



Memorandum

To: Joint Budget Committee Members
 From: Craig Harper, JBC Staff (303-866-3481)
 Date: March 17, 2026
 Subject: Additional General Fund Placeholders in the Governor's Submittal Letters

The Governor's FY 2026-27 budget submittal letters ([October 31, 2025](#), and [January 2, 2026](#)) include assumptions for a number of legislative placeholders. **Most of these do not include decision items.** Staff has limited information on most of these items and most are not proposed for JBC bills. Some are already introduced in legislation.

JBC Staff is not making recommendations at this time, as they are nearly all policy proposals outside of the budget process. The question before the Committee is whether to direct JBC Staff to incorporate each placeholder into the General Fund Overview assumptions for balancing purposes.

Placeholders for Appropriations

Table 1 shows the placeholders affecting General Fund appropriations. As shown in the table, most of the placeholders represent increases in expenditures. The items with increases total \$21.6 million General Fund. However, two negative placeholders offset most of that increase. The largest change is a reduction of \$18.6 million associated with the proposed elimination of the business personal property tax backfill to local governments (included in S.B. 26-116). As whole, the group would increase appropriations by \$2.9 million based on the Governor's assumptions. Some of the proposals have not been introduced, and some of the introduced bills did not have fiscal notes when staff wrote this memorandum.

Table 1: Requested Placeholders for General Fund Appropriations

Line	Item	FY 2026-27 Placeholder Request	Fiscal Note Amount (if available)	Bill (if introduced)
1	Federal risk hold (in January 2 letter)	\$15,482,729	n/a	
2	General Assembly priorities	2,500,000	n/a	
3	Higher Ed: Continue open education resources	1,108,200	1,108,200	HB 26-1016
4	Revenue: Transportation and housing investment zones	450,000	239,849	HB 26-1065
5	Public Safety: Division of Forensic Services	390,702	n/a	n/a
6	Other legislative placeholders	310,000	n/a	n/a
7	Public Safety: CCJJ successor	300,000	n/a	n/a
8	Statewide: Natural medicine pilot to implement Prop 122	250,000	n/a	HB 26-1325

Line	Item	FY 2026-27 Placeholder Request	Fiscal Note Amount (if available)	Bill (if introduced)
9	Governor: Shared services assessment	250,000	n/a	HB 26-1317
10	Revenue: Tax-related changes	242,000	-6,140,498	HB 26-1289
11	Pub. Health: Direct-to-consumer sales of raw milk (now cottage foods)	175,000	157,968	HB 26-1033
12	Revenue: Municipal lodging tax simplification	100,000	94,297	SB 26-116
13	Revenue: Charitable deduction	10,000	n/a	n/a
14	Treasury: Eliminate business personal property tax backfill	-18,600,000	-16,800,000	SB26-116
15	Labor: Reductions to CO Workforce Development Council	-46,605	n/a	n/a
16	Total Change in GF Appropriations	\$2,922,026		

Placeholders for TABOR Refund Adjustments

Table 2 shows the placeholders that would affect General Fund available through adjustments to the State’s TABOR refund obligation. There are introduced bills for revenue reclassification (S.B. 26-042) and the fuel tax deduction (included in H.B. 26-1289) but not for the TABOR Over-refund Adjustment submitted as Statewide R2 and addressed in a previous [JBC Staff memorandum](#). The table shows the change in General Fund available in FY 2026-27 if there is sufficient TABOR surplus to absorb the change. The projected surplus will undoubtedly change in the March 2026 revenue forecasts (scheduled for March 19).

Table 2: Potential Placeholders Impacting General Fund Available through TABOR Refund Adjustments

Line	Item	FY 2026-27 Change in GF Available	Fiscal Note Amount (if available)	Bill (if introduced)
1	Statewide R2 - TABOR Over-refund Proposal	\$148,000,000	n/a	n/a
2	Statewide: Revenue reclassifications	29,000,000	30,900,000	SB 26-042
3	Transportation: Fuel deduction from 2% to 1%	-3,250,000	-3,200,000	HB26-1289
4	Change in General Fund Available in FY 2026-27	\$173,750,000	\$27,700,000	

- Statewide R2 proposes legislation to address an asserted over-refund from FY 2024-25. As proposed, it would have the same impact in FY 2027-28 (reducing the potential refund by \$148.0 million and making that amount of additional General Fund available).
- Senate Bill 26-042 would reclassify a number of revenue streams as either collections for another government or damage awards under TABOR, making those streams newly exempt from TABOR. The Governor’s placeholder assumed a change of \$29.0 million while the fiscal note for the bill assumes \$30.9 million. As long as the State is above the TABOR cap, those changes would *increase* General Fund available.
- Among *many* other changes, H.B. 26-1289 would increase fuel tax collections by \$3.2 million by reducing the deduction associated with loss of fuel in transit. Those revenues are subject to TABOR and the increased collections will *decrease* General Fund available as long as the State is above the limit. Staff notes that current Legislative Council Staff Fiscal Note for the bill, dated March 12, 2026, shows an increase of \$89.0 million in revenue in FY 2026-27 and an \$87.9 million increase in the TABOR refund.

With respect to Statewide R2, the Committee has three basic options: (1) reject the proposal and not include a placeholder; (2) introduce the proposed legislation as a JBC bill; or (3) direct staff to assume the legislation as a placeholder for balancing purposes (to be run as something other than a JBC bill).

With respect to S.B. 26-042 and H.B. 26-1289, staff is requesting guidance from the Committee regarding whether to build in placeholders for those bills for balancing purposes.