



Fiscal Summary

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Measure: Initiative 291 – TAX AND SPENDING ADJUSTMENTS TO REPLACE FEDERAL FUNDS

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Fiscal Summary of Initiative 291

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at leg.colorado.gov/bluebook. This fiscal summary identifies the following impact.

State Revenue

The measure potentially increases state revenue by allowing the state to raise tax revenue by approximately \$13 billion, the amount of federal funds received in Federal Fiscal Year 2023-24.

State Expenditures

To the extent that Colorado claiming control over federal funds results in the loss of these funds, state expenditures of federal funds will decrease. Any reduction in spending of federal funds may be offset, in whole or in part, if the state legislature uses its authority to raise taxes up to the amount approved by voters under this measure, which would increase spending of state revenue by up to \$13 billion.

Taxpayer Impacts

The measure has no immediate impact on taxpayers. However, if the state legislature responds to the loss of federal funds and the increased authority to raise taxes by taking action to increase taxes, taxpayers will pay more in state taxes. This impact will depend on future decisions by the General Assembly.

Economic Impacts

The measure likely reduces economic activity in Colorado. This reduction will occur in either the public sector or the private sector, depending on actions taken by the General Assembly. If federal funds are lost and not replaced with higher state taxes, public sector economic activity will decrease. If taxes are raised, the net decrease in economic activity will occur in the private sector.