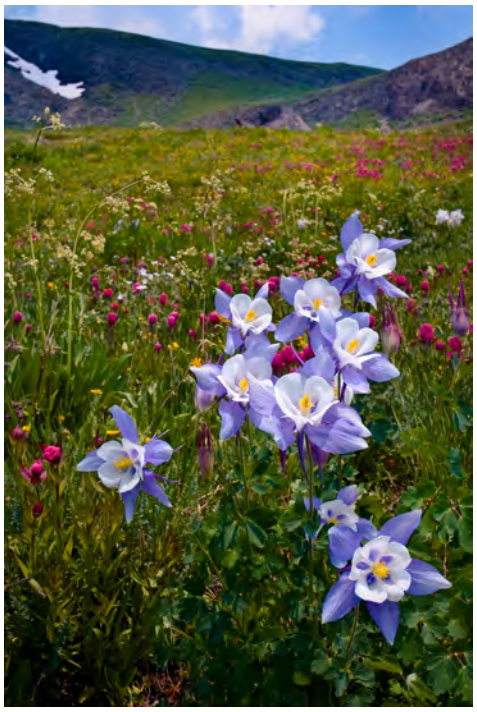
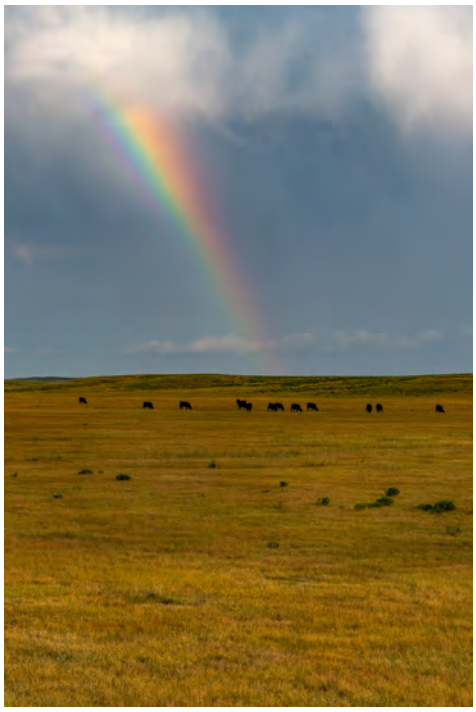
COLORADO OFFICE OF THE STATE AUDITOR | OSA

Schedule of TABOR Revenue
Fiscal Year 2026

Performance Audit
October 2026
2657P





Legislative Audit Committee

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Representative Jennifer Bacon	**Senator William Lindstedt**
Representative Max Brooks	**Senator Rod Pelton**
Representative Dusty Johnson	**Representative Jenny Willford**

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OFFICE OF THE STATE AUDITOR

C O L O R A D O

Working to improve government for the people of Colorado.

OFFICE OF THE STATE AUDITOR

KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

October 6, 2026

Members of the Legislative Audit Committee:

This report contains the results of a performance audit of the Taxpayer's Bill of Rights (TABOR) Financial Report as of June 30, 2026, as certified by the State Controller on September 1, 2026 and subsequently revised and recertified on September 8, 2026. The audit was conducted pursuant to Section 24-77-106.5, C.R.S., which requires the State Auditor to conduct an annual audit of the TABOR Financial Report and certification prepared by the State Controller. The report presents our findings, conclusions, and recommendations, and the responses of the Office of the State Controller.

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Report Highlights

Schedule of TABOR Revenue

State of Colorado • Office of the State Controller

Performance Audit • October 2026 • 2657P

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Key Concerns

Overall, we were not able to obtain sufficient, appropriate evidence to conclude on the Office of the State Controller's (OSC) compliance with applicable laws, rules, and regulations related to Section 24-77-101 through 109, C.R.S., in preparing the TABOR Financial Report and the certification required by Section 24-77-106.5, C.R.S. Through our audit testwork, we were unable to determine that the TABOR Financial Report, as recertified by the State Controller on September 8, 2026, agreed to the State's underlying accounting records for Fiscal Year 2026 that were contained in the State's accounting system as of September 5, 2026.

Key Findings

- The OSC did not have adequate internal controls—such as an appropriate supervisory review process and training or cross-training of staff—in place for Fiscal Year 2026 to ensure accurate TABOR reporting.
- The OSC experienced turnover in the staff that prepared and reviewed the TABOR Financial Report, which appeared to contribute to the issues we found.
- The OSC did not ensure all State revenue was properly and timely recorded in the State's accounting system prior to the State Controller's September 1 TABOR certification.
- The OSC's procedures are lacking some guidance for staff to follow when preparing the TABOR Financial Report.

Background

- The Taxpayer's Bill of Rights (TABOR) was added to the Colorado Constitution in the November 1992 general election.
- TABOR limits are increased based on the annual inflation rate plus the percentage change in Colorado's population growth rate.
- The State Controller is required to certify TABOR revenue to the Governor, General Assembly, and the Executive Director of the Department of Revenue no later than September 1 of each year.
- The State Controller's certification is used by the Office of the Governor, the General Assembly, and the Department of Revenue for planning and budgeting purposes.

- The Office of the State Auditor is required to audit the TABOR Financial Report by September 15 of each year. As noted in the State Controller's September 8, 2026 recertification, the amounts in the TABOR Financial Report are based on unaudited account balances and are subject to change. Any adjustments are expected to be reflected in the final audited Schedule of TABOR Revenue and Computations, which will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report.

- The State Controller reported on September 8, 2026 that Fiscal Year 2026 revenue is under the Excess State Revenues Cap by $275,083,885; therefore, there is no TABOR refund for Fiscal Year 2026.

Audit Recommendations Made	Agency Responses		
	Agree	Partially Agree	Disagree
4	4	0	0

OFFICE OF THE STATE AUDITOR

KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

September 15, 2026

The Honorable Jared Polis
Governor
State of Colorado

The Honorable Emily Sirota
Chair
Colorado Joint Budget Committee

The Honorable Cathy Kipp
Chair
Colorado Senate Finance Committee

The Honorable Steven Woodrow
Chair
Colorado House Finance Committee

Ms. Heidi Humphreys
Executive Director
Colorado Department of Revenue

Dear Sirs and Mesdames:

This letter summarizes the results of our audit of the Taxpayer's Bill of Rights (TABOR) Financial Report as of June 30, 2026, as certified by the State Controller on September 1, 2026, and recertified on September 8, 2026. Please find attached the September 1 and September 8 versions of the following documents prepared by the Office of the State Controller (OSC): letter of certification from the State Controller; the Preliminary Schedule of Computations required under Article X, Section 20 as of June 30, 2026, [Unaudited]; and the Comparison of Nonexempt TABOR Revenues for the Fiscal Year Ended June 30, 2026, [Unaudited] (collectively referred to as the TABOR Financial Report or Schedule). Our audit was conducted under the authority of Section 24-77-106.5, C.R.S., which requires the State Auditor to conduct an annual audit of the TABOR Financial Report and certification prepared by the State Controller, and report the results no later than September 15.

Pursuant to Section 24-77-106.5, C.R.S., for each fiscal year, the State Controller shall prepare the TABOR Financial Report for the purpose of ascertaining the State's compliance with the constitutional provisions of TABOR. The State Controller is then required to certify to the

Governor, the General Assembly, and the Executive Director of the Department of Revenue—no later than September 1st subsequent to the end of the previous fiscal year—the following:

- Amount of state revenues in excess of the limitation on state fiscal year spending (known as the Fiscal Year Spending Limit) imposed by Article X, Section 20(7)(a) of the Colorado Constitution.

- Amount of state revenues in excess of such limitation that the State is authorized to retain and spend pursuant to voter approval of Section 24-77-103.6, C.R.S. (Excess State Revenues Cap).

Audit Objective. We followed generally accepted government auditing standards when conducting our audit. The objective of our audit was to determine whether the State Controller complied with applicable laws, rules, and regulations related to Sections 24-77-101 through 109, C.R.S., in its preparation of the TABOR Financial Report and the certification required by Section 24-77-106.5, C.R.S. We are required to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions. We are also required to describe any limitations or uncertainties that arise regarding the reliability or validity of evidence obtained during the audit.

Audit Conclusion. As discussed further in this section, we were not able to obtain sufficient, appropriate evidence to conclude on our stated audit objectives. Therefore, we do not provide any conclusions or assurances regarding the State's compliance with State laws, rules, and regulations related to the TABOR Financial Report and the related certification, or the accuracy of each. Through our audit testwork, we were unable to determine that the TABOR Financial Report, as recertified by the State Controller on September 8, 2026, agreed to the State's underlying accounting records for Fiscal Year 2026 that were contained in the State's accounting system as of September 5, 2026. Specifically, the State Controller's staff did not provide us sufficient documentation as of the end of our audit testing to confirm the accuracy of the following amounts reported on the TABOR Financial Report (Report):

- In the Computation of Nonexempt Revenues section of the Report, the Fiscal Year 2026 "Less: Exempt Activity" reported by the State Controller of $61,249,120,021 and the "District Reserve/Fund Balance Increase (Decrease)" reported by the State Controller of $(878,355,795). As a result, we also could not confirm the accuracy of the Fiscal Year 2026 "Total Nonexempt District Revenues" reported by the State Controller of $19,835,380,176.

- In the Computation of District Fund Balance Changes section of the Report, the Fiscal Year 2026 "Qualifications, Disqualifications and Other Adjustments" as reported by the State Controller of $(496,245,651). As a result, we also could not confirm the accuracy of the Fiscal Year 2026 "Ending District Fund Balance" reported by the State Controller of $24,958,481,877.

By not having sufficient documentation to confirm these balances, we could not determine whether the Fiscal Year 2026 TABOR revenues were accurately reported as being under the Excess State Revenues Cap limit.

We also noted other exceptions related to the State Controller's preparation and certification of the TABOR Financial Report as certified on September 1, 2026 and September 8, 2026, in comparison to applicable laws, rules, and regulations related to Sections 24-77-101 through 109, C.R.S. These issues that we identified are summarized in more detail below.

September 1, 2026 TABOR Financial Report Certification

We first identified errors in the September 1, 2026 certification and reported those errors to the State Controller. As a result of the auditor-identified errors, the State Controller prepared a revised TABOR Financial Report and recertified Fiscal Year 2026 revenues on September 8, 2026. These errors were described by the State Controller in the September 8 certification letter.

September 8, 2026 TABOR Financial Report Certification

Subsequent to the State Controller's TABOR Financial Report recertification on September 8, 2026, we also identified the following exceptions related to reported amounts:

- In the Computation of Spending Limitations section of the Report, the $169,845,732 amount reported as "Disqualification of Enterprises (Note 14)" appears to be overstated by $7,225,832 and should be $162,619,901. This would adjust the "Fiscal Year 2026 Adjusted Limit" to $16,180,445,634 for "Fiscal Year Spending" and $20,004,043,061 for "Excess State Revenues Cap".

- In the Computation of Spending Limitations section of the Report, the $(275,083,885) amount reported as "(Over-refunds) or unrefunded excess state revenues from prior years C.R.S. 24-77-103.9(2)" appears to be overstated by $6,935,138 and should be $(268,148,747).

- On the Comparison of Nonexempt TABOR Revenues Schedule, we identified the following lines with exceptions:

    - The "Disqualification of Enterprises" Fiscal Year 2025 amount reported as $(171,037,939) appears to be overstated by $9,187,343 and should be reported as $(161,850,596).

    - The "Prior Year Errors" Fiscal Year 2025 amount reported as $(8,500,247) appears to be overstated by $3,464,868 and should be $(5,035,379).

    - The Fiscal Year 2025 "Total Nonexempt Revenue" of $19,463,198,028 does not agree to the Fiscal Year 2025 "Total Nonexempt Revenue" of $19,463,248,028 reported on the

Computation of Nonexempt Revenues section which is shown on the prior page of the Report—this is a difference of $50,000. These amounts should agree.

- In the Program Revenues section, the Fiscal Year 2026 reported amount for "Tobacco Products Tax, Net" of $96 does not match the supporting amount of $123.

- We identified typographical errors in the recertified TABOR Financial Report as follows:
  - The Report shows the "Certification Date: September 6, 2026" which does not agree with the date of the State Controller's recertification letter of September 8, 2026.
  - The State Controller inappropriately reported the revenue amount that is under the TABOR limit for Fiscal Year 2026 as "Excess TABOR Revenues" within the Computation of District Fund Balance Changes section of the Report. Since the Fiscal Year 2025 excess TABOR revenue is reported in this line and the Fiscal Year 2026 revenue under the TABOR limit is also in this same line, the State Controller should revise the name of this line to better reflect the amounts being reported.
  - The State Controller inappropriately included a "Current year excess state revenues" amount of $(175,888,717) at the bottom of the TABOR Financial Report with the over-refunds and unrefunded excess state revenues from prior years; since there are no excess state revenues and resulting TABOR refund from Fiscal Year 2026, this line and amount should not be included.

As noted in the State Controller's September 8, 2026 recertification, the amounts in the TABOR Financial Report are based on unaudited account balances and are subject to change. Any adjustments identified subsequent to this report but prior to the issuance of our audit opinion on the State's Fiscal Year 2026 Annual Comprehensive Financial Report are expected to be reflected in the final audited Schedule of Computation Required Under Article X, Section 20, of the State Constitution (TABOR), which will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report.

Legislation Impact. House Bill 26-1419's bill summary stated that "Changes in federal tax policy in 2025 reduced the amount of state tax revenue for the 2025 tax year. Due to when this change in federal tax policy was signed into law, it was not reflected in the amount of state fiscal year 2024-25 spending, even though the change impacted the 2025 tax year. Accordingly, if the state controller certifies in September 2026 that state revenues for state fiscal year 2025-26 did not exceed the limitation on the amount of state fiscal year spending for that state fiscal year, the act directs the office of the state controller, in consultation with the office of state planning and budgeting and the department of revenue, to determine the amount of the over-refund for state fiscal year 2024-25, taking into account the impact on state revenues from the federal tax policy change." Since the State Controller certified there will be no TABOR refund for Fiscal Year 2026, this bill requires the State

Controller to recalculate—before November 16, 2026—the Fiscal Year 2025 TABOR refund amount to determine the impacts of the federal tax policy changes for Fiscal Year 2025. Because the State Controller has until November 16 to perform this recalculation and had not completed it at the time of our audit, this bill's impact is not included within the State Controller's TABOR certification letter or our audit report. However, we plan to analyze the impact of the bill prior to the issuance of our audit opinion on the State's Fiscal Year 2026 Annual Comprehensive Financial Report, which is anticipated to be issued in December 2026.

Fiscal Year 2026 TABOR Audit Report. Our full performance audit report, including our findings and recommendations, will be presented to the Legislative Audit Committee in October 2026.

Sincerely,



Kerri L. Hunter, CPA, CFE
State Auditor

Enc.

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COLORADO
Office of the State Controller
Department of Personnel & Administration
1525 Sherman St., 5th Floor
Denver, CO 80203

September 1, 2026

The Honorable Jared S. Polis
Governor
State of Colorado

The Honorable James Coleman
President of the Senate
Colorado General Assembly

The Honorable Julie McCluskie
Speaker of the House
Colorado General Assembly

Heidi Humphreys
Executive Director
Colorado Department of Revenue

Dear Sirs and Mesdames:

Pursuant to Section 24-77-106.5(1)(b) C.R.S., I hereby certify that for Fiscal Year 2026, the State's unaudited Nonexempt District Revenues subject to Article X, Section 20 (TABOR) of the State Constitution as of June 30, 2026 are $19,906,060,229. The allowable TABOR growth rate is 3.6%; the allowable growth rate includes population growth of 1.3% and inflation rate of 2.3%.

The Preliminary Schedule of Computations Required Under Article X, Section 20 (first attachment) includes the computation of nonexempt revenues for Fiscal Year 2025 and Fiscal Year 2026 in the top box. The computation of the spending limitation in the bottom box compares Fiscal Year 2026 nonexempt district revenue with Fiscal Year Spending, and with the Adjusted Excess State Revenues Cap (ESRC).

TABOR Nonexempt District Revenues are under the ESRC by $105,208,663. Section 24-77-103.7(4) C.R.S. requires the amount to be refunded in Fiscal Year 2027 to be reduced by over-refunds of excess revenues from prior fiscal years. Over-refunds of prior year excess revenues are $287,871,181; therefore, the total amount to be refunded in Fiscal Year 2027 is $0.

The Nonexempt District Revenues Fiscal Year Spending limit for Fiscal Year 2026, which, prior to Referrendum C was the trigger used for refunding excess revenues to taxpayers, is $16,187,671,464. For Fiscal Year 2026, the Nonexempt District Revenues subject to TABOR exceeded the Fiscal Year Spending limit by $3,718,388,765.

The Comparison of Nonexempt District Revenues (second attachment) compares general and program Nonexempt District Revenues for Fiscal Year 2026 to Fiscal Year 2025. Total nonexempt revenue increased by $277,075,420 (1.4%) compared with the prior year. For comparative purposes, the prior year program revenue line amounts have been increased by $171,037,939

to reflect exempt prior year revenue as nonexempt for the newly disqualified Adams State University and Health Insurance Affordability Enterprises.

The final TABOR certification will include the State's estimated impact of H.R. 1 on Fiscal Year 2025 revenue, in response to House Bill 26-1419.

The amounts reported in the attached schedules are based on unaudited account balances, and therefore are subject to change. The State Auditor is required by statute to report on the audit of these preliminary schedules by September 15, 2026. The final audited schedules will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report, which is scheduled to be completed in December 2026.

Please contact me If you have questions concerning the information provided.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
State Controller

Enclosures

STATE OF COLORADO
PRELIMINARY SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2026
Certification Date: September 1, 2026

	FISCAL YEAR 2025	FISCAL YEAR 2026
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 82,910,102,911	$ 82,036,745,966
Less: Exempt Activity	63,980,374,382	61,335,830,098
Nonexempt District Expenditures	18,929,728,529	20,700,915,867
District Reserve/Fund Balance Increase (Decrease)	519,718,095	(794,855,638)
Total Nonexempt District Revenues	**$ 19,449,446,624**	**$ 19,906,060,229**
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 25,140,657,799	$ 25,795,156,177
Qualifications, Disqualifications and Other Adjustments	358,448,260	(483,425,548)
Excess TABOR Revenues	296,050,118	(105,208,663)
Ending District Fund Balance	**$ 25,795,156,177**	**$ 25,206,521,966**

COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
Fiscal Year 2025 Limit	$ 15,462,665,398	$ 19,153,396,506
Correction of Fiscal Year 2025 Adjusted Limits	(784,007)	(784,007)
Other Agency Prior Year Revenues from Disqualified Enterprises (Note 14)	(659,642)	(659,642)
Fiscal Year 2025 Adjusted Limit	$ 15,461,221,750	$ 19,151,952,858
Allowable TABOR Growth Rate	3.6%	3.6%
Fiscal Year 2026 Unadjusted Limit	$ 16,017,825,733	$ 19,841,423,160
Disqualification of Enterprises (Note 14)	169,845,732	169,845,732
Fiscal Year 2026 Adjusted Limit	$ 16,187,671,464	$ 20,011,268,892
Less: Fiscal Year 2026 Nonexempt District Revenues	(19,906,060,229)	(19,906,060,229)
Amount Under (Over) Fiscal Year 2026 Adjusted Limit	**$ (3,718,388,765)**	**$ 105,208,663**

(Over-refunds) or unrefunded excess state revenues from prior years C.R.S. 24-77-103.9(2)	**$ (287,871,181)**
Estimated (Over-refund) for Fiscal Year 2025 Under House Bill 26-1419 and H.R. 1	**$ -**
Current year excess state revenues	**$ (105,208,663)**
Total amount to be refunded in Fiscal Year 2027	**$ -**
FY 2026 retention of approved revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	**$ 3,718,388,765**

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Fiscal Year 2026	Fiscal Year 2025	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 9,677,357,065	$ 8,704,099,512	$ 973,257,553	11.2%
Sales and Use Tax, Net	4,805,551,016	4,657,693,324	147,857,692	3.2%
Corporate Income Tax, Net	1,326,249,713	2,352,931,001	(1,026,681,288)	-43.6%
Insurance Taxes	612,830,660	659,461,313	(46,630,653)	-7.1%
Interest and Investment Income	110,166,089	142,270,806	(32,104,717)	-22.6%
Fiduciary Income Tax, Net	82,346,296	52,606,464	29,739,833	56.5%
Miscellaneous Revenue	80,470,956	4,778,573	75,692,383	1584.0%
Alcoholic Beverages Tax, Net	57,253,823	53,977,963	3,275,859	6.1%
Tobacco Products Tax, Net	35,733,260	38,001,738	(2,268,477)	-6.0%
Business Licenses and Permits	9,349,896	6,682,820	2,667,075	39.9%
Court and Other Fines	2,776,846	7,063,821	(4,286,975)	-60.7%
General Government Service Fees	744,361	547,364	196,998	36.0%
Gaming and Other Taxes	233,812	227,672	6,141	2.7%
Welfare Service Fees	37,027	30,403	6,623	21.8%
Other Charges For Services	16,025	15,117	908	6.0%
Certifications and Inspections	6,150	5,100	1,050	20.6%
Local Govts and Authorities	106	-	106	N/A
TOTAL GENERAL-FUNDED REVENUES	**16,801,123,102**	**16,680,392,991**	**120,730,110**	**0.7%**
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	625,874,234	646,352,939	(20,478,705)	-3.2%
Motor Vehicle Registrations	319,640,500	315,304,019	4,336,481	1.4%
Business Licenses and Permits	264,321,762	255,734,171	8,587,590	3.4%
Insurance Taxes	232,473,255	31,669,412	200,803,843	634.1%
Transportation Fees	194,841,095	152,083,142	42,757,953	28.1%
Miscellaneous Revenue	186,005,689	115,118,623	70,887,066	61.6%
Court and Other Fines	183,846,280	191,414,596	(7,568,317)	-4.0%
Other Charges For Services	172,595,010	194,343,843	(21,748,832)	-11.2%
Health Service Fees	139,839,634	82,920,877	56,918,758	68.6%
General Government Service Fees	136,365,599	112,291,563	24,074,036	21.4%
Interest and Investment Income	103,508,355	179,555,547	(76,047,192)	-42.4%
Gaming and Other Taxes	94,426,389	91,915,135	2,511,254	2.7%
Severance Taxes	91,544,604	37,085,271	54,459,333	146.8%
Sales and Use Tax, Net	66,392,743	77,133,829	(10,741,086)	-13.9%
Rents and Royalties	55,745,843	81,054,627	(25,308,784)	-31.2%
Driver's Licenses	46,990,805	46,314,194	676,611	1.5%
Educational Fees	44,894,073	8,057,491	36,836,582	457.2%
Public Safety Service Fees	42,127,324	44,745,311	(2,617,987)	-5.9%
Certifications and Inspections	35,226,221	32,058,753	3,167,468	9.9%
Nonbusiness Licenses and Permits	28,945,744	28,493,782	451,962	1.6%
Local Governments and Authorities	17,684,712	23,402,917	(5,718,206)	-24.4%
Employment Taxes	11,403,861	12,971,556	(1,567,695)	-12.1%
Higher Education Auxiliary Sales and Services	3,706,183	3,282,237	423,946	12.9%
Welfare Service Fees	3,217,712	2,858,357	359,355	12.6%
Sales of Products	2,086,773	1,855,976	230,796	12.4%
Alcoholic Beverages Tax, Net	751,857	737,388	14,469	2.0%
Other Excise Taxes, Net	459,793	297,971	161,822	54.3%
Unclaimed Money and Escheats	20,983	-	20,983	N/A
Tobacco Products Tax, Net	96	105	(10)	-9.0%
TOTAL PROGRAM REVENUES	**3,104,937,128**	**2,769,053,633**	**335,883,495**	**12.1%**
Prior Year Errors		8,500,247	(8,500,247)	
Disqualification of Enterprises		171,037,939	(171,037,939)	
TOTAL NONEXEMPT REVENUE	**$ 19,906,060,229**	**$ 19,628,984,810**	**$ 277,075,420**	**1.4%**

COLORADO
Office of the State Controller
Department of Personnel & Administration
1525 Sherman St., 5th Floor
Denver, CO 80203

September 8, 2026

The Honorable Jared S. Polis
Governor
State of Colorado

The Honorable James Coleman
President of the Senate
Colorado General Assembly

The Honorable Julie McCluskie
Speaker of the House
Colorado General Assembly

Heidi Humphreys
Executive Director
Colorado Department of Revenue

Dear Sirs and Mesdames:

This letter revises the previous TABOR revenue certification letter dated September 1, 2026.

Since September 1, the Treasury Department reversed a duplicate transfer entry for approximately $72.8 million, which reduced TABOR revenue by that amount. In addition, the Waste Tire Administration Fund was reclassifed from an TABOR-exempt fund to nonexempt fund, and TABOR revenue increased by approximately $2.1 million. Total adjustments resulted in a net decrease of TABOR revenue by approximately $70.7 million. Finally, staff from my office corrected prior year revenues and expenditures to the final audited amounts presented in the Fiscal Year 2025 Annual Comprehensive Financial Report; those corrections did not impact current-year TABOR revenue.

Therefore, pursuant to Section 24-77-106.5(1)(b) C.R.S., I hereby re-certify that for Fiscal Year 2026, the State's unaudited Nonexempt District Revenues subject to Article X, Section 20 (TABOR) of the State Constitution as of June 30, 2026 are $19,835,380,176. The allowable TABOR growth rate is 3.6%; the allowable growth rate includes population growth of 1.3% and inflation rate of 2.3%.

The Preliminary Schedule of Computations Required Under Article X, Section 20 (first attachment) includes the computation of nonexempt revenues for Fiscal Year 2025 and Fiscal Year 2026 in the top box. The computation of the spending limitation in the bottom box compares Fiscal Year 2026 nonexempt district revenue with Fiscal Year Spending, and with the Adjusted Excess State Revenues Cap (ESRC).

TABOR Nonexempt District Revenues are under the ESRC by $175,888,717. Section 24-77-103.7(4) C.R.S. requires the amount to be refunded in Fiscal Year 2027 to be reduced by over-

refunds of excess revenues from prior fiscal years. Over-refunds of prior year excess revenues are $275,083,885; therefore, the total amount to be refunded in Fiscal Year 2027 is $0.

The Nonexempt District Revenues Fiscal Year Spending limit for Fiscal Year 2026, which, prior to Referrendum C was the trigger used for refunding excess revenues to taxpayers, is $16,187,671,464. For Fiscal Year 2026, the Nonexempt District Revenues subject to TABOR exceeded the Fiscal Year Spending limit by $3,647,708,711.

The Comparison of Nonexempt District Revenues (second attachment) compares general and program Nonexempt District Revenues for Fiscal Year 2026 to Fiscal Year 2025. Total nonexempt revenue increased by $372,182,148 (1.9%) compared with the prior year. For comparative purposes, the prior year program revenue line amounts have been increased by $171,037,939 to reflect exempt prior year revenue as nonexempt for the newly disqualified Adams State University and Health Insurance Affordability Enterprises, and $8,500,247 for prior-year revenue errors reported by other state departments.

The final TABOR certification will include the State's estimated impact of H.R. 1 on Fiscal Year 2025 revenue, in response to House Bill 26-1419.

The amounts reported in the attached schedules are based on unaudited account balances, and therefore are subject to change. The State Auditor is required by statute to report on the audit of these preliminary schedules by September 15, 2026. The final audited schedules will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report, which is scheduled to be completed in December 2026.

Please contact me If you have questions concerning the information provided.

Sincerely,

Robert Jaros

Robert Jaros, CPA, MBA, JD
State Controller

Enclosures

STATE OF COLORADO
PRELIMINARY SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20
AS OF JUNE 30, 2026

Certification Date: September 6, 2026

	FISCAL YEAR 2025	FISCAL YEAR 2026
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	$ 83,362,326,415	$ 81,962,855,992
Less: Exempt Activity	64,288,355,833	61,249,120,021
Nonexempt District Expenditures	19,073,970,582	20,713,735,971
District Reserve/Fund Balance Increase (Decrease)	389,277,446	(878,355,795)
Total Nonexempt District Revenues	**$ 19,463,248,028**	**$ 19,835,380,176**
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	$ 25,140,657,799	$ 25,630,616,245
Qualifications, Disqualifications and Other Adjustments	180,156,924	(496,245,651)
Excess TABOR Revenues	309,801,522	(175,888,717)
Ending District Fund Balance	**$ 25,630,616,245**	**$ 24,958,481,877**

COMPUTATION OF SPENDING LIMITATIONS	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
Fiscal Year 2025 Limit	$ 15,462,665,398	$ 19,153,396,506
Correction of Fiscal Year 2025 Adjusted Limits	(784,007)	(784,007)
Other Agency Prior Year Revenues from Disqualified Enterprises (Note 14)	(659,642)	(659,642)
Fiscal Year 2025 Adjusted Limit	$ 15,461,221,750	$ 19,151,952,858
Allowable TABOR Growth Rate	3.6%	3.6%
Fiscal Year 2026 Unadjusted Limit	$ 16,017,825,733	$ 19,841,423,160
Disqualification of Enterprises (Note 14)	169,845,732	169,845,732
Fiscal Year 2026 Adjusted Limit	$ 16,187,671,464	$ 20,011,268,892
Less: Fiscal Year 2026 Nonexempt District Revenues	(19,835,380,176)	(19,835,380,176)
Amount Under (Over) Fiscal Year 2026 Adjusted Limit	**$ (3,647,708,711)**	**$ 175,888,717**

(Over-refunds) or unrefunded excess state revenues from prior years C.R.S. 24-77-103.9(2)	**$ (275,083,885)**
Estimated (Over-refund) for Fiscal Year 2025 Under House Bill 26-1419 and H.R. 1	**$ -**
Current year excess state revenues	**$ (175,888,717)**
Total amount to be refunded in Fiscal Year 2027	**$ -**
FY 2026 retention of approved revenues in excess of the limit (not refundable) C.R.S. 24-77-103.6(1)(b)	**$ 3,647,708,711**

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

	Fiscal Year 2026	Fiscal Year 2025	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	$ 9,677,357,065	$ 8,716,850,072	$ 960,506,994	11.0%
Sales and Use Tax, Net	4,805,551,016	4,657,693,324	147,857,692	3.2%
Corporate Income Tax, Net	1,326,249,713	2,352,931,001	(1,026,681,288)	-43.6%
Insurance Taxes	612,830,660	659,461,313	(46,630,653)	-7.1%
Interest and Investment Income	110,166,089	142,270,806	(32,104,717)	-22.6%
Fiduciary Income Tax, Net	82,346,296	52,606,464	29,739,833	56.5%
Miscellaneous Revenue	80,470,956	10,311,434	70,159,523	680.4%
Alcoholic Beverages Tax, Net	57,253,823	53,977,963	3,275,859	6.1%
Tobacco Products Tax, Net	35,733,260	38,001,738	(2,268,477)	-6.0%
Business Licenses and Permits	9,349,896	6,682,820	2,667,075	39.9%
Court and Other Fines	2,776,846	7,063,821	(4,286,975)	-60.7%
General Government Service Fees	744,361	547,364	196,998	36.0%
Gaming and Other Taxes	233,812	227,672	6,141	2.7%
Welfare Service Fees	37,027	30,403	6,623	21.8%
Other Charges For Services	16,025	15,117	908	6.0%
Certifications and Inspections	6,150	5,100	1,050	20.6%
Local Govts and Authorities	106	-	106	N/A
TOTAL GENERAL-FUNDED REVENUES	**16,801,123,102**	**16,698,676,411**	**102,446,690**	**0.6%**
PROGRAM REVENUES				
Fuel and Transportation Taxes, Net	625,874,234	646,352,939	(20,478,705)	-3.2%
Motor Vehicle Registrations	319,640,500	315,304,019	4,336,481	1.4%
Business Licenses and Permits	264,321,762	255,734,171	8,587,590	3.4%
Insurance Taxes	232,473,255	31,669,412	200,803,843	634.1%
Transportation Fees	194,841,095	152,083,142	42,757,953	28.1%
Court and Other Fines	183,846,280	191,414,596	(7,568,317)	-4.0%
Other Charges For Services	172,595,010	194,617,896	(22,022,886)	-11.3%
Health Service Fees	139,839,634	207,098,624	(67,258,990)	-32.5%
General Government Service Fees	135,900,996	115,829,137	20,071,859	17.3%
Miscellaneous Revenue	113,205,689	115,675,456	(2,469,767)	-2.1%
Interest and Investment Income	103,508,355	186,047,127	(82,538,773)	-44.4%
Gaming and Other Taxes	94,426,389	91,915,135	2,511,254	2.7%
Severance Taxes	91,544,604	37,085,271	54,459,333	146.8%
Sales and Use Tax, Net	66,392,743	77,133,829	(10,741,086)	-13.9%
Rents and Royalties	55,745,843	81,084,903	(25,339,060)	-31.3%
Driver's Licenses	46,990,805	46,314,194	676,611	1.5%
Educational Fees	44,894,073	41,447,540	3,446,533	8.3%
Public Safety Service Fees	42,127,324	44,739,811	(2,612,487)	-5.8%
Certifications and Inspections	35,226,221	32,058,753	3,167,468	9.9%
Nonbusiness Licenses and Permits	30,925,179	28,493,782	2,431,397	8.5%
Local Governments and Authorities	17,684,712	23,402,917	(5,718,206)	-24.4%
Employment Taxes	11,403,861	12,971,556	(1,567,695)	-12.1%
Welfare Service Fees	3,822,826	2,858,357	964,469	33.7%
Higher Education Auxiliary Sales and Services	3,706,183	9,835,793	(6,129,610)	-62.3%
Sales of Products	2,086,773	1,855,976	230,796	12.4%
Alcoholic Beverages Tax, Net	751,857	737,388	14,469	2.0%
Other Excise Taxes, Net	459,793	297,971	161,822	54.3%
Unclaimed Money and Escheats	20,983	-	20,983	N/A
Tobacco Products Tax, Net	96	105	(10)	-9.0%
TOTAL PROGRAM REVENUES	**3,034,257,074**	**2,944,059,803**	**90,197,271**	**3.1%**
Prior Year Errors		(8,500,247)	8,500,247	
Disqualification of Enterprises		(171,037,939)	171,037,939	
TOTAL NONEXEMPT REVENUE	**$ 19,835,380,176**	**$ 19,463,198,028**	**$ 372,182,148**	**1.9%**

Schedule of TABOR Revenue 2026

Overview

The Taxpayer's Bill of Rights (TABOR) was added as Article X, Section 20 of the Colorado Constitution in the November 1992 general election. TABOR limits the annual growth in state revenues to the sum of the inflation rate and the percentage change in the State's population; this is called the TABOR growth rate. Any money the State raises above that amount must be returned to the taxpayers.

Section 24-77-106.5(1)(b), C.R.S., requires the State Controller to prepare and distribute a TABOR Financial Report annually to the Governor, the General Assembly, and the Executive Director of the Department of Revenue no later than September 1 following the end of a fiscal year. The TABOR Financial Report is required to include the following:

- The amount of state revenues in excess of the limitation on state fiscal year spending, and,
- The amount of state revenues in excess of such limitation the State is authorized to retain and spend pursuant to voter approval of Referendum C.

Referendum C was approved by the voters in November 2005 and established a new revenue limit, which is referred to as the Excess State Revenues Cap.

The September 1, 2026 and September 8, 2026 (revised and recertified), TABOR Financial Reports prepared by the Office of the State Controller (OSC) for Fiscal Year 2026 include the Preliminary Schedule of Computations Required Under Article X, Section 20 as of June 30, 2026 [Unaudited] and the Comparison of Nonexempt TABOR Revenues for the Fiscal Year Ended June 30, 2026 [Unaudited]. As noted in the State Controller's Certifications, the amounts in the TABOR Financial Report are based on unaudited account balances and are subject to change. Any adjustments are expected to be reflected in the final audited Schedule of TABOR Revenue and Computations, which will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report, with audit work expected to be completed in December 2026.

TABOR Revenue Limit

Article X, Section 20(7)(a) of the State Constitution contains a formula for calculating the TABOR Revenue Limit, which involves multiplying a base amount by the TABOR growth rate. The base amount for the TABOR Revenue Limit is the lesser of either the prior year's revenue or spending limit.

TABOR Growth Rate

Article X, Section 20(7)(a) limits the annual growth in state revenues to the sum of the inflation rate and the percentage change in the State's population. For Fiscal Year 2026, the TABOR growth rate was 3.6 percent. Beginning in Fiscal Year 2025, Senate Bill 25-180 adjusted the method for the OSC to calculate population growth. Specifically, Senate Bill 25-180 required the OSC to calculate the percentage change in the State's population for Fiscal Year 2025 by using the July 1, 2022 United States Census Bureau report of Annual Estimates of the Resident Population for the United States - April 1, 2020 to July 1, 2022, for the prior-year population estimates and the July 1, 2023 United States Census Bureau report of Annual Estimates of the Resident Population for the United States - April 1, 2020 to July 1, 2023, for the current year's population estimate. Under the prior method, the OSC would have used the July 1, 2023 United States Census Bureau report of Annual Estimates of the Resident Population for the United States - April 1 2020 to July 1, 2023, for both the prior and current year's population estimates.

Excess State Revenues Cap

In November 2005, Referendum C, which would allow the State to spend or save the full amount of revenue it collected during a specified subsequent 5-year period, was approved in the general election. During Fiscal Year 2005, the General Assembly enacted House Bill 05-1194 as the enabling legislation for Referendum C, making it effective as of July 1, 2005. Referendum C allowed the State to spend or save the full amount of revenue it collected from Fiscal Years 2006 through 2010 in order to set the spending limit equal to revenue. After this 5-year break, Referendum C allows the State to keep revenue up to a capped amount known as the Excess State Revenues Cap (Cap). Beginning in Fiscal Year 2011, the Cap was equal to the highest amount of revenue that was collected in the 5 previous years, multiplied by the TABOR growth rate. In subsequent years, the Cap is calculated using the previous year's Cap multiplied by the TABOR growth rate.

Exempt and Nonexempt Revenue

All revenue collected by the State is included in the TABOR revenue limit calculation as "nonexempt" revenue unless it is exempted under Article X, Section 20(7)(d) as follows:

- Revenue collected by a TABOR enterprise.
- Voter approved revenue exemptions.

TABOR Enterprises

TABOR enterprises are designated in one of two ways. The first method is by statute. The second method is exclusive to institutions of higher education's enterprises as specified in Sections 23-5-101.7(2) and 23-5-101.5(1), C.R.S., which require that the institutions' enterprise designations occur through the institutions' governing boards. If an enterprise is designated by statute or an institution's governing board, the enterprise still must annually meet additional requirements. These additional

requirements are defined by Sections 24-77-102(3)(a) and (b), C.R.S., which indicates that the enterprise must: (1) be a government-owned business that has the authority to issue its own revenue bonds and (2) receive less than 10 percent of its total annual revenues in grants from all state and local governments in Colorado combined.

Refunding

If the State Controller reports an excess of state revenues greater than the Excess State Revenues Cap within the TABOR Financial Report, then the State has various methods noted in statute to issue a refund. There are currently four refund mechanisms available for refunding excess revenues in Fiscal Year 2026—the property tax exemptions reimbursement, the temporary income tax rate reduction, the sales tax refund mechanism, and the sales and use tax rate reduction. However, since the State Controller did not identify excess state revenues in the Fiscal Year 2026 TABOR Financial Report, none of these refund mechanisms will be used for Fiscal Year 2026. The following are descriptions of those mechanisms in the order the mechanism will apply for refunds:

- Property Tax Exemptions Reimbursement. Senate Bill 24-228 modified this first TABOR refund mechanism by combining the previous senior citizen and disabled veteran property tax exemptions reimbursement mechanism with an additional reimbursement for the reduced valuation for assessment of qualified-senior primary residence real property. Under the senior citizen and disabled veteran property tax exemption reimbursement mechanism, reimbursements will be made to local governments to offset their property tax losses resulting from the senior homestead exemption and the disabled veterans' property tax exemption. In 2000, voters approved an amendment to the State Constitution [Article X, Section 3.5], which established a property tax exemption for qualifying seniors and disabled veterans. Specifically, these taxpayers receive an annual property tax exemption of 50 percent of the first $200,000 of the value of their primary residence. Under the qualified senior primary residence real property valuation for assessment reimbursement mechanism, reimbursements will be made to local governments to offset their property tax losses resulting from reductions in the assessed value of owner-occupied senior primary residences for those who have previously qualified for the existing senior homestead exemption. For Colorado seniors who moved to a new home and lost their senior homestead exemption, Senate Bill 24-111 created a temporaty program to help provide them the senior homestead tax savings for tax years 2025 and 2026.

- Temporary Income Tax Rate Reduction. Under this mechanism, the income tax rate will be reduced for tax years 2024 through 2034 pursuant to Senate Bill 24-228. For tax year 2025 and subsequent years, the amount of the income tax rate reduction that is triggered will depend on the amount of the TABOR surplus remaining after reimbursements to local governments for the property tax exemption; then, the state individual income tax rate will be temporarily reduced by the following percentages according to the total amount of excess state revenues remaining after the local government property tax exemption reimbursement are paid (remaining excess state revenues):

- If the remaining excess state revenues are above $300 million but less than or equal to $500 million, the income tax rate is temporarily reduced by 0.04%;
- If the remaining excess state revenues are above $500 million but less than or equal to $600 million, the income tax rate is temporarily reduced by 0.07%;
- If the remaining excess state revenues are above $600 million but less than or equal to $700 million, the income tax rate is temporarily reduced by 0.09%;
- If the remaining excess state revenues are above $700 million but less than or equal to $800 million, the income tax rate is temporarily reduced by 0.11%;
- If the remaining excess state revenues are above $800 million but less than or equal to $1 billion, the income tax rate is temporarily reduced by 0.12%;
- If the remaining excess state revenues are above $1 billion but less than or equal to $1.5 billion, the income tax rate is temporarily reduced by 0.13%; and
- If the remaining excess state revenues are above $1.5 billion, the income tax rate is temporarily reduced by 0.15%.

- Sales Tax Refund. Under this mechanism, taxpayers will receive a state sales tax refund based on where their adjusted gross income falls among six adjusted gross income tiers. The refund is distributed to the six tiers when the TABOR surplus is large enough to support at least a $15 refund for each Colorado income taxpayer. If the surplus is less than $15 per taxpayer, an equal refund is provided to each taxpayer regardless of income. The six-tier sales tax refund mechanism was created under House Bill 99-1001.

- Sales and Use Tax Rate Reduction. Senate Bill 24-228 also created a refund mechanism starting in Fiscal Year 2025 that will be active until Fiscal Year 2034. Under this mechanism, if the amount of remaining excess state revenues is greater than $1.5 billion, and exceeds the projected total amount of TABOR refunds issued as reimbursements for the property tax exemptions reimbursement plus refunds issued through the temporary income tax rate reduction, then the state sales and use tax rates are temporarily reduced by 0.13%.

Senate Bill 24-228 specifies the order in which the TABOR refund mechanisms after the property tax exemptions reimbursement are triggered, depending on the amount of the TABOR refund as follows:

- If the remaining TABOR refund is $300 million or less, only the sales tax refund mechanism is triggered;
- If the remaining TABOR refund is above $300 million but less than $1.5 billion, refunds are distributed first through the income tax rate reduction, then through the sales tax refund mechanism; and

- If the remaining TABOR refund is above $1.5 billion, refunds are distributed first through the income tax rate reduction, then through the sales and use tax rate reduction, and lastly through the sales tax refund mechanism.

In Fiscal Year 2026, the State Controller determined actual prior year refunds of state revenues that occurred through prior year mechanisms exceeded the prior year's amount required to be refunded. Therefore, the State Controller reported $275,083,885 in the TABOR Financial Report as an over-refund of prior year refunds. Section 24-77-103.7(2) C.R.S., requires the State to carry forward any over-refund amounts to be applied as a reduction to excess state revenues in a future fiscal year when a TABOR refund is identified in the TABOR Financial Report. In Fiscal Year 2026, the OSC recorded this over-refund as a long-term asset called "TABOR Excess Refunds," to offset against future TABOR liabilities for refunds due as a result of excess state revenues.

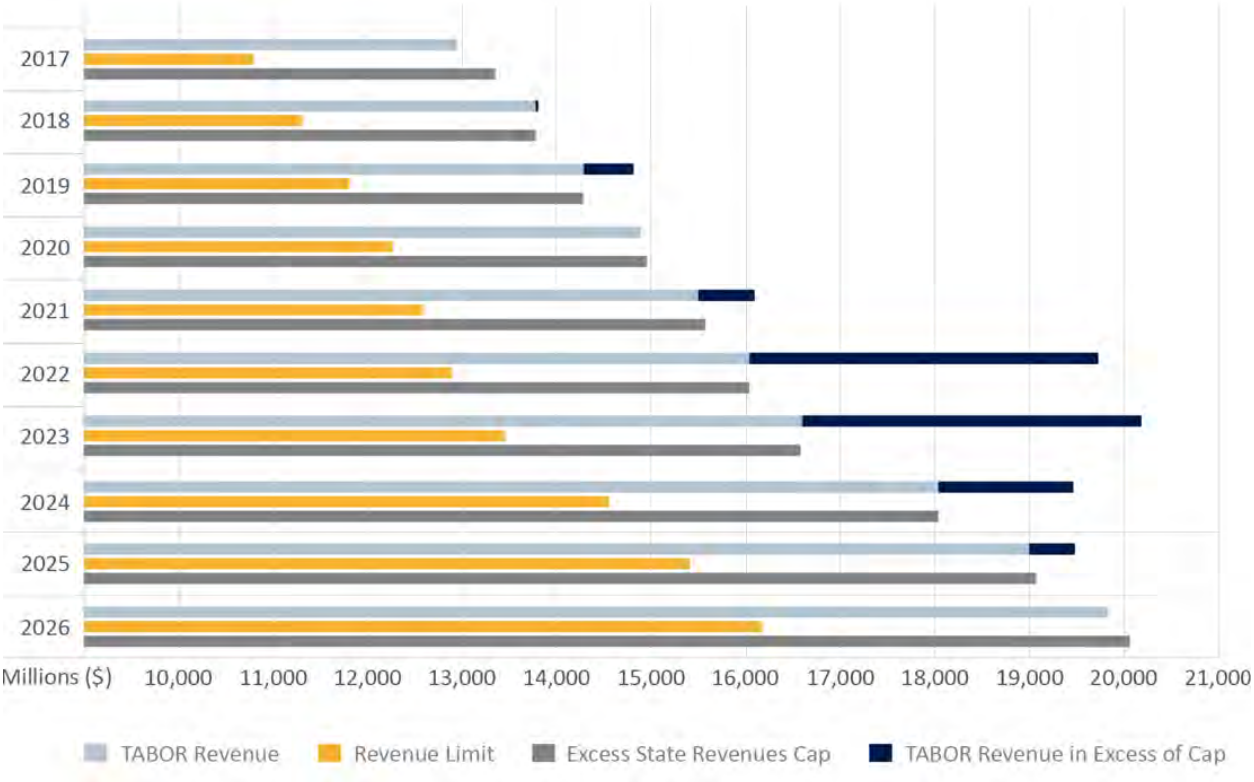
Revenue Limit

Exhibit 1.1 shows a graphical comparison of State Controller-certified TABOR revenue, the TABOR Revenue Limit, and the Excess State Revenues Cap for the last 10 fiscal years, including the current year. Beginning in Fiscal Year 2011, the State was allowed to keep revenues above the TABOR Revenue Limit and below the Excess State Revenue Cap as set forth in Referendum C. Since the enactment of Referendum C, revenues have exceeded the Excess State Revenue Cap, and a TABOR refund was triggered for Fiscal Years 2018, 2019, and 2021 through 2025.

Exhibit 1.1

State of Colorado TABOR Revenue vs. Revenue Limit and the Excess State Revenue Cap

Fiscal Years 2017-2026



Source: Fiscal Year 2026—Preliminary Schedule of Computations Required Under Article X, Section 20, for Fiscal Year 2026, the State Controller's TABOR certification dated September 8, 2026 and Fiscal Years 2017 through 2025—Schedules of Computations Required Under Article X, Section 20, for Fiscal Years 2017-2025, contained within the State's Fiscal Years 2017-2025 Annual Comprehensive Financial Reports.

Audit Purpose, Scope, and Methodology

We conducted this performance audit pursuant to Section 24-77-106.5(2), C.R.S., which requires that the State Auditor conduct an audit of the TABOR Financial Report and certification of excess state revenues prepared annually by the State Controller. We performed our audit work during the period August 2026 through October 2026. We appreciate the cooperation and assistance provided by the State Controller and OSC staff during this audit.

The reporting for this performance audit includes a letter dated September 15, 2026 from the State Auditor that summarized the results of the performance audit, as of that date. This letter was transmitted in accordance with Section 24-77-106.5, C.R.S., to the Governor, Joint Budget Committee, the Finance Committees of the House of Representatives and the Senate, and the Executive Director of the Department of Revenue, on September 15, 2026, along with the State Controller's certification and TABOR Financial Report dated September 1, 2026, and the OSC recertification and updated TABOR Financial Report dated September 8, 2026.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The overall objective of our performance audit was to evaluate the September 1 and September 8 TABOR Financial Reports, certification, and recertification of excess state revenues issued by the State Controller pursuant to regulations related to Article X, Section 20 of the State Constitution (TABOR). Specifically, our key objective was to determine whether the State Controller complied with applicable laws, rules, and regulations related to Sections 24-77-101 through 109, C.R.S., in their preparation of the financial report and TABOR certification for Fiscal Year 2026. Objectives also included to determine and report on which State institutions of higher education met the criteria for TABOR enterprise status in the current and following fiscal year and any changes to an institution of higher education's or an institution of higher education's auxiliary facilities' enterprise status in the current fiscal year.

To accomplish our audit objectives, we performed the following audit work:

- Identified and documented our consideration of changes to statutory, regulatory, and other legal requirements that impact TABOR and are applicable to the audit and the audit objectives.
- Reviewed and evaluated the OSC's Fiscal Year 2026 Fiscal Procedures Manual for TABOR-related changes.
- Reviewed, evaluated, and reperformed key calculations used by the OSC in the preparation of its TABOR Financial Report, including TABOR revenues, the anticipated TABOR growth rate, revenues exempt from TABOR requirements, the TABOR Adjusted Spending Limit, and the Excess State Revenues Cap. This included tying amounts on the TABOR Financial Report to the underlying accounting records as of September 1, 2026 and September 5, 2026.
- Reviewed the voter-approved amendments that exempted revenues from the TABOR district ("District" in this context means the State, excluding TABOR enterprises).
- Performed interviews, reviewed policies and procedures, and reviewed the TABOR Financial Reports and the certification and recertification, as well as the OSC's classification of TABOR-related accounts, to determine compliance with statutory requirements and appropriateness of reporting TABOR revenue.
- Obtained and reviewed information submitted by state departments and institutions of higher education to the OSC detailing changes in TABOR revenue from prior years, base fiscal year spending, and changes in TABOR enterprise status, which included reviewing departments' and institutions of higher education's explanations for analytical variances requested by the OSC.

- Performed testwork to determine if state departments and institution' of higher education properly classified revenue as TABOR exempt or nonexempt in the Colorado Operations Resource Engine (CORE), the State's accounting system, which included reviewing departments and institution' of higher education's calculations of their enterprise status.

- Reviewed revenues recorded in TABOR exempt enterprise funds to determine whether tax revenues were transferred to or recorded in these funds and determined whether these revenues were properly recorded as TABOR revenues.

- Tested the OSC's internal controls deemed significant to the audit objectives around the OSC's preparation of the TABOR Financial Report and certification, including supervisory review.

- Obtained and compiled information from each State institution of higher education on their Fiscal Year 2026 revenues and expenditures, including the institutions' projections for the same activity in Fiscal Year 2027, and determined whether each institution received in Fiscal Year 2026 and expects to receive in Fiscal Year 2027 under 10 percent of annual revenue in grants from all Colorado state and local governments combined in each year.

- Obtained and reviewed information from Auraria Higher Education Center and Adams State University on their current revenues and expenditures for their auxiliary enterprises to determine changes in TABOR enterprise status. An auxiliary facility is defined in statute to include any student or faculty housing, student activity, dining, and parking facilities. Auxiliary facilities are also defined as any similar facility or activity that has been historically managed as a self-supporting facility or activity.

As required by auditing standards, we planned our audit work to assess the effectiveness of those internal controls that were significant to our audit objectives.

Our conclusions on the effectiveness of those controls that were significant to our audit objectives, as well as specific details about the audit work supporting our conclusions are described in the remainder of this report. The State Controller and members of his staff reviewed a draft of this report. We have incorporated the OSC's comments into the report where relevant.

Overall Conclusion

Based on the results of our audit, we were not able to obtain sufficient, appropriate evidence to conclude on our stated audit objectives. Therefore, we do not provide any conclusions or assurances regarding the State's compliance with State laws, rules, and regulations related to the TABOR Financial Report and the related certification, or the accuracy of each. Through our audit testwork, we were unable to determine that the TABOR Financial Report, as recertified by the State Controller on September 8, 2026, agreed to the State's underlying accounting records for Fiscal Year 2026 that were contained in the State's accounting system as of September 5, 2026. As noted in the State Controller's certification, the amounts in the TABOR Financial Report are based on unaudited account balances and are subject to change. Adjustments to correct the exceptions previously noted

are expected to be reflected in the final audited Schedule of TABOR Revenue and Computations, which will be included in the State's Fiscal Year 2026 Annual Comprehensive Financial Report.

We found that internal controls that were significant within the context of our audit objectives were not working effectively in relation to the State Controller's preparation of the financial report.

Separately, related to State institutions of higher education's TABOR enterprise designation, we concluded that 9 out of 10 State institutions of higher education met the definition of a TABOR enterprise for Fiscal Year 2026 and 9 out of the 10 institutions are projected to meet the definition for Fiscal Year 2027. The two auxiliary enterprises operated by Auraria Higher Education Center and three auxiliary enterprises operated by the Adams State University met the criteria for TABOR enterprise designation for Fiscal Year 2026. See Appendix C for more information on this analysis.

Finding 1 – Errors Identified in the Preparation and Review of the TABOR Financial Report

As required by statute [Section 24-77-106.5, C.R.S.], the State Controller annually prepares a TABOR Financial Report and letter of certification that outline state revenues subject to Article X, Section 20 (TABOR) of the State Constitution. The TABOR Financial Report for Fiscal Year 2026, which consists of the Preliminary Schedule of Computations Required Under Article X, Section 20 as of June 30, 2026 [Unaudited] and the Comparison of Nonexempt TABOR Revenues for the Fiscal Year Ended June 30, 2026 [Unaudited], contains several elements required by statute, including the calculation of the State's fiscal year spending, total state revenues, the State's reserves (fund balance), and state revenues that the State is allowed to retain and spend pursuant to Referendum C. Section 24-30-201, C.R.S., outlines the powers and duties of the State Controller, including "…to keep in continuous touch with the operations, plans, and needs…" of all state departments, agencies, and higher education institutions (State entities); manage the State's finances and financial affairs; coordinate the procedures for financial administration and financial control for all State entities; and conduct all of the State's central accounting and fiscal reporting. The State Controller's responsibilities include establishing and monitoring the State's internal control structure over financial reporting. The OSC issues fiscal rules and annually updates its Fiscal Procedures Manual (Manual), which provide guidance and financial procedures that all State entities are required to follow, including guidance related to the OSC's preparation of the TABOR Financial Report. At the end of each fiscal year, the OSC requires all State entities to provide certain financial-related information to the OSC through "exhibits" that are used to prepare the TABOR Financial Report and the State's financial statements. For example, the OSC requires State entities to prepare and submit an Exhibit A1—Changes in TABOR Revenue and Base Fiscal Year Spending and Exhibit PPA—Prior Period Adjustments to the OSC for its preparation of the TABOR Financial Report. The OSC uses infoAdvantage, CORE's reporting system, to obtain the accounting data in CORE to prepare the TABOR Financial Report. The OSC uses a set of customized infoAdvantage reports to obtain TABOR-specific data for the TABOR Fund Balance, TABOR Revenue, and TABOR Expenditures. Each year the OSC updates the report variables that are used in the customized infoAdvantage reports for new and changing legislation (i.e., the creation of new TABOR

enterprises) and any new account coding changes, such as new funds, revenue source codes, or balance sheet account codes. The OSC reviews and updates the current year listing of TABOR enterprises with any changes to TABOR enterprise funds in the OSC's Manual on annual basis. In addition, the OSC has to update the listing in the TABOR variables document, the document used to support what TABOR enterprise funds have to be used when the OSC is running a customized infoAdvantage report for TABOR exempt revenue.

The OSC has created a total of 18 individual procedures for its staff to follow when preparing the TABOR Financial Report. Some examples of individual procedures are "Pre-Check," requiring staff to check for any updates to TABOR related statutes, 10 percent enterprise thresholds calculations, new enterprises, and new TABOR legislative impacts; "Net Asset Changes," providing staff guidance on fund balance adjustments; and "Exhibit A1," summarizing how staff use State entity-prepared Exhibit A1s and PPA to compile prior year errors.

Section 24-30-204(3), C.R.S., requires that "The official books of the state shall be closed no later than thirty-five days after the end of the fiscal year. As of this date, all adjusted revenue, expenditures, and expense accounts shall be closed into the state accounting system in order to divide the financial details of the state into comparable periods." For Fiscal Year 2026, this close date was August 4, 2026. Per the OSC's Manual, the OSC separates accounting activity in CORE into 16 periods for each fiscal year. For entries made after fiscal year-end but recorded as part of that fiscal year's activity, the OSC uses CORE accounting period 14 (closed on August 7, 2026) for processing year-end recurring accounting entries and adjustments (i.e., entries can only be made with OSC's review and approval) and CORE accounting period 15 for fiscal year-end Financial Statement presentation entries. The OSC provides a customized infoAdvantage report called OSC – 004 – TABOR – Nonexempt Revenue Variance to State entities and requests their explanations for identified nonexempt TABOR variances over a specific threshold established by the OSC. The OSC uses the State entities' explanations to analyze and complete its review for reasonableness of nonexempt TABOR revenue changes from year to year. For Fiscal Year 2026, the OSC emailed all State entities their individual reports and requested responses to be provided to the OSC by August 14, 2026, the due date in the OSC's Fiscal Year Open/Close Calendar (Calendar).

Once the OSC receives all TABOR-related exhibits from State entities, OSC staff will then run customized TABOR infoAdvantage reports, and compile all information related to TABOR and prepare the TABOR workbook in Excel. This Excel workbook has numerous worksheets, for example worksheets named "Schedule," "infoAdvantage Data," "Cert Form," "Net Asset Changes," "Exhibit A1 – Prior Year Errors," "Refund Liability," and "OSC Rev Sum Format." The worksheets titled "Cert Form" and "OSC Rev Sum Format" match the actual schedules completed by the OSC for the certification. The "OSC Rev Sum Format" worksheet is where the OSC compares current fiscal year nonexempt TABOR revenue to prior fiscal year nonexempt TABOR revenue as a method to identify and investigate reasons for variances and to assist in validating the accuracy of the TABOR Financial Report.

When TABOR enterprises disqualify for TABOR exempt status in the current year but qualified in a prior year, the OSC needs to adjust the TABOR revenue for the prior year in order to adjust the

prior year limit and ensure that prior year revenues in the comparison schedule are comparable with the current year revenue. To accomplish this, the OSC runs an infoAdvantage report containing the disqualified TABOR enterprise's activity to identify all TABOR exempt and nonexempt revenue sources for the current and prior fiscal year. To adjust for a disqualified enterprise, the OSC must take its TABOR nonexempt revenue and add its prior year exempt revenue to the "Disqualification of Enterprises" line in the Comparison of the Nonexempt Revenues schedule. Simultaneously, they must add the enterprise's current year nonexempt revenue to the current year Unadjusted Limit within the Preliminary Schedule of Computations.

What was the purpose of our audit work and what work was performed?

The purpose of our audit work was to determine whether the State Controller complied with applicable laws, rules, and regulations related to Article X, Section 20, of the State Constitution (TABOR) in preparing the Fiscal Year 2026 TABOR Financial Report and certification required by Section 24-77-106.5, C.R.S., and whether the schedules contained within the Fiscal Year 2026 TABOR Financial Report and the certification were prepared in accordance with Sections 24-77-101 through 109, C.R.S. Section 24-77-106.5(2), C.R.S., requires us to report the results of this testing no later than September 15, 2026.

We reviewed the OSC's internal controls and processes around the preparation of the TABOR Financial Report, as well as amounts contained on the TABOR Financial Report. Specifically, we reviewed the OSC's policies and procedures regarding the preparation of the report; obtained the schedules contained within the TABOR Financial Report and performed testing of the schedules which included steps to attempt to tie amounts on the schedules to the infoAdvantage reports; recalculate the TABOR revenue limit, TABOR growth rate, and Excess State Revenues Cap; and we made inquiries of the OSC on discrepancies we noted. We also reviewed variance analysis reports submitted by Department controllers to the OSC related to the TABOR Financial Report and inquired of the OSC on the parameters the OSC used to prepare the underlying TABOR infoAdvantage reports the OSC used to prepare the TABOR Financial Report. We specifically selected six revenue exempt individual TABOR enterprises and ran infoAdvantage reports separately from the OSC's customized TABOR infoAdvantage reports to determine whether the amounts agreed to expenditures, revenue, and fund balances within the OSC's customized TABOR infoAdvantage reports and inquired with the OSC on differences that we identified.

We requested and obtained from the OSC its analysis of State entities' explanations of TABOR nonexempt revenue variances for Fiscal Year 2026. We also prepared a year-over-year variance analysis from the Comparison of Nonexempt Revenue schedule of general and program revenues. We identified 23 variances for which we requested the OSC provide further explanations.

We reviewed the TABOR enterprise calculations submitted to the OSC by State entities for Fiscal Year 2026. Based on this review, we inquired of the OSC on elements of the TABOR enterprises' calculations.

How were the results of the audit work measured?

We measured our audit work against the following criteria:

- Sections 24-77-106.5(1)(a) and (b), C.R.S., require the State Controller to prepare a financial report for the state for the purposes of ascertaining compliance with Article X Section 20 of the State Constitution and to certify to the Governor, General Assembly and executive director of the Department of Revenue no later than September 1 following the end of a fiscal year.

- Section 24-30-201(1), C.R.S., requires that "The powers, duties, and functions concerning accounts and control as set forth in this part 2 are the responsibility of the state controller…The powers and duties of the controller are: … (d) To examine and approve all statements and reports on the financial condition and estimated future financial condition and the operations of the state government and the several budget units before any such reports are released to the governor, to the general assembly, or for publication; … (f) To coordinate all the procedures for financial administration and financial control so as to integrate them into an adequate and unified system, including the devising, prescribing, and installing of accounting forms, records, and procedures for all state agencies; …".

- Per the OSC's Manual and Calendar, the OSC required State entities to submit their TABOR related financial exhibits by August 19, 2026. This provided approximately 1 week for the OSC to review these exhibits, follow up with State entities, and make necessary adjustments before the required September 1 submission to the Governor, General Assembly, and the Executive Director of the Department of Revenue.

- Section 30-20-1405.5, C.R.S., created the Waste Tire Administration Fund (Fund) within the Department of Public Health and Environment and states that the Fund consists of the waste tire administration fee revenue. Fee revenue is usually TABOR nonexempt revenue unless otherwise specified in the statute, and the statute did not specify the waste tire administration fee revenue as exempt. This is a new fund for Fiscal Year 2026.

- The OSC's "Pre-Check" procedure states to check for new TABOR enterprises.

- The OSC's "Exhibit A1" procedure states to "summarize Exhibit A1 information in the 'Exhibit A1 – Prior Year Errors' worksheet in the TABOR workbook" and "additions to the base are positive numbers and reductions to the base are negative numbers." The procedure further states "in addition to Exhibit A1, the TABOR report preparer has to look at all the revenue source codes, funds and reporting entities in Exhibit PPA and determine which ones are not exempt from TABOR. For any revenue amounts that are nonexempt, the procedures for Exhibit A1 apply."

- The OSC's "Current Balance in BSA 2415 – TABOR Liability in infoAdvantage" procedure states to "Prepare a roll-forward schedule of the balance in BSA 2415, such as one in the table

below." The table examples in this procedure present multiple years and include prior year liabilities, refunds, adjustments based on Exhibit A1s, excess revenue, and ending liabilities.

- Based on the OSC's TABOR disqualification adjustments history document, when a TABOR enterprise is disqualified, the current year (Fiscal Year 2026) base should be adjusted upward for "Disqualification of Enterprises" within the section "Computation of Spending Limitations" of the Preliminary Schedules of Computations required under Article X, Section 20.

- The OSC's "Net Asset Changes-Adjustments" procedure states that the TABOR workbook, specifically the Net Asset Changes-Adjustments worksheet needs to be filled in with one or more of the following items: 1) prior period adjustments, 2) qualifications or disqualifications of enterprises, 3) unresolved mistakes, and 4) other (immaterial amounts, etc.). The TABOR schedule section "Computation of District Balance Changes" reports "Qualifications, Disqualifications and Other Adjustments" amount for the current and prior fiscal years. This should include any adjustments recorded to the fund balance for Fiscal Year 2026.

- The OSC has adopted the Standards for Internal Control in the Federal Government (Green Book), published by the U.S. Government Accountability Office, as the State's standard for internal controls, which all State entities must follow. Paragraph OV2.14, Internal Control and the Entity, states that because internal control is a part of management's overall responsibility, the five components are discussed in the context of the management of the entity. However, everyone in the entity has a responsibility for internal control. In general, roles in an entity's internal control system can be categorized as follows:

    - Oversight Body—The oversight body is responsible for overseeing the strategic direction of the entity and obligations related to the accountability of the entity.

    - Management—Management is directly responsible for all activities of an entity, including the design, implementation, and operating effectiveness of an entity's internal control system.

- Green Book, Paragraph 10.03, Design of Appropriate Types of Control Activities, states that management should clearly document internal controls and other significant events in a manner that allows the documentation to be readily available for examination. Paragraph 16.05, Internal Control System Monitoring, states, "Management performs ongoing monitoring of the design and operating effectiveness of the internal control system as part of the normal course of operations. Ongoing monitoring includes regular management and supervisory activities, comparisons, reconciliations, and other routine actions." Paragraph OV1.07, Definition of an Internal Control System, states that management is responsible for an effective internal control system. As part of this responsibility, management should implement and evaluate the internal control system.

- Green Book, Paragraph 13.05, Data Processed into Quality Information, states, "Management processes relevant data obtained or generated from reliable sources into quality information through the entity's information system." Further, Paragraph 13.07 states, "Management

evaluates the processed information to determine whether it is quality information… Quality information is appropriate, current, complete, accurate, accessible, verifiable, retained as appropriate, and provided on a timely basis."

What problems did the audit work identify?

Overall, as previously noted in this report and in our September 15, 2026 certification letter, we were unable to obtain sufficient, appropriate evidence to conclude on our stated audit objectives. We identified certain specific issues—including errors and insufficient documentation—with the Fiscal Year 2026 TABOR Financial Report certified by the OSC on September 1, 2026, and recertified on September 8, 2026, that we describe in the following sections.

September 1, 2026 OSC TABOR Certification

We identified the following three errors in the September 1 TABOR certification:

- Based on our audit inquiries of the OSC regarding an unusual revenue variance from the prior year, the OSC identified a $72.8 million error that needed to be adjusted by one State entity to reduce nonexempt revenue the OSC reported on the certification. The OSC failed to identify the error through its own processes. As a result, nonexempt revenue and exempt revenue reported on the September 1 TABOR certification were overstated and understated, respectively, by $72.8 million.

- The OSC reported incorrect Fiscal Year 2025 revenue and expenditures amounts in the Fiscal Year 2026 TABOR Financial Report. Specifically, although the Fiscal Year 2025 TABOR Schedule (Annual Comprehensive Financial Report) reported "Total State Expenditures" of $83,362,326,415 and "Total Nonexempt District Revenues" of $19,463,198,028 the OSC's September 1 TABOR certification erroneously reported these amounts as $82,910,102,911 and $19,449,446,624, respectively—differences of $452,223,504 and $13,751,404. Based on our follow up with the OSC, we determined that the OSC improperly used the August 29, 2025 TABOR certification to report prior year expenditures and revenues rather than using the amounts from the Fiscal Year 2025 Annual Comprehensive Financial Report.

- The OSC improperly recorded TABOR nonexempt revenues within the Waste Tire Administration Fund totaling $1,979,435 as TABOR exempt revenues in the certification. We identified this error during our audit testing in August and reported it to the OSC on August 25, 2026; however, the OSC did not correct this in its September 1 certification. This resulted in nonexempt revenue being understated and exempt revenue being overstated by $1,979,435.

In addition, the OSC did not ensure it received all Exhibit A1s prior to September 1, 2026 in order to properly report these in the TABOR Financial Report. Specifically, one department provided an Exhibit A1 to the OSC on September 10, 2026—9 days after the September 1 statutorily-required TABOR certification date. The OSC also had not analyzed prior period adjustments recorded in

CORE to determine if any additional Exhibit A1s needed to be submitted by a State entity and was still following up with State entities on this as of the end of our audit.

September 8, 2026 OSC TABOR Certification

We identified the following issues or were not able to obtain sufficient, appropriate evidence for the following lines within the schedules submitted with the OSC's certification:

- **Preliminary Schedule of Computations**
    - **Computation of Nonexempt Revenue section, lines "Less: Exempt Activity" and "District Reserve/Fund Balance Increase (Decrease)" for Fiscal Year 2026.** Amounts contained on the OSC's custom TABOR infoAdvantage reports and reported as "Exempt Activity" and "District Reserve/Fund Balance Increase (Decrease)" by the OSC differed by a total of $104,240,699—$14,467,559 and $89,773,140, respectively—from amounts contained on infoAdvantage reports we ran to verify the accuracy of the OSC's report. We inquired with the OSC about the identified variances on September 10, but the OSC did not provide us with an analysis or explanations for these variances as of September 15. Therefore, we could not confirm the accuracy of the Fiscal Year 2026 "Less: Exempt Activity" reported by the State Controller of $61,249,120,021 or the "District Reserve/Fund Balance Increase (Decrease)" reported by the State Controller of $(878,355,795). Because these numbers were included in the OSC's calculation for the Fiscal Year 2026 "Total Nonexempt District Revenues" amount of $19,835,380,176 on the Schedule, we were also unable to confirm the accuracy of that amount.
    - **Computation of Nonexempt Revenues section, line "Total Nonexempt District Revenues" for Fiscal Year 2025**. The Fiscal Year 2025 "Total Nonexempt District Revenues" of $19,463,248,028 included by the OSC on the Preliminary Schedule of Computations differed from the Fiscal Year 2025 "Total Nonexempt Revenue" amount reported on the OSC's Comparison of Nonexempt TABOR Revenues schedule by $50,000. Based on our follow-up discussions with the OSC, we determined the amount presented in the Comparison schedule was correct.
    - **Computation of District Fund Balance Changes section, line "Qualifications, Disqualifications and Other Adjustments" for Fiscal Year 2026.** The OSC did not reflect in its September 8 certification a State entity-reported prior period TABOR-related fund balance adjustment that would have increased TABOR nonexempt revenue by $8,964,116. The adjustment was reported by a State entity on its PPA Exhibit to the OSC on August 19, 2026; however, the OSC did not make a related adjustment or provide us with an explanation as to why it did not make the adjustment. As a result, we were unable to confirm the accuracy of the "Qualifications, Disqualifications and Other Adjustments" line of $(496,245,651), or the "Ending District Fund Balance" line of $24,958,481,877 reported by the State Controller.

- **Computation of Spending Limitations section, line "Disqualification of Enterprises (Note 14)."** The OSC incorrectly included $7,225,832 in TABOR nonexempt revenue for the TABOR enterprise disqualification of Adams State University within its TABOR workbook and in the Computation of Spending Limitations section of the Report. As a result, the $169,845,732 reported as "Disqualification of Enterprises (Note 14)" appears to be overstated by $7,225,832 and should be $162,619,901. This would also adjust the "Fiscal Year 2026 Adjusted Limit" to $16,180,445,634 for "Fiscal Year Spending" and $20,004,043,061 for the "Excess State Revenues Cap."

- **Computation of Spending Limitations section, line "(Over-refunds) or unrefunded excess State revenues from prior years C.R.S. 24-77-103.9(2)."** The OSC did not include State entities' Exhibit A1s and PPAs in their analysis to determine the amount reported as "(Over-refunds) or unrefunded excess State revenues from prior years C.R.S. 24-77-103.9(2)." Exhibit A1 and PPA adjustments impact the prior year TABOR liability, which adjusts the amounts of any over or under refunds paid out or due to be paid out by the State in prior years. As a result, the $(275,083,885) amount reported as "(Over-refunds) or unrefunded excess State revenues from prior years C.R.S. 24-77-103.9(2)" appears to be understated by $2,772,794 and should be $(277,856,679). We initially reported these errors in our September 15 certification as being overstated by $6,935,138 and indicated that they should be $(268,148,747). However, subsequent to our certification, on September 22, 2026, the OSC provided us a revised Exhibit A1 from one department, which revised the amount for this line.

- **Comparison of Nonexempt TABOR Revenues Schedule**

  - **Program Revenues section, line "Tobacco Products Tax, Net."** The OSC erroneously reported $96 in Tobacco Products Tax, Net that did not match the supporting amount of $123, resulting in a $27 difference.

  - **Line "Prior Year Errors."** The OSC did not correctly update the Exhibit A1 - prior years errors worksheet within the TABOR workbook with information from State entities' Exhibit A1s provided to the OSC and the OSC incorrectly included an amount on the worksheet for one department where the OSC did not have an Exhibit A1 to support this amount. Additionally, the OSC did not include any prior period adjustments related to TABOR nonexempt revenue that were reported on State entities' PPA Exhibits. As a result, the "Prior Year Errors" Fiscal Year 2025 amount reported in the Schedule as $(8,500,247) appears to be overstated by $12,051,858 and should be $3,551,611. We inititally reported these errors in our September 15 certification as an overstatement of $3,464,868. However, subsequent to our certification, on September 22, the OSC provided us a revised Exhibit A1, which revised the amount for this line.

  - **Line "Disqualification of Enterprises."** The OSC entered an incorrect amount of nonexempt revenues in its TABOR workbook when compiling the Fiscal Year 2025 nonexempt revenue for the Adams State University and the Health Insurance Affordability enterprises that disqualified as TABOR enterprises during Fiscal Year 2026. As a result, the

OSC reported the "Disqualification of Enterprises" Fiscal Year 2025 amount as $(171,037,939) but it appears it should be reported as $(161,850,596), resulting in an overstatement of nonexempt revenues of $9,187,343.

- **Typographical errors.** We also identified three typographical errors related to a date error and two inaccurate line names, which were also noted in our certification letter.

Why did these problems occur?

Overall, we determined that the OSC did not have adequate internal controls—such as an appropriate supervisory review process and training or cross-training of staff—in place for Fiscal Year 2026 to ensure that its TABOR reporting was accurate and that it complied with statutory requirements for TABOR. The OSC experienced turnover during the fiscal year in the staff that prepared and reviewed the TABOR Financial Report, which appeared to contribute to the issues we found. We have outlined more specific causes to the problems we identified as follows:

Insufficient Review Process

The OSC did not take sufficient steps to ensure all State revenue was properly and timely recorded in CORE prior to the OSC's September 1st TABOR certification. Specifically, the OSC did not perform an adequate review of the explanations provided by the State entities for the OSC-identified TABOR variances to identify misstatements in TABOR revenues. The OSC's review also failed to identify and correct the wrong Fiscal Year 2025 information that was included in this year's report. Additionally, the OSC's reviews failed to identify that the Waste Tire Administration Fund revenues were incorrectly reported as TABOR exempt revenue in the Report; OSC staff should have identified that this fund was incorrectly being included within a TABOR enterprise rather than as its own fund and completed their research to ensure the fund revenue was being accurately considered for the TABOR Financial report.

In addition, the OSC did not perform an adequate review of prior period information—including information reported by State entities on A1 and PPA Exhibits—to ensure that the appropriate prior period adjustments were made in the TABOR Financial Report. Specifically, the OSC did not analyze department prior period fund balance adjustments reported through PPA Exhibits to determine which adjustments, if any, impacted the total district fund balance reported for Fiscal Year 2026. Per inquiries with the OSC, the OSC was aware of the missing Exhibit A1 for one department prior to the OSC's September 1 TABOR certification but did not ensure it was completed on time. The department reported it was working with the OSC on their initial questions and submitted the Exhibit A1 to the OSC on September 10—2 days after the State Controller's TABOR recertification.

Incomplete Procedures and Failure to Follow Procedures

We noted that the OSC's TABOR procedures do not specify that, when preparing the current year report, staff should pull the prior year information from the final TABOR Financial Report

presented in the prior year's Annual Comprehensive Financial Report. In addition, the OSC's procedures do not include a process to ensure the TABOR infoAdvantage reports are accurate and complete. Specifically, the OSC's TABOR procedures state to use the customized TABOR infoAdvantage reports, but do not include a requirement to confirm individual revenue, expenditures, or fund balances through a different type of infoAdvantage report.

We also found that OSC staff made a change to the calculation of the TABOR liability which does not agree to the OSC's current procedure, and did not provide us with the research or conclusion on why this change is appropriate and different from the historical practices. Specifically, in prior years, the OSC included prior period adjustments reported by State entities through Exhibit A1s and PPA Exhibits to calculate the year-end liability, but did not include these adjustments during the calculation of the Fiscal Year 2026 TABOR liability.

Why do these problems matter?

A lack of sufficient processes that allow for timely reviews of and adjustments to TABOR revenue resulted in the State Controller having to recertify the TABOR Financial Report on September 8, 2026—7 days after the statutory due date of September 1, 2026. Providing an accurate TABOR Financial Report is especially important if the State were to exceed allowable spending limits under the constitutional provisions of TABOR for a fiscal year. It is essential for the OSC to ensure that it includes in its TABOR calculations and annual report all revenue that is not specifically exempted from TABOR, as appropriate, because any revenues collected by the State in excess of TABOR limits must be returned to the taxpayers. In addition, this TABOR Financial Report issued in September is relied on by decision and policy makers for economic analysis and budgetary considerations. Therefore, it is important for the State Controller to ensure that the report is accurate and complete, as well as to ensure that the OSC can provide support and explanations for any questions on the report.

Recommendation 1

The Office of the State Controller (OSC) should ensure that it complies with state law, rules, and regulations related to the preparation of the annual Taxpayer's Bill of Rights (TABOR) Financial Report and that the Report is accurate, complete, and timely. This should include:

A. Improving its review process to ensure all revenue is properly classified as exempt or nonexempt prior to September 1 and reported appropriately. This review should include ensuring that prior year information is correctly reported in the current year's Report; incorporating a complete, detailed analysis of TABOR variances and responses to identify any adjustments that need to be recorded prior to September 1; review of enterprise calculations to ensure that revenues are properly included as exempt or nonexempt; and review of prior period adjustments including analysis of fund balance adjustments and those reported on TABOR-related exhibits, to ensure the appropriate adjustments are made in the TABOR Financial Report.

B. Updating the OSC's TABOR procedures to specify that prior year information included in the current year's certification should originate from the final TABOR Financial Report presented in the prior year's Annual Comprehensive Financial Report; and establishing a process to ensure the TABOR infoAdvantage reports are accurate and complete. In addition, the OSC should update the procedures to reflect the change in the TABOR liability calculations based on the OSC's research and conclusion.

C. Correcting the errors identified in this audit within the TABOR schedules presented in the Fiscal Year 2026 Annual Comprehensive Financial Report and providing us with any additional support needed to complete the audit procedures for the Fiscal Year 2026 financial audit.

D. Improving staff training to ensure the TABOR Financial Report is complete and accurate.

Response

Office of the State Controller

A. Agree
Implementation Date: April 2027

The Office of the State Controller agrees with this recommendation. The OSC currently has very detailed and thorough preparation procedures designed to ensure that all revenue is properly classified in the TABOR report to comply with the September 1st statutory deadline. The OSC will evaluate and update existing TABOR report preparation procedures to ensure prior-year information, prior-period/fund balance adjustments, department-reported information contained in Exhibits, and TABOR variances and related responses are addressed to ensure accuracy and that appropriate adjustments are made to the TABOR report. The OSC re-certified the TABOR report due to detecting two late cycle adjustments which were necessary for the report's reliability and validity. While the OSA determined it was unable to confirm the accuracy of the re-certified TABOR report, the OSC's final presentation of non-exempt revenues in the amount of $19,835,380,176 was validated through two different procedural computational methodologies; therefore, the OSC is confident that the figures presented on the TABOR report are accurate. Due to the compressed timing of the audit, the OSC was unable to provide a complete reconciliation between those methodologies and the system reports the OSA uses to conclude on its audit objectives.

B. Agree
Implementation Date: April 2027

The OSC agrees with this recommendation. The OSC is in the process of updating current TABOR policies and procedures - to include procedures for reflecting changes in the TABOR liability - and will complete those updates by the target implementation date. The OSC will ensure the TABOR work files are built from the prior year's Annual Comprehensive Financial Report reconciliation file, which is finalized once the financial audit is completed.

C. Agree
Implementation Date: November 2026

The OSC agrees with this recommendation. The OSC will correct the errors identified in this audit within the TABOR schedules presented in the Fiscal Year 2026 Annual Comprehensive Financial Report and have them available, along with additional support needed to complete audit procedures for the Fiscal Year 2026 financial audit.

D. Agree
Implementation Date: April 2027

The OSC agrees with this recommendation. The OSC has begun updating the Fiscal Procedures Manual in addition to annual open/close training related to TABOR. The OSC will incorporate new legislation and necessary reporting programming revisions as part of updates to TABOR central work files. The OSC wrote a new internal staff procedure to cover how InfoAdvantage programming variables are cross-checked to validate the information produced across separately maintained reports. The OSC will also create additional internal procedures that cover other areas such as unrealized gains and losses, and the basis for their exclusion.

Appendix A

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Appendix A

Description of Revenue Categories

Description of Revenue Categories

The revenue categories described in Appendix A correspond to the categories presented on the Comparison of Nonexempt TABOR Revenues (Comparison), page 16. Revenues within the Comparison are presented in two categories, General Revenues and Program Revenues. The General Revenues are revenues within the General Fund and Program Revenues are from cash funded activities.

Income Tax

Individual Income Tax, Net

Taxes paid on wages, unearned income, and other income of individuals, net of refunds on property tax credits, income tax intercepts (e.g., IRS and child support), tax checkoffs, and Amendment 23 transfers to the State Education Fund.

Corporate Income Tax, Net

Taxes based on the net profits of a corporation net of Amendment 23 transfers to the State Education Fund.

Fiduciary Income Tax, Net

Taxes on trust and estate income net of Amendment 23 transfers to the State Education Fund.

Excise Tax

Sales Tax, Net

Taxes collected by retailers on consumer purchases of tangible personal property net of refunds.

Use Tax, Net

Taxes remitted by the end consumer of tangible personal property purchased at retail prices net of refunds.

Alcoholic Beverages Tax, Net

Taxes collected from retailers who sell alcohol products net of refunds.

Tobacco Products Tax, Net

Taxes on the sale, use, consumption, handling, or distribution of tobacco products net of refunds.

Other Excise Taxes, Net

Taxes for occupational license renewals and certain penalties net of refunds.

Other Taxes

Insurance Taxes

Taxes on insurance premiums collected by insurance companies net of refunds and the Department of Treasury's proceeds from the sale of insurance premiums tax credits to insurance companies and corporate income tax credits to corporations that do business in Colorado per House Bill 25B-1004.

Fuel and Transportation Taxes, Net

Gross ton mileage tax on motor carriers and taxes on diesel, gasoline, aviation jet fuel, aviation gasoline, and other fuels, net of refunds.

Gaming and Other Taxes

Taxes on gaming facilities based on percentages of income net of refunds.

Severance Taxes

Mineral extraction taxes on coal, oil and gas, molybdenum, and metallic minerals net of refunds.

Employment Taxes

Employment taxes paid by employers for funding unemployment benefits net of refunds.

Licenses, Permits, and Fees

Health Service Fees

Healthcare Affordability and Sustainability Fees and other fees collected for health services including laboratory test fees, genetic testing, vital records fees, and children's health plan premiums.

Motor Vehicle Registrations

Collection of fees for license plates, tags, and registrations.

Business Licenses and Permits

Licenses and permits for special functions of a business (e.g., alcoholic beverage licenses, tobacco products licenses, sports betting operation fees and licenses, business registrations, health licenses, child care licenses, and waste management permits).

Other Charges For Services

Various fees, the majority of which are collected by Public Utilities Commission, the Division of Banking, and the Oil and Gas Conservation Fund, which are used to ensure compliance with applicable regulations.

General Government Service Fees

Service charges by various agencies to the public (e.g., filing fees charged by the Department of State, charges by the Motor Vehicle Division for driving record inquiries, and certain fees charged by the Department of Agriculture and Department of Natural Resources).

Educational Fees

Conference fees and teacher certification fees collected primarily by the Department of Education.

Driver's Licenses

Fees for driver's licenses and ID cards.

Nonbusiness Licenses and Permits

Surcharges for licenses and permits for environmental response, fees for park passes, motorcycle operator safety training, waste tire recycling, etc.

Public Safety Service Fees

Fees for firefighter response, fire service education and training, and search and rescue.

Certifications and Inspections

Fees for emission inspection stickers, emission registration, emission inspection station licenses, and other related fees.

Welfare Service Fees

Child abuse registry fees.

Transportation Fees

Fees for road usage, electric vehicle road usage equalization, retail delivery order, rideshare, and bridge and tunnel impact.

Other Revenue

Court and Other Fines

Fines and forfeits levied by the courts.

Miscellaneous Revenue

Revenue not included in another category. Examples of these revenues include transfers between funds.

Interest and Investment Income

Interest income, finance charges, and gains/losses on investments.

Rents and Royalties

Income from the lease of state land to private parties.

Local Governments and Authorities

Funds from counties, cities, special districts, etc., primarily in the form of grants.

Higher Education Auxiliary Sales and Services

Auraria Higher Education Center's (AHEC) revenue from library fees, internal service center fees, and athletic camp fees and Adams State University's (Adams) revenues from scholarship allowance, housing, student and faculty services, and continuing education. This also includes AHEC's and Adams' revenues for charges to other higher education institutions for these services.

Sales of Products

Sales of publications, maps, materials, and supplies.

Unclaimed Money and Escheats

Revenue from escheats, escheats refunds, unclaimed property, unclaimed property refunds, and expired warrants.

Appendix B

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TABOR History

Fiscal Years 1993-2026

The following provides highlights of certain legislation or voter-approved changes affecting the Office of the State Controller's Schedule of Computations Required Under Article X, Section 20 contained in this report. The fiscal year in which the change was effective and a brief summary of the legislation or voter-approved change is provided below.

1993

Voter Approval. The Taxpayer's Bill of Rights (TABOR) was added as Article X, Section 20 of the Colorado Constitution in the November 1992 general election. TABOR limits increases in the State's revenue to the annual inflation rate plus the percentage change in Colorado's population unless voters approve a revenue change.

1997 and 1998

Refunds. The TABOR Revenue Limit was exceeded for the first time for the fiscal year ended June 30, 1997, and again for the fiscal year ended June 30, 1998. The General Assembly decided to distribute the entire excess from general funds as a sales tax credit on each full-year resident's individual tax return.

1999–2001

Constitutional Amendment. Amendment 14 was approved by the voters in November 1998 and authorized a permit fee that is exempt from TABOR for the regulation of commercial hog facilities.

Refunds. TABOR revenue exceeded the TABOR Revenue Limit for each of these years, resulting in refunds. In 1999, the excess was refunded through three mechanisms; in 2000, nine mechanisms were used; and in 2001, the excess was refunded through 17 mechanisms.

Revenue Reductions. During the period, there were several revenue reductions enacted that lowered the amount of TABOR revenue to be received in subsequent years. The most significant reduction was the lowering of income tax rates effective January 1, 1999, for individuals, estates, and trusts from 5 percent to 4.75 percent, and a further reduction effective January 1, 2000, of the rate to 4.63 percent. Effective January 1, 2001, the sales tax rate was reduced from 3 percent to 2.9 percent. Other permanent tax reductions included the establishment of low-income housing owner credits, redevelopment incentives for contaminated property, sales and use tax exemptions for certain agricultural items, unemployment insurance tax credits, and oil and gas severance tax exemptions.

2001

Constitutional Amendments. Voters approved changes that lowered revenue subject to TABOR requirements through multiple constitutional amendments. The amendment having the largest impact on decreasing revenue subject to TABOR was Amendment 23, passed in November 2000. The Amendment created the State Education Fund, which was funded through a transfer of an amount equivalent to a tax of 1/3 of 1 percent of federal taxable income. This essentially reduced the State's TABOR revenue by the amount of the transfer. At this same time, voters also approved Amendment 20, which authorized a TABOR exempt fee for patients receiving an identification card for the medical use of marijuana; the resulting revenues are TABOR exempt.

2002

Growth Dividend. TABOR states that the TABOR Revenue Limit will be the lesser of the current fiscal year's revenue or the prior fiscal year's TABOR Revenue Limit adjusted by the population growth and the inflation rate. The population growth is adjusted every decade to match the federal census. Based on the 2000 census, it was determined that the federal government underestimated Colorado's population during the 1990s, resulting in the State issuing greater TABOR refunds than required. In 2002, the General Assembly enacted Senate Bill 02-179 to account for underestimates of population growth in prior years, adding a carry-forward mechanism for a census-related adjustment in population growth. The carry-forward mechanism, which is referred to as the "growth dividend," can be applied to future calculations of the TABOR Revenue Limit for up to 9 years beyond the current year. The growth dividend determined from the 2000 census allowed the State to raise the TABOR Revenue Limit by $565.3 million. This amount was fully utilized during Fiscal Years 2004 and 2005.

2004

Qualified Enterprises. The TABOR amendment allows qualified enterprises to be exempt from TABOR requirements. Over the years, the General Assembly has enacted statutes to designate certain state entities as TABOR-exempt enterprises. One of the most significant of these bills was Senate Bill 04-189, which enabled higher education governing boards to designate a qualified institution or group of institutions to be exempt from TABOR requirements. In 2004, the University of Colorado was approved as a TABOR-exempt enterprise by its governing board and the Legislative Audit Committee, as required by Section 2-3-101(3)(f), C.R.S. In 2005, 10 additional higher education institutions were approved as TABOR-exempt enterprises. Once designated as a TABOR-exempt enterprise, the institution will retain the designation as long as it continues to meet the requirements for an enterprise.

2005

Constitutional Amendment. Amendment 35 was passed by voters in November 2004 and assesses a statewide TABOR-exempt tax of 64 cents per pack of cigarettes and 20 percent on tobacco products. The Amendment requires that the revenue be used for health care services and tobacco education and cessation programs.

2006–2008

Referendum C. Referendum C was approved by the voters in the November 2005 election. Referendum C allowed the State to retain and spend all revenue in excess of the TABOR Revenue Limit annually for 5 fiscal years starting with Fiscal Year 2006. After July 1, 2010, the State was allowed to retain revenues in excess of the TABOR Revenue Limit up to a newly defined "Excess State Revenues Cap." The Excess State Revenues Cap is defined as the highest total state revenue earned between Fiscal Years 2006 and 2010, adjusted for inflation and population growth for each subsequent year.

For Fiscal Years 2006, 2007, and 2008, the amounts of excess revenue that the State was allowed to retain and spend were $1,116,134,410, $1,308,040,131, and $1,169,428,121, respectively, for a 3-year total of $3,593,602,662. The funds retained by the State were to be applied toward education; healthcare; roads, bridges, and other strategic transportation projects; and retirement plans for firefighters and police officers. TABOR Revenue did not exceed the TABOR Revenue Limit in Fiscal Years 2009 and 2010.

Overrefunds. Prior to July 1, 2005, state statutes provided a mechanism to apply refunds paid in excess of the TABOR refund liability ("overrefunds") for one fiscal year against the following year's TABOR refund liability, if one exists. Effective Fiscal Year 2005 under House Bill 05-1310, the State Controller was required to make two types of adjustments in Fiscal Year 2005 related to overrefunds that were paid during Fiscal Years 2002 through 2004. First, House Bill 05-1310 required the State Controller to change the methodology for calculating the TABOR Revenue Limit for Fiscal Years 2002 through 2004 by applying the overrefunds after the TABOR Revenue Limit was set. This resulted in an increase of $92.7 million to the Fiscal Year 2005 TABOR Revenue Limit. Second, the State Controller was required to reduce the Fiscal Year 2005 TABOR Revenue in excess of the TABOR Revenue Limit for the total amount of overrefunds paid during Fiscal Years 2002 through 2004. This resulted in a $127.8 million reduction to the TABOR refund liability for Fiscal Year 2005.

House Bill 05-1310 requires that, in Fiscal Year 2006 and future years, TABOR revenue in excess of the TABOR Revenue Limit be reduced by any amounts overrefunded in the prior year. Any unused overrefund amount is to be carried forward and decrease future refund liabilities until the excess is depleted.

2009

Constitutional Amendment. Amendment 50 was passed by voters in November 2008 and made several revisions to gaming limits. Casinos pay taxes on income from gaming and pay various fees and fines which are exempt from TABOR. Most of the revenue the state receives from new gaming limits is to be used for financial aid and classroom instruction at the state's community colleges and distributed to the gaming communities.

2011

Refund Mechanisms. The General Assembly enacted Senate Bill 10-212, which repealed all of the TABOR surplus refund mechanisms except for the Earned Income Tax Credit, Income Tax Rate Reduction and the Six-Tier Sales Tax Refund, effective July 1, 2010.

House Bill 05-1317 created a TABOR refund mechanism (the Temporary Income Tax Rate Reduction) that—starting with income tax year 2011—reduces the state income tax rate from the rate of 4.63 percent to 4.50 percent when the state experiences a revenue surplus large enough to support the rate reduction. The Temporary Income Tax Rate Reduction follows the Earned Income Tax Credit refund mechanism.

2013–2014

Earned Income Tax Credit. The General Assembly enacted Senate Bill 13-001, which establishes a permanent Earned Income Tax Credit (EITC) to replace the EITC TABOR refund mechanism. The EITC provides credit to individuals that work but do not earn high incomes. Taxpayers who qualify for the federal credit may claim a state credit up to 10 percent of the federal credit amount. The permanent EITC begins the year following the first year the EITC TABOR refund mechanism is triggered.

Constitutional Amendment. Amendment 64 "Use and Regulation of Marijuana," passed in November 2012, required the general assembly to enact a TABOR exempt excise tax to be levied upon wholesale sales of marijuana. The Amendment requires that the first $40 million raised annually goes to school capital construction. Proposition AA "Retail Marijuana Taxes," passed in November 2013, assesses a statewide TABOR-exempt tax of 15 percent excise tax to be levied upon wholesale sales of marijuana.

2015

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2015, resulting in a refund. The excess was refunded through two mechanisms including the Six-Tier Sales Tax Refund and the Earned Income Tax Credit (EITC). Section 39-22-123.5(3), C.R.S., converts

the EITC from a TABOR refund mechanism into a permanent tax credit and therefore, will be a permanent reduction in the State tax revenues, the year after it is first used to refund a TABOR surplus (Fiscal Year 2026).

2017

Sustainability of Rural Colorado. The General Assembly enacted Senate Bill 17-267, which abolished the Hospital Provider Fee and replaced it with the Healthcare Affordability and Sustainability Fee. The fee will be collected by the Healthcare Affordability and Sustainability Enterprise and will be TABOR exempt. The bill also required the Excess State Revenue Cap under Referendum C to be reduced by $200 million in Fiscal Year 2018. Refund mechanisms were also changed as a result of the bill. The bill requires that, in a TABOR refund year, reimbursements paid to local governments in support of the senior homestead and disabled veterans property tax exemptions are applied as the first refund mechanism triggered. The second and third refund mechanisms, the Temporary Income Tax Rate Reduction and Six-Tier Sales Tax Refund, will only take effect after the property tax exemptions are fully applied.

2018

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2018, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism.

2019

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2019, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism and the temporary income tax reduction mechanism.

In the 2019 statewide election, Colorado voters approved Proposition DD, a measure referred to the voters by the Legislature in House Bill 19-1327. The proposition allowed the State to tax the proceeds of sports betting activity and to use the revenue to fund State water projects. This tax is included in TABOR nonexempt revenues.

2020

In November 2020, voters approved Proposition 116. This proposition decreased the state income tax rate for individuals, estates, and trusts from 4.63% of federal taxable income to 4.55% of federal taxable income for tax years commencing on and after January 1, 2020.

New TABOR Exempt Enterprises. The General Assembly passed Senate Bill 20-215, Health Insurance Affordability Enterprise, at the end of Fiscal Year 2020. The Bill established the Health

Insurance Affordability (HIA) Enterprise, a TABOR enterprise for purposes of Section 20 of Article X of the state constitution, that is authorized to assess a Health Insurance Affordability fee (insurer fee) on certain health insurers and a special assessment (hospital assessment) on hospitals to administer the Health Insurance Affordability fees and special assessment charges. Senate Bill 20-215 stated that "the power to impose taxes [by the HIA Enterprise] is inconsistent with enterprise status" according to TABOR requirements and therefore, the HIA Enterprise cannot impose taxes.

2021

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2021, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism, the temporary income tax rate reduction mechanism, and the sales tax refund mechanism.

Enterprises. In the 2020 general election, Colorado voters approved Proposition 117 that became effective December 31, 2020. The proposition required that any state enterprise with revenue from fees over $100 million in its first five years be approved by voters through a statewide election. In 2022, the legislature passed House Bill 22-1400 to update and clarify the information from the Proposition. The bill clarifies that certain higher education institutions that previously qualified as enterprises do not require voter approval in order to requalify as enterprises if they lose enterprise status in a given year.

Exempt Fees. In the 2020 general election, Colorado voters approved Proposition EE that took effect January 1, 2021. The proposition increased taxes on nicotine products, including vaping products and set a minimum price for cigarettes. These increased taxes are exempt from the TABOR limit.

Excess State Revenues Cap. The General Assembly passed Senate Bill 21-260, Sustainability of the Transportation System, at the end of Fiscal Year 2021. This bill is codified in Section 24-77-103.6(6)(b)(I)(F), C.R.S. The bill raises the state's revenue limit beginning in Fiscal Year 2021 to an amount calculated as the Fiscal Year 2020 Excess State Revenues Cap plus an additional $224,957,602. The Fiscal Year 2021 calculated amount was then carried forward and adjusted for inflation, change in population, newly qualified or disqualified enterprises, and debt service changes. This was designed to reverse the $200 million reduction of the TABOR limit from Senate Bill 17-267 which was adjusted for inflation and population growth. This amount was shown as an adjustment to the Excess State Revenues Cap on the State Controller's September 1, 2021, TABOR certification.

New TABOR Exempt Enterprises, Agency, and Fees. Senate Bill 21-260 created four new enterprises: the Community Access Enterprise within the Colorado Energy Office, the Clean Fleet Enterprise within the Colorado Department of Public Health and Environment, the Clean Transit Enterprise within the Colorado Department of Transportation (CDOT), and the Nonattainment Area Pollution Mitigation Enterprise within CDOT. The Statewide Bridge Enterprise's name was also changed to the Statewide Bridge and Tunnel Enterprise. All of these enterprises are exempt

from the TABOR limit. Senate Bill 21-260 also created new fees on gasoline and diesel fuel, retail deliveries, passenger rides, electric motor vehicle registration, and short-term vehicle rentals which are subject to TABOR limits.

Senate Bill 21-154 created the 988 Crisis Hotline Enterprise within the Department of Human Services. The enterprise is funded by fees imposed on phone service providers.

House Bill 21-1208 created the Natural Disaster Mitigation Enterprise within the Department of Natural Resources. The enterprise is governed by a board of directors, imposes a fee on insurance companies that offer certain insurance policies or contracts, and uses the fee revenue to finance the natural disaster mitigation grant program and provide local governments technical assistance on natural disaster mitigation.

2022

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2022, resulting in a refund. The excess was mainly refunded through a new temporary taxpayer refund mechanism for Fiscal Year 2022. Specifically, the General Assembly passed Senate Bill 22-233 to create a temporary refund mechanism for TABOR refunds. Only for the Fiscal Year 2022 TABOR refund, the temporary refund mechanism provided a refund in an identical amount to each qualified resident individual in the State based on the 2021 individual income tax filings.

In November 2022, voters approved Proposition 121, the State Income Tax Rate Reduction Initiative. This proposition decreased the state income tax rate for individuals, estates, and trusts from 4.55% of federal taxable income to 4.40% of federal taxable income for tax years commencing on and after January 1, 2022. This eliminated the income tax reduction refund mechanism beginning with the Fiscal Year 2023 TABOR refund.

Senate Bill 22-238 added an additional TABOR refund mechanism for backfilling local governments' reduced property taxes. Specifically, it designated $225 million for Fiscal Year 2023 to backfill local governments for reduced 2023 and 2024 property taxes for certain nonresidential and residential properties due to reductions in property tax assessment rates and reduced valuations on which rates are applied.

New TABOR Exempt Enterprises. Senate Bill 22-198 created the Orphaned Wells Mitigation Enterprise within the Department of Natural Resources. Enterprise designation means the activity is exempt from TABOR limits, if certain requirements are met (i.e. enterprise created by statute or a higher education institution with the governing board, and in addition to either of these requirements, being authorized to issue its own revenue bonds and received less than 10 percent of its annual revenue in grants from all Colorado State and local governments combined). House Bill 22-1133 created the Family and Medical Leave Insurance Enterprise within the Department of Labor and Employment (CDLE). The bill transferred, in June 2022, $57.0 million from the Revenue Loss Restoration Cash Fund to the Family and Medical Leave Insurance Fund to prepay state employer premiums to CDLE. In order to finance paid family and medical leave insurance benefits,

in January 2023, the Family and Medical Leave Insurance Fund started to collect a required payroll premium of 0.90 percent from Colorado's employers and employees, with a minimum of half paid by the employer.

2023

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2023, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism, and the sales tax refund mechanism.

New TABOR Exempt Enterprise. Senate Bill 23-280 created the Fuels Impact Enterprise within the Department of Transportation. The enterprise is funded through a $0.006125 per gallon Fuels Impact Reduction Fee (FIRF). Beginning September 1, 2023, the FIRF is due on gasoline, special fuel, and dyed fuels imported into Colorado or removed from a Colorado terminal.

2024

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2024, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism, the income tax rate reduction mechanism, and the sales tax refund mechanism.

Senate Bill 24-228 adjusted the temporary income tax rate reduction as the second TABOR refund mechanism for Fiscal Years 2024 through 2034 and created a new refund mechanism—a temporary reduction in the state sales and use tax rate—for any State TABOR surplus collected for Fiscal Years 2025 through 2034. The bill also specifies the order in which TABOR refund mechanisms after the homestead exemption reimbursements are to be triggered under the bill, depending on the amount of the TABOR refund surplus.

House Bill 24-1469 specified that certain gaming and cigarette tax revenues are considered to be collections for another government and therefore, exempt from TABOR. Because this decreased the nonexempt revenue, the bill reduced the TABOR refund obligation and increased General Fund revenue available to spend or save beginning in Fiscal Year 2024.

House Bill 24-1470 eliminated premium taxes to the Health Insurance Affordability (HIA) Enterprise fund. The enterprise was partially funded by the insurance premium tax through an annual diversion of revenue that would otherwise be credited to the General Fund. The bill ends the annual diversion from the General Fund to the HIA Enterprise fund starting in Fiscal Year 2024. Since the formation of the enterprise in Senate Bill 20-215, insurance premium taxes diverted to the HIA have been accounted as TABOR-exempt enterprise revenue. In the Fiscal Year 2023 Statewide Single Audit report, we determined that premium taxes should be counted as state revenue subject to TABOR. Pursuant to the audit finding and Attorney General's opinion, creating the diversion to the enterprise did not exempt a portion of insurance premium tax from TABOR. Therefore, this

revenue is subject to TABOR under current law, and ending the diversion has no impact on revenue subject to TABOR or TABOR refunds.

New TABOR Exempt Enterprise. House Bill 24-1409 created the Workforce Development Enterprise within the Department of Labor and Employment. The bill makes adjustments to employer support surcharge deposits and modifies caps for unemployment administration funds. Employers pay an annual support surcharge to fund unemployment administration and support the solvency of the Unemployment Insurance Trust Fund (UITF, also called the Unemployment Compensation Fund). Prior to this house bill, this surcharge was deposited into several different funds. Each of these funds has a limit on the maximum amount of money that can be in the fund at the end of each year. The bill adjusts these funding caps and requires the maximum amount to be adjusted for inflation based on the Denver-Aurora-Lakewood consumer price index.

2025

Refunds. TABOR revenue exceeded the TABOR Excess State Revenues Cap for Fiscal Year 2025, resulting in a refund. The excess was refunded through the property tax exemption reimbursement mechanism, and the sales tax refund mechanism.

Allowable Growth Rate. Senate Bill 25-180 adjusted the method of calculating population growth beginning in Fiscal Year 2025. The bill required that the State Controller use the base year population estimate published in that year, rather than the revised population estimate published in the following year. This change affects the level of the TABOR limit and, in years when state revenue exceeds the limit, the amount of TABOR refunds. In years when population estimates would have been revised upward, the TABOR limit increases and refunds decrease. Conversely, when estimates would have been revised downward, the limit decreases and refunds increase.

Exempt Revenues Changes. Senate Bill 25-173 modified the statutory definitions of certain revenues beginning in Fiscal Year 2025. Specifically, the bill reclassified specific state revenues as either damage awards or property sales, which are exempt from the TABOR revenue limits.

New TABOR Exempt Enterprises, Surcharges, Fees, and Rebates. Senate Bill 24-139 created the 911 Service Enterprise within the Department of Regulatory Agencies. The enterprise is authorized to impose a fee on service users (fee). A service user is a person who is provided a 911 access connection in the state. The fee is set annually by the governing board for the enterprise and together with the 911 surcharge that the public utilities commission imposes on service users for the benefit of meeting the needs of governing bodies to pay for basic emergency service and provide emergency telephone service and must not exceed $0.50 per month per 911 access connection. Revenue from the fee will fund expenses and costs related to the provision of 911 services. The fee collection starts in Fiscal Year 2026.

Senate Bill 24-123 created the Waste Tire Management Enterprise within the Department of Public Health and Environment (CDPHE). Some portions of the bill are effective on June 6, 2024, and some portions are effective on July 1, 2025. Prior to this senate bill, when a consumer buys new

tires, the retailer charges the consumer a waste tire fee that is then collected by CDPHE. The bill amended the fee collection by establishing two different funds within the enterprise. The new waste tire enterprise fee (enterprise fee) is collected by retailers at the point of sale and submitted to CDPHE. The enterprise fee amount is set by CDPHE, in coordination with the Solid and Hazardous Waste Commission, and capped at $2.50 per tire, adjusted for inflation. CDPHE is also responsible for collecting the waste tire administration fee (administration fee), which is also collected by retailers at the point of sale and submitted to CDPHE. The administration fee amount is set by CDPHE, in coordination with the Solid and Hazardous Waste Commission and is a minimum of $0.50 cents per tire, but must not exceed half of the amount of the enterprise fee.

House Bill 24-1449 created the Colorado Circular Communities Enterprise within CDPHE and consolidated existing waste diversion programs, including an existing Front Range Waste Diversion Enterprise, into this new enterprise. The new enterprise inherits any existing contracts or in-process responsibilities of the existing enterprise to provide continuity of operations.

2026

The State Controller certified in his September 8, 2026 revised TABOR certification that Fiscal Year 2026 revenues did not exceed the TABOR spending limit. Because of that, per House Bill 26-1419, before November 16, 2026, the State Controller is required to recalculate the Fiscal Year 2025 TABOR revenue based on known impacts from changes in federal tax policy that impacted the State's Fiscal Year 2025 tax revenues and to identify all or a portion of the Fiscal Year 2025 TABOR refund obligation as an overrefund. Further, House Bill 26-1419 requires the State Controller to reduce future refund obligations until the obligations are reduced by the amount of the Fiscal Year 2025 overrefund.

Beginning in Fiscal Year 2026, Senate Bill 26-042, classifies certain state revenue that is either damage awards or collections for another government as TABOR exempt revenue. Specifically, collections from another government include revenue from the excise tax and sales/use tax on gasoline used as fuel for specified aircraft, collected by the State and distributed to governmental or airport entities operating a federal aviation administration-designated public use airport; and revenue from fees collected by the Department of Public Safety for criminal history record checks, transmitted to the FBI for a required federal component. Damage awards include money from certain sources deposited into the crime victim compensation fund of each judicial district.

New TABOR Exempt Enterprises, Surcharges, and Fees.

House Bill 25-1165 created the Geologic Storage Stewardship Enterprise within the Department of Natural Resources. The enterprise is authorized to impose an annual stewardship fee on geologic storage operators. A geologic storage operator is required to pay a stewardship fee to the Energy and Carbon Management Commission for each ton of injection carbon dioxide that the geological storage operator injects in the state. The Energy and Carbon Management Commission collects the stewardship fee on behalf of the enterprise. Revenue from the fee will fund the long-term

stewardship of geologic storage facilities and the plugging, abandoning, reclaiming, and, as necessary, remediation of orphaned geologic storage facilities when available financial assurance is insufficient.

House Bill 25-1154 created the Communication Services for People with Disabilities Enterprise within the Department of Human Services. The enterprise is authorized to impose a telephone disability access surcharge on service users and a prepaid telephone disability access charge on retail transactions. A service user is a person who receives a telephone access line. The telephone disability access surcharge and prepaid telephone disability access may not exceed $0.15 per month per telephone access line or per retail transaction, respectively. The Public Utilities Commission collects the telephone disability access surcharge, while the Department of Revenue collects the prepaid telephone disability access charge, on behalf of the enterprise and related funds. Revenue from the surcharge and charge will fund the activities of the enterprise, including communication services and resources for individuals with disabilities. The collection of the prepaid telephone disability access charge began January 1, 2026.

House Bill 25-1269 created the Building Decarbonization Enterprise within the Office of the Governor – Colorado Energy Office. The enterprise is authorized to collect a building decarbonization fee from covered building owners. The fee for Fiscal Year 2026 is set at $400 annually and, beginning in Fiscal Year 2028, may be increased by the enterprise board to adjust for inflation. The Colorado Energy Office collects the fee on behalf of the enterprise. Revenue from the fee will fund the financing and provision of technical and other support for the implementation of building decarbonization measures, including building energy audits, analyses to evaluate strategies for achieving future performance standard targets, building engineering services, energy use tracking software, and training on such software.

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Appendix C

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Institutions of Higher Education Enterprise Status for Fiscal Year 2026 with Projections for Fiscal Year 2027

Background

Under Section 23-5-101.7(2), C.R.S., a State institution of higher education's governing board, not including the governing board for the Auraria Higher Education Center (AHEC), may designate its respective institution(s) as an enterprise for purposes of Article X, Section 20 of the Colorado Constitution (Taxpayer's Bill of Rights or TABOR). Further, under Section 23-5-101.5(1), C.R.S., a state institution of higher education's governing board or AHEC may designate its respective auxiliary facility or group of auxiliary facilities as an enterprise for the purposes of TABOR. Article X, Section 20(2)(d), defines a TABOR enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined." Entities that meet the definition of a TABOR-exempt enterprise are exempt from the revenue growth and spending limitations of TABOR.

Sections 23-5-101.5(3)(b) and 2-3-101(3)(f), C.R.S., require the State Auditor and the Legislative Audit Committee to review the TABOR enterprise designations of the institutions of higher education to determine whether such designations of the institutions of higher education and/or its auxiliary activities meet the requirements of a TABOR-exempt enterprise in accordance with Sections 23-5-101.5, et seq., 23-5-101.7, et seq., C.R.S., and Article X, Section 20 of the Colorado Constitution. The Office of the State Auditor (OSA) and the Legislative Audit Committee (LAC) reviewed and approved the initial TABOR enterprise designation of each of the State's 10 public institutions of higher education listed below in prior years:

- Adams State University
- Colorado Community College System
- Colorado School of Mines
- Colorado State University System
- Fort Lewis College
- Colorado Mesa University
- Metropolitan State University of Denver
- University of Colorado System
- University of Northern Colorado
- Western Colorado University

The OSA also annually reviews the TABOR enterprise designation of AHEC's auxiliary activities as designated in Section 23-5-101.5(1), C.R.S.

In accordance with Sections 23-5-101.7(4)(a), 23-5-101.5(3)(a), and 2-3-103(8), C.R.S., an institution of higher education's TABOR enterprise designation shall not terminate, expire, or be rescinded as long as the institution, group of institutions, or auxiliary enterprise continues to meet the requirements for an enterprise. Determination of continuing enterprise status is made at the end of each fiscal year after final financial information is known.

When an institution of higher education as a whole loses enterprise status in the current year, its auxiliary enterprise activities may still continue to meet the requirements for an enterprise. Auxiliary activities include, for example, student housing, dining, and recreational activities, as well as parking facilities.

Further, in accordance with the Section 2-3-103(8), C.R.S., this section provides the final enterprise status of the 10 institutions previously listed for Fiscal Year 2026, and their projected enterprise status for Fiscal Year 2027. This section also reports on the Auraria Higher Education Center's and Adams State University's auxiliary enterprise status for Fiscal Year 2026. Based on our review of the State's institutions of higher education enterprise statuses for Fiscal Years 2026 and 2027, we did not identify any new institutions of higher education which would require review by the Legislative Audit Committee for approval of new enterprise designations.

Final Enterprise Status for Fiscal Year 2026

During Fiscal Year 2026, all institutions of higher education reported that they received some level of direct financial support from the State. Exhibit C.1 shows the amount of revenue earned and state and local support received by the institution of higher education enterprises for Fiscal Year 2026. Exhibit C.1 also shows that nine institutions received less than 10 percent of their total revenue from the State and/or local sources, and thereby qualified for TABOR-exempt enterprise status for Fiscal Year 2026 and that Adams State University did not meet these requirements.

Exhibit C.1
Institutions of Higher Education TABOR-Exempt Enterprise Status
Actual Revenues and State and Local Support
Fiscal Year 2026

	Total Revenues	State Support General Fund Appropriation Spent (Note 1)	State Allocation of PERA Direct Distribution (Note 2)	State Support Capital Appropriation Spent (Note 3)	Other State and Local Support (Note 4)	Total State and Local Support	Total support as a Percentage of Total Revenue
Adams State University	$ 85,838,474	$ -	$ 261,998	$ 9,616,810	$ 286,397	$ 10,165,205	11.8%
Colorado Community College System	$ 1,044,041,933	$ 2,518,808	$ 6,806,838	$ 41,722,032	$ 12,595,432 (Note 5)	$ 63,643,110	6.1%
Colorado School of Mines	$ 572,132,649	$ -	$ 1,453,881	$ 1,179,368	$ 14,411,874	$ 17,045,123	3.0%
Colorado State University System	$ 1,964,054,941	$ -	$ 3,684,776	$ 68,010,136	$ 38,439,501 (Note 6)	$ 110,134,413	5.6%
Fort Lewis College	$ 117,270,234	$ -	$ 184,559	$ 465,309	$ 2,538,187	$ 3,188,055	2.7%
Colorado Mesa University	$ 267,573,226	$ -	$ 364,015	$ 14,432,933	$ 2,613,336 (Note 7)	$ 17,410,284	6.5%
Metropolitan State University of Denver	$ 340,243,071	$ -	$ 885,890	$ 6,930,399	$ 15,624,000 (Note 8)	$ 23,440,288	6.9%
University of Colorado System	$ 7,940,650,391	$ -	$ 7,337,678	$ 16,228,061	$ 34,916,315 (Note 9)	$ 58,482,054	0.7%
University of Northern Colorado	$ 344,463,367	$ -	$ 572,339	$ 11,157,306	$ 2,866,846	$ 14,596,491	4.2%
Western Colorado University	$ 76,678,869	$ -	$ 156,403	$ 3,394,000	$ 1,934,691	$ 5,485,094	7.2%

Source: Office of the State Auditor analysis of institution of higher education-provided financial information.

Note 1: This amount for the Colorado Community College System includes appropriations of $1,456,499 for Colorado First Customized Job Training, and $1,062,309 for Division of Occupational Education.

Note 2: PERA distribution pursuant to Section 24-51-414(1), C.R.S. for Fiscal Year 2026 is appropriated from the State's budget on an annual basis and allocated to the institutions of higher education by the Office of the State Controller as a proportionate share of annual PERA contributions.

Note 3: These amounts include capital funds used during Fiscal Year 2026 and may not equal capital funds appropriated for any one year.

Note 4: These amounts include State support received from annual lease payments for capital projects financed by State certificates of participation, other State support, other State noncapital appropriations, State grants and contracts, and local government support.

Note 5: This amount includes other State support for approximately $4.1 million of State payments to AHEC for the operational and maintenance services provided by AHEC to the Colorado Community College System per Senate Bill 25-316 and local government support for approximately $1.3 million in tax support from Rangely Junior College District, $0.9 million from Moffat County Association for Justice and Crime Diversion, and $0.7 million from High School Districts for Gateway College fees.

Note 6: State support includes $17,501,066 to construct several facilities at the National Western Center.

Note 7: Local government support includes $700,000 from the City of Grand Junction and Mesa County that was pledged for debt service for Colorado Mesa University.

Note 8: Other State support includes approximately $15.6 million of State payments to AHEC for the operational and maintenance services provided by AHEC to Metropolitan State University of Denver per Senate Bill 25-316.

Note 9: State support includes the estimated amount of $13,476,174 from the Tobacco Litigation Settlement Moneys Health Education Fund to the Anschutz Medical Campus, $3,320,608 from the Marijuana Tax Cash Fund to the Anschutz Medical Campus, $1,821,672 for Certificates of Participation related to the Anschutz Medical Campus, and $2,844,171 for Certificates of Participation related to University of Colorado Boulder (CU Boulder) and University of Colorado-Colorado Springs (UCCS). It also includes other State support for approximately $11.7 million of State payments to AHEC for the operational and maintenance services provided by AHEC to University of Colorado System per Senate Bill 25-316.

Auxiliary Facilities Final Enterprise Status for Fiscal Year 2026

An auxiliary facility is defined in statute to include any student or faculty housing, student activity, dining, and parking facilities. Auxiliary facilities are also defined as any similar facility or activity or activity that has been historically managed as a self-supporting facility or activity.

For Fiscal Year 2026, the auxiliary facilities are noted as the following:

- The Auraria Higher Education Center's (AHEC) auxiliary activities designated as enterprises in Section 23-5-101.5(4)(a), C.R.S., include parking, student facilities, and other auxiliaries. AHEC reports two active auxiliary activities shown in Exhibit C.2. AHEC's parking auxiliary and Tivoli Student Union auxiliary maintained enterprise status in Fiscal Year 2026.

- The Adams State University (Adams) auxiliary activities designated as enterprises in Section 23-5-101.5(4)(g), C.R.S., include student and faculty services and continuing education. Adams reports three active auxiliary activities shown in Exhibit C.2. Adams' student's service auxiliary, extended studies auxiliary, and students' housing auxiliary met enterprise requirements in Fiscal Year 2026.

Exhibit C.2
Auxiliary Enterprises TABOR-Exempt Enterprise Status
Actual Revenues and State and Local Support
Fiscal Year 2026

	Total Revenues	State Allocation of PERA Direct Distribution (Note 1)	Total State/local support as a Percentage of Total Revenue
AHEC's Tivoli Student Union Auxiliary	$ 2,689,131	$ 52,698	2.0%
AHEC's Parking Auxiliary	$ 17,836,413	$ 18,861	0.1%
Adams' Auxiliary Service Fund	$ 2,255,268	$ 71,890	3.2%
Adams' Extended Studies Fund	$ 2,633,350	$ —	0.0%
Adams' Housing System Fund	$ 3,357,949	$ —	0.0%

Source: Office of the State Auditor analysis of AHEC provided information.
Note 1: PERA distribution pursuant to Section 24-51-414(1), C.R.S. for Fiscal Year 2026 is appropriated from the State's budget on an annual basis and allocated to AHEC and Adams by the Office of the State Controller as a proportionate share of annual PERA contributions. AHEC and Adams then calculate these PERA allocations for each auxiliary.

Projected TABOR Enterprise Status for Institutions of Higher Education for Fiscal Year 2027

Exhibit C.3 shows the estimated amount of revenue expected to be earned and state and local support expected to be received by institution of higher education enterprises in Fiscal Year 2027, as reported by each institution of higher education. Based on current projections, all of the institutions are expected to be below the 10 percent threshold for Fiscal Year 2027 except Adams State University.

Exhibit C.3
Institutions of Higher Education TABOR-Exempt Enterprise Status
Actual Revenues and State and Local Support
Fiscal Year 2027

	Total Revenues	State Support General Fund Appropriation Spent (Note 1)	State Allocation of PERA Direct Distribution (Note 2)	State Support Capital Appropriation Spent (Note 3)	Other State and Local Support (Note 4)	Total State and Local Support	Total support as a Percentage of Total Revenue
Adams State University	$ 95,834,268	$ -	$ 200,000	$ 22,556,562	$ 265,899	$ 23,022,461	24.0%
Colorado Community College System	$ 1,075,363,191	$ 2,518,808	$ 6,806,838	$ 52,190,369	$ 12,671,017 (Note 5)	$ 74,178,032	6.9%
Colorado School of Mines	$ 553,375,905	$ -	$ 1,381,187	$ 400,000	$ 16,108,558	$ 17,889,745	3.2%
Colorado State University System	$ 2,164,791,941	$ -	$ 3,706,500	$ 35,327,766	$ 39,844,004 (Note 6)	$ 78,878,270	3.6%
Fort Lewis College	$ 108,154,159	$ -	$ 218,047	$ 1,382,879	$ 2,303,770	$ 3,904,696	3.6%
Colorado Mesa University	$ 260,228,500	$ -	$ 377,000	$ 2,666,000	$ 2,247,893 (Note 7)	$ 5,290,893	2.0%
Metropolitan State University of Denver	$ 346,990,566	$ -	$ 2,479,440	$ 7,000,000	$ 15,687,218 (Note 8)	$ 25,166,658	7.3%
University of Colorado System	$ 6,592,342,662	$ -	$ 7,343,049	$ 15,943,724	$ 48,995,086 (Note 9)	$ 72,281,858	1.1%
University of Northern Colorado	$ 265,880,448	$ -	$ 547,116	$ 10,195,513	$ 3,147,873	$ 13,890,502	5.2%
Western Colorado University	$ 79,160,556	$ -	$ 156,403	$ -	$ 1,939,186	$ 2,095,589	2.6%

Source: Office of the State Auditor analysis of Fiscal Year 2026 information provided by each institution of higher education.

Note 1: This amount for Colorado Community College System includes appropriations for $1,456,499 for Colorado First Customized Job Training, and $1,062,309 for Division of Occupational Education.

Note 2: Estimated PERA distribution pursuant to Section 24-51-414(1), C.R.S is appropriated from the State's budget on an annual basis. The estimated Fiscal Year 2027 amount is based on either the Fiscal Year 2026 amount allocated to the institutions of higher education by the Office of the State Controller as a proportionate share of annual PERA contributions, or the institutions of higher education' estimate based an average of prior year allocations.

Note 3: These amounts include estimated capital funds to be used during Fiscal Year 2027 which may not equal capital funds appropriated for any one year.

Note 4: These amounts include State support received from annual lease payments for capital projects financed by state certificates of participation, other State support, other state noncapital appropriations, State grants and contracts, and local government support.

Note 5: This amount includes other State support for approximately $4.1 million of State to AHEC for the operational and maintenance services provided by AHEC to Colorado Community College System per Senate Bill 25-316 and for local government support includes approximately $1.3 million in tax support from Rangely Junior College District, $1.0 million from Moffat County Association for Justice and Crime Diversion, and $0.8 million from High School Districts for Gateway College fees, based on a projected increase of 5 percent from the current year.

Note 6: State support includes $17,496,631 for the National Western Center lease purchase agreement.

Note 7: Local government support includes $800,000 from the City of Grand Junction and Mesa County that was pledged for debt service for Colorado Mesa University.

Note 8: Other State support includes approximately $15.7 million of State payments AHEC for the operational and maintenance services provided by AHEC to Metropolitan State University of Denver per Senate Bill 25-316.

Note 9: State support includes the estimated amount of $27,623,428 from the Tobacco Litigation Settlement Moneys Health Education Fund to the Anschutz Medical Campus, $3,250,000 from the Marijuana Tax Cash Fund to the Anschutz Medical Campus, $1,820,685 for Certificates of Participation related to the Anschutz Medical Campus, and $2,828,671 for Certificates of Participation related to University of Colorado Boulder (CU Boulder) and University of Colorado-Colorado Springs (UCCS). It also includes other State support for approximately $11.7 million of State payments to AHEC for the operational and maintenance services provided by AHEC to the University of Colorado System per Senate Bill 25-316.