



Fiscal Note

Legislative Council Staff

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HB 26-1206: IMPROVED FUNDING TO SUPPORT DEVELOPMENT

Prime Sponsors:

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Sen. Lindstedt; Benavidez

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Fiscal note status: The fiscal note reflects the reengrossed bill.

Summary Information

Overview. The bill allows city and county housing authorities to levy sales and use taxes and allows county housing authorities to issue bonds, conditional upon receipt of gifts, grants, and donations by the Department of Revenue. New local taxes require voter approval to be implemented.

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

- State Expenditures
- State Revenue
- Local Government

Appropriations. No appropriation is required. Gifts, grants, and donations received by the Department of Revenue can be spent without an appropriation.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue (Gifts, Grants, and Donations)	\$24,419	\$0
State Expenditures (Gifts, Grants, and Donations)	\$24,419	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

The timing of revenue and expenditures may differ from this estimate if gifts, grants, and donations are received in different/later years. State expenditures only occur if sufficient gifts, grants, and donations are received, and will depend on the actual amount of revenue received.

Summary of Legislation

The bill conditionally allows city and county housing authorities to levy a sales and use tax up to 1 percent, if the Department of Revenue (DOR) receives a sufficient amount of gifts, grants, or donations to cover the cost of administering the new sales and use taxes. Once allowed, any new taxes will require voter approval, and the city or county where the housing authority is located is responsible for the DOR's incremental costs of administering its specific taxes. If the DOR receives sufficient gifts, grants, and donations, the bill also allows county housing authorities to issue bonds.

Background

Under current law, multi-jurisdictional housing authorities may impose a 1 percent sales and use tax or a property tax up to 5 mills.

According to the Division of Local Government in the Department of Local Affairs, there are 29 county housing authorities and 89 municipal housing authorities in the state.

State Revenue

The bill is expected to increase cash fund revenue from gifts, grants, and donations to the DOR, as shown in Table 1. Gifts, grants, and donations are not subject to the state's TABOR revenue limit.

The bill conditionally increases local sales and use tax revenue to the DOR to cover its incremental costs to administer and collect new sales and use taxes authorized by the bill. Each new tax will increase annual costs for the department by \$7,000, as described in the State Expenditures section. The fiscal note assumes amounts retained will function like collections retained for multijurisdictional housing authorities, which are exempt from TABOR.

State Expenditures

The bill conditionally increases expenditures in the DOR to administer new housing authority sales and use taxes. The city and county housing authority sales and use taxes authorized by the bill only take effect if the DOR receives a sufficient amount of gifts, grants, and donations to pay for the department's administrative costs. In FY 2026-27, it is estimated the department will require \$24,419 for GenTax software system updates based on 100 hours of programming. Actual expenditures will depend on the timing and amount of any gifts, grants, and donations received.

The bill allows the General Assembly to make General Fund appropriations for future costs beginning in FY 2027-28. However, future costs for the department are required to be paid by cities and counties that adopt sales and use taxes under the bill. Costs depend on the number of housing authorities that adopt new sales and use taxes. Each new tax will raise annual costs for the department by an estimated \$7,000, paid through taxes retained in departmental cash funds.

Local Government

Local Revenue

The bill conditionally increases sales and use tax revenue for city and county housing authorities. Revenue impacts will depend on whether the DOR receives sufficient gifts, grants, and donations to administer the new sales and use taxes, and are conditional on voter approval of any future taxes permitted under the bill. Revenue will depend on tax rates, market conditions, and property valuations.

The bill conditionally increases revenue from bond proceeds for county housing authorities that issue bonds once the DOR receives sufficient gifts, grants, and donations as described in the summary above.

Local Expenditures

Local Elections

The bill conditionally increases expenditures for municipalities and counties related to elections seeking voter approval of new taxes.

Housing Authorities

The bill requires cities and counties to pay the DOR for its costs in ongoing administration and collection costs related to sales and use taxes adopted under the bill, and allows them to pay these costs through housing authority tax collections. County housing authorities that issue bonds will have increased costs related to obtaining financing and long-term debt service.

Effective Date

The bill takes effect January 1, 2027.

State and Local Government Contacts

Counties

Municipalities

County Assessors

Personnel

County Treasurers

Property Tax Division

Information Technology

Revenue

Local Affairs

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](#).