



Joint Budget Committee

Interim Supplemental Budget Requests FY 2026-27

Department of Revenue

Prepared by:

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September 18, 2026

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Item	Total Funds	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	FTE
Request	\$133,212	\$0	\$133,212	\$0	\$0	0.0
Recommendation	133,212	0	133,212	0	0	0.0
Staff Recommendation Higher/-Lower than Request	\$0	\$0	\$0	\$0	\$0	0.0

Does JBC staff believe the request satisfies the interim supplemental criteria of Section 24-75-111, C.R.S.?

YES

The Controller may authorize an overexpenditure of the existing appropriation if it: (1) Is approved in whole or in part by the JBC; (2) Is necessary due to unforeseen circumstances arising while the General Assembly is not in session; (3) Is approved by the Office of State Planning and Budgeting (except for State, Law, Treasury, Judicial, and Legislative Departments); (4) Is approved by the Capital Development Committee, if a capital request; (5) Is consistent with all statutory provisions applicable to the program, function or purpose for which the overexpenditure is made; and (6) Does not exceed the unencumbered balance of the fund from which the overexpenditure is to be made.

Does JBC staff believe the request meets the Joint Budget Committee's supplemental criteria?

YES

An emergency or act of God; a technical error in calculating the original appropriation; data that was not available when the original appropriation was made; or an unforeseen contingency.

Explanation: JBC staff and the Department agree that the request results from an unforeseen contingency, as the volume of refund claims in FY 2025-26 significantly exceeded both the appropriation and recent historical levels. The timing and amount of these claims could not reasonably have been anticipated when the appropriation was established.

Request

The Department requests a one-time increase of \$133,212 in cash fund spending authority from the Commercial Vehicle Enterprise Account for FY 2026-27 to address an FY 2025-26 overexpenditure for the Commercial Vehicle Enterprise Sales Tax Refund.

Recommendation

Staff recommends that the Committee approve the request.

Analysis

This interim supplemental budget request addresses an FY 2025-26 overexpenditure that occurred after [HB 24-1036 \(Adjusting Certain Tax Expenditures\)](#) removed the continuously appropriated status of the Commercial Vehicle Enterprise Tax Fund. In FY 2025-26, the Department distributed \$253,736 in refunds against spending authority of \$120,524, resulting in an overexpenditure of \$133,212. The Office of the State Controller subsequently placed a restriction on the fund for FY 2026-27.

Staff finds the Department's explanation for the overexpenditure reasonable. Refund activity has varied substantially from year-to-year, including \$132,649 in FY 2023-24 and only \$20,031 in FY 2024-25, making the significant increase in FY 2025-26 difficult to anticipate. In addition, the Department reports that it did not become aware of the overexpenditure until year-end entries were finalized shortly after July 8. The Commercial Vehicle Enterprise Tax Fund currently has a balance exceeding \$2.0 million and can absorb the requested amount.

These credits are processed as tax returns are received and may therefore be claimed throughout the fiscal year. Although the Controller's restriction does not prevent taxpayers from filing returns or claiming the credit, the Department requires sufficient spending authority to account for and pay refunds as they are processed. Providing the authority now resolves the existing fund restriction and allows the Department to administer the credit without carrying the spending-authority issue further into FY 2026-27.

Finally, the need for additional authority is temporary. [HB 26-1289 \(Modification of Certain Tax Expenditures\)](#) repeals the credit beginning in tax year 2027, although the Department anticipates that late filers may continue to claim eligible credits through FY 2027-28. Given the unforeseen increase in refund activity, the availability of sufficient cash fund resources, and the need to provide appropriate spending authority for refunds being processed during the current fiscal year, staff recommends approval of the Department's request.