

Summary of Legislation

2025



Finance, State Budget, and Taxes

Katie Ruebusch | katie.ruebusch@coleg.gov

During the 2025 legislative session, the Colorado General Assembly considered several measures related to taxes, finance, and the state budget. Also, the General Assembly considered several bills during the 2025 extraordinary session related to matters of taxes and the state budget.

Tax Expenditures

The General Assembly passed several bills related to tax expenditures during the 2025 legislative session, as shown in Table 1.

Table 1
2025 Tax Expenditure Bills

Bill Number	Subject
HB 25-1005	Tax Incentives for Film Festivals
HB 25-1021	Tax Incentives for Employee-Owned Businesses
HB 25-1157	Reauthorize Advanced Industries Tax Credit
HB 25-1296	Tax Expenditure Adjustment
HB 25-1335	Tax Credit Availability
SB 25-026	Adjusting Certain Tax Expenditures
SB 25-182	Embodied Carbon Reduction
SB 25-302	Achieving a Better Life Experience Tax Deduction
SB 25-319	Modifications to the Higher Education Expenses Income Tax Incentive

Several tax expenditure bills were introduced, but did not become law, including data center incentives and tax deductions for retirement benefits.

Tax Issues

The General Assembly referred two ballot measures that were passed by the voters in November 2025. The ballot measures, Proposition LL and MM, were referred to the ballot via [House Bill 25-1274](#) and amended by [Senate Bill 25B-003](#). The measures allow the state to:

- keep and spend \$12.4 million in tax revenue already collected under Proposition FF for the Healthy School Meals for All Program;
- keep and spend any future revenue under the 2022 tax deduction limits approved by voters; and
- increase state income taxes for households earning \$300,000 or more annually to fund Healthy School Meals for All program and the Supplemental Nutrition Assistance Program.

In addition, [House Bill 25-1247](#) increases the allowed county lodging tax rate and expands how these lodging tax revenues may be used. [Senate Bill 25-272](#) allows regional transportation authorities to construct housing for employees and exempts the

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purchase of construction materials for this purpose from the state sales and use tax.

Finance

The revenue limit in the Colorado Constitution's TABOR amendment applies to all state revenue that is not specifically excluded. [Senate Bill 25-173](#) specifies that certain state revenues should be considered damage awards or property sales and therefore exempt from TABOR.

Two bills passed related to the investment of state funds. [Senate Bill 25-167](#) creates a community investment portfolio in the Public School Fund and [Senate Bill 25-006](#) permits the State Treasurer to invest up to \$50 million in bonds at below market rates to create affordable housing.

2025 Extraordinary Session

In August 2025, the Governor convened an extraordinary (special) session of the legislature. Several bills related to taxes and fiscal matters were passed during the 2025 special session.

[House Bill 25B-1001](#) permanently extends the requirement for certain taxpayers to add back their federal qualified business income deduction when calculating their Colorado taxable income. [House Bill 25B-1002](#) made several changes to the state corporate taxable income of corporations incorporated in foreign jurisdictions. [House Bill 25B-1003](#) repeals the reduced insurance premium tax rate for Colorado insurance companies with a regional home office. [House Bill 25B-1004](#)

authorizes the State Treasurer to sell insurance premium tax credits and corporate income tax credits. [House Bill 25-1005](#) eliminates the state sales tax vendor fee beginning in January 2026. [House Bill 25B-1006](#) raises revenue for the Health Insurance Affordability Enterprise through the sale of insurance premium and income tax credits.

State Budget

In addition to the many supplemental appropriation bills for various state departments, the General Assembly passed [Senate Bill 25-206](#), the annual Long Bill, which funds the state government for FY 2025-26.

In response to changes in the state's fiscal position, during the 2025 special session, the General Assembly passed [Senate Bill 25B-001](#) which establishes procedures for the Joint Budget Committee to hold hearings with the Governor's Office when there are not sufficient revenues to carry out state services without reducing the General Fund reserve below specified levels.