program	-\$164,000	-\$179,000	-\$196,000
State Fair	-\$179,000	-\$80,000	-\$83,000
Wine Industry Development Board	-\$59,000	-\$59,000	-\$59,000
Total Property Sales	\$1,096,000	\$1,025,000	\$1,046,000

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Agriculture	Natural Resources
Corrections	Personnel
Health Care Policy and Financing	Public Health and Environment
History Colorado	Public Safety
Labor	Treasury
Law	