



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1418: ONLINE ADD-ON TRANSACTION FEE YOUTH SERVICE ENTERPRISE

Prime Sponsors:

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Summary Information

Overview. The bill creates the Youth Mental Health Services Access Enterprise and creates a fee on certain online gaming transactions to fund the enterprise's services.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- Statutory Public Entity

Appropriations. For FY 2026-27, the bill requires an appropriation of \$186,165 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
State Revenue	\$11.4 million	\$22.8 million	\$22.8 million
State Expenditures	up to \$8.8 million	up to \$20.7 million	up to \$17.9 million
Transferred Funds	\$0	\$0	\$0
Change in TABOR Refunds	\$186,935	\$62,312	not estimated
Change in State FTE	2.0 FTE	3.3 FTE	3.3 FTE

**Table 1A
 State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds	\$11.4 million	\$22.8 million	\$22.8 million
Total Revenue	\$11.4 million	\$22.8 million	\$22.8 million

**Table 1B
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$186,165	-\$5.0 million	-\$5.0 million
Cash Funds	up to \$8.6 million	up to \$25.6 million	up to \$22.8 million
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$27,157	\$68,496	\$68,496
Total Expenditures	up to \$8.8 million	up to \$20.7 million	up to \$17.9 million
Total FTE	2.0 FTE	3.3 FTE	3.3 FTE

Summary of Legislation

Beginning January 1, 2027, the bill requires that online gaming companies impose a 5 percent fee on any in-game add-on transactions, to be remitted to the Department of Revenue. Revenue from this youth mental health services access fee (fee) is credited to the Youth Mental Health Services Access Enterprise Fund (fund) to be used by the Youth Mental Health Services Access Enterprise (enterprise), both of which are created by the bill. Starting October 1, 2027, the enterprise may adjust the fee amount to equal the costs of services provided by the enterprise.

Youth Mental Health Services Access Enterprise

Beginning July 1, 2027, the bill creates the Youth Mental Health Services Access Enterprise within the Behavioral Health Administration (BHA), housed in the Department of Human Services. Money in the Youth Mental Health Services Access Enterprise Fund is continuously appropriated to the enterprise, which may spend up to 3.0 percent of money in the fund for administrative costs, with the remaining funds to be spent as follows:

- 40 percent on the Youth Mental Health Peer Navigator Grant Program;
- 35 percent on the Crisis Resolution Team Program; and
- 25 percent on the Youth Mental Health Services Program.

The bill also creates reporting requirements for the enterprise regarding the programs it houses, beginning January 2028.

Youth Mental Health Peer Navigator Grant Program

The bill creates the Youth Mental Health Peer Navigator Grant Program within the enterprise to award grants to entities that recruit and train young adults to provide prevention services, peer support, and system navigation to youth in schools or community-based settings. The bill requires the Governor's Commission on Community Service (Serve Colorado) to review applications for the grant program and provide award recommendations to the enterprise.

Crisis Resolution Team Program

The bill creates the Crisis Resolution Team Program within the enterprise to provide community-based de-escalation and stabilization services to youth experiencing high-acuity behavioral health crises. The enterprise must collaborate with the BHA and contract with certain crisis resolution team providers to offer services to eligible youth such as counseling or therapy, case management, peer support or family skills coaching, medication management, and care coordination. Providers must meet with patients in the program at least three times a week for four to six weeks.

Youth Mental Health Services Program

Beginning July 1, 2027, the bill shifts administrative duties for the Youth Mental Health Services Program from the BHA to the enterprise. The bill additionally codifies current practice, increasing the number of reimbursable sessions per patient from three to six sessions, with more sessions allowed to be reimbursed if funding is sufficient.

Background

Youth Mental Health Services Program in the BHA

The BHA within the Department of Human Services was formally established through [House Bill 22-1278](#) as the single entity responsible for coordinating behavioral health services throughout the state.

The Youth Mental Health Services Program administered by the BHA, commonly referred to as the I Matter program, was made permanent by [Senate Bill 24-001](#). Through I Matter, the BHA facilitates youth access to mental health services and reimburses program providers for each mental health session with a youth. Current law allows for reimbursement of three sessions, or more when funding allows. The rerevised FY 2026-27 Long Bill includes \$5,054,369 in General

Fund appropriations for I Matter. In FY 2024-25, the BHA reports that I Matter covered over 16,000 sessions across 115 provider agencies, reimbursing providers for a maximum of six sessions per patient.

State Enterprises

The state constitution defines an enterprise as a government-owned business that has authority to issue revenue bonds and receives less than 10 percent of its revenue from state and local government sources combined. Revenue paid to enterprises is not state revenue for the purpose of the state's constitutional spending limit (TABOR) if it is retained and spent by the enterprise.

State Revenue

The bill increases revenue to the Youth Mental Health Services Access Enterprise Fund by \$11.4 million in FY 2026-27 (a half-year impact), and \$22.8 million in FY 2027-28, with similar amounts expected in future years. The majority of this revenue is exempt from TABOR as enterprise revenue except for the amount described in the TABOR Impacts section below.

Revenue is derived from the youth mental health services access fee created by the bill. The enterprise is additionally allowed to issue revenue bonds. The decision to issue bonds and the amount of any bonds will be made by the enterprise board; thus, bond revenue, if any, cannot be estimated by the fiscal note.

Assumptions

The fiscal note assumes a 5 percent fee rate for all fiscal years. U.S. video game sales are estimated to have totaled \$59.0 billion in 2024. Based on market research, the fiscal note assumes that 44 percent, or \$26.0 billion of video game sales, are add-on transactions. In line with the state's portion of the U.S. population, the fiscal note assumes approximately 1.8 percent, or \$455.8 million, of these sales occur in Colorado and become subject to the fee in this bill.

Fee Revenue for Add-on Gaming Transactions

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected. The table below identifies the estimated fee impact of this bill. Actual revenue transmitted from online gaming companies to the DOR will depend on the level of compliance of these companies, the amount of add-on fee transactions, and any future changes to the fee rate. Individual fee amounts will depend on the amount of individual add-on gaming transactions.

Table 2
Annual Fee Impact on Add-on Gaming Transactions

Type of Fee	Estimated Colorado Add-on Transactions	Fee Percentage	Total Fee Impact
Add-on Gaming Transactions	\$455.8 million	5%	up to \$22.8 million
Total Annual Fee Revenue			up to \$22.8 million

Voter Approval of New State Enterprises

Current law requires voter approval for a state enterprise with projected or actual revenue from fees and surcharges over \$100 million in its first five fiscal years. The new enterprise in this bill will begin operating in FY 2027-28. Table 2 shows the maximum fee increase allowed by the bill; however, beginning in October 1, 2027, the enterprise board may adjust these fees so that collections do not exceed \$100 million over the enterprise’s first five fiscal years.

TABOR Refunds

As a general matter, revenue collected and retained or spent by a TABOR-exempt enterprise is not subject to the state revenue limit. However, when an enterprise uses its revenue to purchase services from state government outside the enterprise (e.g., legal services, fleet management, information technology support), these payments become subject to the TABOR revenue limit.

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by \$186,935 in FY 2026-27 and \$62,312 in FY 2027-28 from enterprise payments to the Department of Law for legal services. This estimate assumes the March 2026 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

State Expenditures

The bill increases state expenditures by up to \$8.8 million in FY 2026-27, \$20.6 million in FY 2027-28, and \$17.7 million in FY 2028-29 with similar amounts in future years. These costs will be incurred in the Department of Revenue (DOR) and the new enterprise within the BHA, as shown in Table 3 and described in the sections below. Expenditures by fund are presented in Table 1B.

**Table 3
 State Expenditures
 All Departments**

Department	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Department of Revenue	\$186,165	\$8,702	\$8,702
Behavioral Health Administration	up to \$8.6 million	up to \$20.6 million	up to \$17.9 million
Total Costs	up to \$8.8 million	up to \$20.6 million	up to \$17.9 million

Department of Revenue

The DOR will have an increase in expenditures of \$186,165 in FY 2026-27 and \$8,702 in FY 2027-28 and future years, paid from the General Fund. These costs are shown in Table 4 and discussed below.

**Table 4
 State Expenditures
 Department of Revenue**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
GenTax Programming and Testing	\$177,387	\$0	\$0
Office of Research and Analysis	\$8,778	\$8,702	\$8,702
Total Costs	\$186,165	\$8,702	\$8,702

GenTax Programming and Testing

This bill requires expenditures of \$177,387 to program, test, and update database fields in the DOR's GenTax software system. Programming costs are estimated at \$146,514, representing 600 hours of contract programming at a rate of \$244.19 per hour. Costs for system testing include \$20,582 for 502 hours of innovation, strategy, and delivery programming support and \$10,291 for 251 hours of user acceptance testing, both at a rate of \$41 per hour. This cost estimate is preliminary.

The fiscal note assumes less than 50 covered platforms will remit the fee to the DOR. If significantly more covered platforms are impacted than expected, the DOR may require additional staff resources. These would be requested through the annual budget process.

Office of Research and Analysis

Expenditures in the Office of Research and Analysis are required for changes in the related GenTax reports so that the department can access and document statistics related to the new fee. In FY 2026-27, these costs are estimated at \$8,778, representing 231 hours for data management and reporting at \$38 per hour. For FY 2027-28 and future years, these costs are estimated at \$8,702, representing 229 hours for data management and reporting at \$38 per hour.

Behavioral Health Administration

The bill increases expenditures within the BHA by up to \$8.6 million in FY 2026-27, \$20.6 million FY 2027-28 and \$17.9 million in FY 2028-29 with similar amounts in future years. Specially, the bill increases costs in the newly created Youth Mental Health Services Access Enterprise, paid from the enterprise cash fund, which are partially offset by a decrease in expenditures from the General Fund from moving the I Matter program into the enterprise. These costs as presented in Table 5 and discussed below.

**Table 5
 State Expenditures
 Behavioral Health Administration**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
I Matter Program (General Fund)	\$0	-\$5.0 million	-\$5.0 million
Youth Mental Health Services Access Enterprise (Cash Funds)	up to \$8.6 million	up to \$25.6 million	up to \$22.9 million
FTE – Personal Services	1.2 FTE	3.0 FTE	3.0 FTE
FTE – Legal Services	0.8 FTE	0.3 FTE	0.3 FTE
Total Costs	up to \$8.6 million	up to \$20.6 million	up to \$17.9 million
Total FTE	2.0 FTE	3.3 FTE	3.3 FTE

I Matter Program

The bill decreases General Fund expenditures in the BHA by \$5.0 million per year, including 1.0 FTE, beginning in FY 2027-28. Because the bill transfers administration of the I Matter program from the BHA to the enterprise, the bill eliminates General Fund expenditures on the program as presented in Table 5A. In addition, the bill will increase workload in the DHS in FY 2027-28 to reclassify current BHA employees for the I Matter as employees of the Youth Mental Health Services Access Enterprise within the BHA. This work can be accomplished within existing appropriations.

**Table 5A
 State Expenditures
 Behavioral Health Administration**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$0	-\$80,916	-\$80,916
Operating Expenses	\$0	-\$1,280	-\$1,280
I Matter Program Service Costs	\$0	-\$4,920,676	-\$4,920,676
Centrally Appropriated Costs	\$0	-\$22,026	-\$22,026
FTE – Personal Services	0.0 FTE	-1.0 FTE	-1.0 FTE
FTE – Legal Services	0.0 FTE	0.0 FTE	0.0 FTE
Total Costs	\$0	-\$5,024,898	-\$5,024,898
Total FTE	0.0 FTE	-1.0 FTE	-1.0 FTE

Youth Mental Health Services Access Enterprise

The bill increases expenditures within the Youth Mental Health Services Access Enterprise by up to an estimated \$8.7 million in FY 2026-27, \$25.6 million in FY 2027-28, and \$22.9 million in FY 2028-29 with similar amounts in future years. For informational purposes, Table 5B presents potential enterprise spending based on estimated annual fee revenue. Actual annual expenditures will depend on fee revenue collections and the timing of spending since the fund is continuously appropriated.

The fiscal note assumes fee revenue collected for I Matter in FY 2026-27 will be spent in FY 2027-28, in accordance with the transfer of authority to the enterprise. In addition to program expenditures, estimated costs include legal services and other administrative costs, and personnel including a policy advisor, accountant, contract administrator, and program manager.

**Table 5B
 State Expenditures
 Youth Mental Health Services Access Enterprise**

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
Personal Services	\$104,893	\$349,642	\$349,642
Operating Expenses	\$1,536	\$5,120	\$5,120
Capital Outlay	\$21,000	\$0	\$0
Legal Services	\$186,935	\$62,312	\$62,312
Other Administrative Costs	\$27,468	\$266,588	\$266,588
Youth Mental Health Peer Navigator Grant Program	\$4,421,016	\$8,842,031	\$8,842,031
Crisis Resolution Team Program	\$3,868,389	\$7,736,777	\$7,736,777
Youth Mental Health Services Program	\$0	\$8,289,404	\$5,526,269
Centrally Appropriated Costs	\$27,157	\$90,522	\$90,522
FTE – Personal Services	1.2 FTE	4.0 FTE	4.0 FTE
FTE – Legal Services	0.8 FTE	0.3 FTE	0.3 FTE
Total Costs	\$8,658,394	\$25,642,396	\$22,879,261
Total FTE	2.0 FTE	4.3 FTE	4.3 FTE

Departments of Personnel and Treasury

Workload will increase for the Departments of Personnel and Administration (DPA) and Treasury to manage and perform accounting for the cash fund created in the bill. While no appropriation is required at this time, these departments may seek additional funding through the annual budget process based on the cumulative impact of all cash funds created through legislation.

Governor’s Office of Board and Commissions

Workload will minimally increase for the Governor’s Office of Boards and Commissions to make the required appointments to the enterprise board. This work can be accomplished within existing appropriations.

Workload will increase for the Governor’s Commission on Community Service (Serve Colorado) within the Governor’s Office of Lieutenant Governor to review applications and make award recommendations for the Youth Mental Health Peer Navigator Grant Program. This work can be accomplished within existing appropriations.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in the table(s) above.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires a General Fund appropriation of \$186,165 to the Department of Revenue.

No appropriation is required for the Youth Mental Health Services Access Enterprise Fund because the fund is continuously appropriated to the enterprise.

State and Local Government Contacts

Behavioral Health Administration	Revenue
Information Technology	Treasury
Law	Human Services
Personnel	Governor
Governor's Office of Boards and Commissions	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).