

JBC Staff Fiscal Analysis
Senate Appropriations Committee

Concerning requiring the department of the treasury to sell tax credits to qualified taxpayers, and, in connection therewith, transferring the proceeds to the general fund and making an appropriation.

Prime Sponsors:

Representatives Stewart R.; Camacho
Senators Marchman; Snyder

Date Prepared:

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Fiscal Impacts

Appropriation Already Added to Bill, Amendment in Packet

General Fund Impact

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 08/23/25.

No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill.

Amendments in This Packet

J.002	Staff-prepared appropriation amendment
L.012	Bill Sponsor amendment - does not change fiscal impact.
L.011/J.003	Bill Sponsor amendment - changes fiscal impact and appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation to the Department of Treasury of \$448,500 General Fund for FY 2025-26.

Description of Amendments in This Packet

J.002

Staff amendment **J.002** (attached) changes the existing appropriation clause to appropriate \$3,173,500 General Fund to the Department of Treasury for FY 2025-26.

L.012

Amendment **L.012** (attached) modifies the minimum proposed tax credit purchase amount. With this amendment, the purchase amount must be the greater of 80 percent of the requested dollar amount (instead of 75 percent) or the amount determined to be consistent with market conditions. Legislative Council Staff and JBC Staff concur that this does not change the cost of tax credit issuance or administration.

L.011 and J.003

Bill Sponsor amendment **L.011** (attached):

- Creates a new cash fund, the Tax Credit Sale Proceeds Cash Fund, in the Department of Treasury, which receives the proceeds from the sale of tax credits. Amounts in the cash fund are subject to appropriation to the Department of Treasury for reasonable and necessary administrative, monitoring, and closing costs associated with the tax credits and to the Department of Revenue for direct and indirect costs associated with the program. The Department of Treasury must transfer amounts in the cash fund that are not used for its administrative, monitoring, and closing costs, as well as related expenses in the Department of Revenue, to the General Fund.
- Modifies language in the reengrossed bill to *authorize* the Department of Treasury to issue the tax credits, rather than *requiring* the Department of Treasury to issue tax credits.

Bill sponsor amendment **J.003** (attached) changes the existing appropriation clause to appropriate \$3,173,500 cash funds from the Tax Credit Sale Proceeds Cash Fund to the Department of Treasury for FY 2025-26.

The Committee should adopt *either J.002 or* the combination of **L.011** and **J.003**, but *should not adopt more than one J amendment*. It may adopt **L.012** in combination with either **J.002** or **L.011/J.003**).

Points to Consider

The July 2025 revenue forecast updates from the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) anticipate that state revenues will fall short of the TABOR limit in FY 2025-26. The update from OSPB projects that revenues will fall \$742.2 million below the TABOR limit in FY 2025-26 and then be \$411.4 million above the TABOR limit in FY 2026-27. Legislative Council Staff projects a shortfall of \$661.8 million below the TABOR limit in FY 2025-26 and a surplus of \$758.8 million above the TABOR limit in FY 2026-27. TABOR surpluses must be refunded to taxpayers out of the General Fund.

The required General Fund reserve for the fiscal year ending June 30, 2026 is 15.0 percent of FY 2025-26 General Fund appropriations. Based on the July 2025 revenue forecast updates, both the OSPB and LCS anticipate the General Fund reserve will end the current fiscal year below the reserve requirement.

OSPB anticipates a deficit of \$783.1 million and LCS anticipates a deficit of \$691.9 million below the statutory reserve requirement.

General Fund Impact

The reengrossed bill requires a General Fund appropriation of \$3,173,500 for FY 2025-26, reducing the amount of General Fund available for other purposes in FY 2025-26 and FY 2026-27. In addition, it is anticipated to require a General Fund appropriation of \$39,547 for FY 2026-27.

If amendments **L.011** and **J.003** are adopted, administrative expenses will instead be appropriated from the Tax Credit Sale Proceeds Cash Fund, before the sales proceeds in the cash fund are deposited in the General Fund.