Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

2025 Fiscal Impact Statements

This document includes fiscal impact statements prepared by Legislative Council Staff for the following measures on the November 2025 statewide ballot.

- Proposition LL: Retain and Spend State Revenue Exceeding the Estimate for Proposition FF
- Proposition MM: Increase State Taxes for School Meals and Food Assistance Programs

Fiscal Impact Statement

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

PROPOSITION LL: RETAIN AND SPEND STATE REVENUE EXCEEDING THE ESTIMATE FOR PROPOSITION FF

Analyst: Elizabeth Ramey, Principal Economist, 303-866-3522

Date: August 28, 2025

Summary Information

Overview. The measure allows the state to retain and spend revenue collected in FY 2023-24 in excess of the revenue estimate provided to voters in the 2022 Blue Book, and to continue to require additions to taxable income as originally authorized in Proposition FF. The retained revenue will be spent for the Healthy School Meals for All Program.

Types of impacts. The measure is projected to affect the following areas:

- State Revenue
- State Diversions and Transfers
- State Expenditures
- TABOR Refunds
- School Districts

Disclaimer. This fiscal impact statement has been prepared for a statewide ballot measure appearing at the 2025 statewide election. Any appropriations required to implement this measure will be addressed through the annual or supplemental budget process if this measure is approved by voters. For more information about this measure, please see the ballot information booklet.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27
State Revenue	$6.8 million	$13.8 million
State Expenditures	$33.0 million	$67.0 million
Diverted and Transferred Funds	$700,000	$1.6 million
Change in TABOR Refunds	-$12.4 million	-$1.4 million
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below. Under Proposition LL, revenue to the Healthy School Meals for All Program is expected to total at least $150 million in tax year 2026. Under current law enacted in SB 25-214, meal reimbursements will not be restricted, thereby increasing expenditures starting in FY 2025-26. See State Expenditures section for more detail.

Table 1A
State Revenue

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	$0	$0
Healthy School Meals for All Cash Fund	$6.8 million	$13.8 million
Total Revenue	**$6.8 million**	**$13.8 million**

Table 1B
State Expenditures

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	$0	$0
Healthy School Meals for All Cash Fund	$33.0 million	$67.0 million
Total Expenditures	**$33.0 million**	**$67.0 million**
Total FTE	**0.0 FTE**	**0.0 FTE**

As discussed above, under current revenue forecasts for the Healthy School Meals for All Program, inclusive of Proposition LL, sufficient revenue will be received for full school meal reimbursements to occur under SB 25-214. This will increase spending by around $32 million in FY 2025-26 and $66 million in FY 2026-27 and future years. See State Expenditures section for more detail.

Table 1C
State Transfers and Diversions

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	-$700,000	-$1.6 million
State Education Fund	$500,000	$1.1 million
State Affordable Housing Fund	$200,000	$300,000
Kids Matter Account	$0	$200,000
Net Diversions	**$0**	**$0**

Table 1D
TABOR Refunds

TABOR Refund Source	Current Year FY 2025-26	Budget Year FY 2026-27
Refunds to Proposition FF Taxpayers	-$12.4 million	$0
Six-Tier Sales Tax Refunds	$0	-$1.4 million
Total Revenue	**-$12.4 million**	**-1.4 million**

Summary of Measure

The measure allows the state to retain $12.4 million in tax revenue that was collected from Proposition FF taxes paid by households earning $300,000 or more annually, including interest, rather than refunding it. In addition, the measure allows the state to continue requiring additions to taxable income as originally authorized in Proposition FF. The retained revenue will be spent for the Healthy School Meals for All Program.

If the measure is not approved, $12.4 million will be refunded to taxpayers in FY 2025-26 using a reasonable method to be determined by the Department of Revenue, and deduction limits for households earning $300,000 or more annually will be increased, which will lower taxes paid by these households.

Background

Healthy School Meals for All Program

Proposition FF, approved by voters in November 2022, created the Healthy School Meals for All Program in the Colorado Department of Education (CDE). It provides reimbursement to participating school food authorities for offering free meals to all students, funding for school food authorities to increase wages or provide stipends to school meal employees, and grants for purchasing local food and technical assistance related to using local products.
House Bill 24-1390 delayed implementation of the local school food purchasing grant program, the technical assistance grant program, and the employee wage program by one year to FY 2025-26. The program is paid for by a revenue mechanism created in Proposition FF.

Proposition FF

Under current law enacted in Proposition FF, taxpayers with adjusted gross income of at least $300,000 are required to add back a portion of their federal standard or itemized deductions when computing their Colorado taxable income. Deductions over $12,000 ($16,000 if filing jointly) are required to be added back. Income tax collected on the deductions required to be added back under Proposition FF is credited to the Healthy School Meals for All Cash Fund. Subject to annual appropriation, money in the cash fund is spent for the Healthy School Meals for All Program, which funds school districts to provide free breakfasts and lunches to public school students.

Interaction with House Bill 21-1311

A preexisting law enacted in HB 21-1311 requires taxpayers with adjusted gross income of at least $400,000 to add back the portion of their federal itemized deductions that exceed $30,000 (single filers) or $60,000 (joint filers). For taxpayers with income between $300,000 and $400,000, the full amount of income taxes on deductions added back is credited to the cash fund. For taxpayers with income of at least $400,000, only the portion of income taxes on deductions added back between $12,000 and $30,000 (single filers) or between $16,000 and $60,000 (joint filers) is credited to the cash fund.

2022 Blue Book Estimate of Proposition FF Tax Increase

The 2022 Blue Book estimated that Proposition FF would increase taxes by $100.7 million in FY 2023-24. Under subsection (3)(c) of TABOR, any amount collected over this limit is required to be refunded to taxpayers, and the tax increase reduced in proportion to the excess, unless voters approve a measure allowing the state to continue to collect and retain the full amount. The actual FY 2023-24 collection amount was $112.0 million, or $11.3 million more than estimated. This amount, plus 10 percent simple interest, is required to be refunded to taxpayers if a measure to retain the excess does not pass.

State Revenue

The measure is expected to increase General Fund revenue by $6.8 million in FY 2025-26 (a half-year impact) and $13.8 million in FY 2026-27. This revenue results from maintaining current tax additions for households earning $300,000 or more annually, which would otherwise be lowered under current law. This revenue is exempt from TABOR as a voter-approved revenue change.

With the passage of Proposition LL, total revenue to the Healthy School Meals for All Program is expected to total $150.7 million in tax year 2026. Under current law enacted in SB 25-214, meal reimbursements will continue to be available to all students and not be restricted to only low-income schools and students starting in January 2026.

Taxpayer Impact

If Proposition LL passes, the state will retain and spend $12.4 million, rather than refunding this amount to households earning $300,000 or more annually. Additionally, current deduction limits for taxpayers earning $300,000 or more annually will be maintained at 2025 levels rather than being increased beginning in 2026 to comply with the requirements of TABOR.

State Expenditures

Proposition LL increases state spending in CDE for the Healthy School Meals for All Program by an estimated $33.0 million in FY 2025-26, and $67.0 million in FY 2026-27. This increase includes spending on the following:

- the amount that would have been otherwise refunded to taxpayers ($12.4 million in FY 2025-26 only);
- $1.0 million in local food purchasing and technical assistance; and
- additional reimbursements for school meals to maintain the program as a universal program, rather than limiting it to only certain schools and students ($19.6 million in state budget year 2025-26 and $66.0 million in state budget year 2026-27 and ongoing). After FY 2026-27, meal reimbursements may be adjusted to match future revenue, as required under SB 25-214.

State Transfers and Diversions

The measure increases Colorado taxable income, which results in the diversions and transfers described below.

Under current law, income tax revenue equaling a percentage of Colorado taxable income is diverted from the General Fund to the State Education Fund (one-third of 1 percent of taxable income) and the State Affordable Housing Fund (one-tenth of 1 percent of taxable income). Starting in FY 2026-27, 65 percent of one-tenth of 1 percent of taxable income is diverted to the Kids Matter Account in the State Education Fund.

The measure's impacts on diversions are presented in Table 1C.

Revenue diverted to the State Education Fund is exempt from TABOR under a constitutional provision enacted in Amendment 23. Revenue diverted to the State Affordable Housing Fund is exempt from TABOR as a voter-approved revenue change under Proposition 123.

TABOR Refunds

Refunds Under TABOR (3)(c)

Approval of the measure eliminates the $12.4 million refund requirement under TABOR (3)(c) for exceeding the 2022 Blue Book estimate of tax to be collected under Proposition FF, as explained above.

Refunds Under TABOR (7)(d)

The state incurs a refund obligation under TABOR (7)(d) when state revenue exceeds the state TABOR limit. Under current law and the July update to the June 2025 LCS revenue forecast, refunds are expected to be required for FY 2026-27.

If the measure passes, the state will collect more income tax revenue; however, this revenue is exempt from TABOR as a voter-approved revenue change. Because the measure increases taxable income, it increases the amount of money diverted from the General Fund to the State Education Fund, which is counted as exempt under Amendment 23, and from the General Fund to the State Affordable Housing Fund, which is counted as exempt under Proposition 123. These increased diversions decrease state revenue subject to TABOR and thereby decrease the amount of the state TABOR refund obligation. The amounts shown in Table 1D present the impact on TABOR refunds. TABOR refunds are paid from the General Fund. The decreased General Fund obligation for TABOR refunds is offset by an equal increase in the General Fund obligation for diversions to the State Education Fund and the State Affordable Housing Fund.

The measure's impacts on TABOR refunds are presented in Table 1D.

School District

Proposition LL provides up to an estimated $33 million in additional funding to school districts for school meals and for local food purchasing and technical assistance in FY 2025-26 and $67 million in FY 2026-27. This funding will be distributed to districts and schools through the Healthy School Meals for All Program. As described above in the State Expenditure section, with the passage of Proposition LL, the state will continue to reimburse all participating school districts for breakfast and lunches served to all students, rather than restricting meal reimbursements to eligible low-income students and schools.

Effective Date

If approved by voters at the 2025 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Education	Personnel	Revenue

Proposition MM

Fiscal Impact Statement

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

PROPOSITION MM: INCREASE STATE TAXES FOR SCHOOL MEALS AND FOOD ASSISTANCE PROGRAMS

Analyst: Elizabeth Ramey, Principal Economist, 303-866-3522

Date: August 28, 2025

Summary Information

Overview. The measure increases state income taxes paid by households earning $300,000 or more annually and uses the new tax revenue to provide funding for the Healthy School Meals for All Program and the Supplemental Nutrition Assistance Program.

Types of impacts. The measure is projected to affect the following areas:

- State Revenue
- State Diversions and Transfers
- State Expenditures
- TABOR Refunds
- School Districts

Disclaimer. This fiscal impact statement has been prepared for a statewide ballot measure appearing at the 2025 statewide election. Any appropriations required to implement this measure will be addressed through the annual or supplemental budget process if this measure is approved by voters. For more information about this measure, please see the ballot information booklet.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27
State Revenue	$50.7 million	$103.1 million
State Expenditures	$32.0 million	$126.2 million
Diverted and Transferred Funds	$5.0 million	$11.7 million
Change in TABOR Refunds	-$5.0 million	-$2.1 million
Change in State FTE	0.0 FTE	0.0 FTE

Fund sources for these impacts are shown in the tables below.

Proposition MM

Table 1A
State Revenue

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	$0	$0
Cash Funds (Healthy School Meals for All Program Fund)	$50.7 million	$103.1 million
Total Revenue	**$50.7 million**	**$103.1 million**

Table 1B
State Expenditures

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	$0	$0
Cash Funds (Healthy School Meals for All Program Fund)	$32.0 million	$126.2 million
Total Expenditures	**$32.0 million**	**$126.2 million**
Total FTE	**0.0 FTE**	**0.0 FTE**

Table 1C
State Transfers and Diversions

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27
General Fund	-$5.0 million	-$11.7 million
State Education Fund	$3.8 million	-$3.8 million
Healthy School Meals for All Program Fund (via State Education Fund)	$0	$11.7 million
State Affordable Housing Fund	$1.2 million	$2.3 million
Kids Matter Account	$0	$1.5 million
Net Transfer	**$0**	**$0**

Table 1D
Change in TABOR Refunds

TABOR Refund Source	Current Year FY 2025-26	Budget Year FY 2026-27
TABOR (3)(c) Refund for Exceeding Blue Book Estimate	$0	$8.1 million
TABOR (7)(d) Refund for Exceeding State TABOR Limit	-$5.0 million	-$10.2 million
Net Change in TABOR Refunds	**-$5.0 million**	**-$2.1 million**

Summary of Measure

Proposition MM increases state income taxes paid by households earning $300,000 or more by increasing the amount that these taxpayers are required to add back to their taxable income when calculating Colorado tax. Specifically, the measure changes the thresholds approved by voters in Proposition FF in 2022, from $12,000 to $1,000 for single taxpayers, and from $16,000 to $2,000 for joint taxpayers. Taxpayers are required to add back any federal income tax deductions above these thresholds when calculating their Colorado taxable income. By lowering the thresholds, Proposition MM increases Colorado taxable income and increases income tax revenue. Increased income tax revenue is credited to the Healthy School Meals for All Program Fund.

The new tax revenue may be used for food assistance programs, including the Healthy School Meals for All (HSMA) Program and the Supplemental Nutrition Assistance Program (SNAP).

If the measure is not approved, taxes for households earning $300,000 or more annually will remain unchanged, and there will be no new revenue for the HSMA Program or SNAP.

Background

Healthy School Meals for All Program

Proposition FF, approved by voters in November 2022, created the Healthy School Meals for All Program in the Colorado Department of Education (CDE). It provides reimbursement to participating school food authorities for offering free meals to all students, funding for school food authorities to increase wages or provide stipends to school meal employees, and grants for purchasing local food and technical assistance related to using local products.
House Bill 24-1390 delayed implementation of the local school food purchasing grant program, the technical assistance grant program, and the employee wage program by one year to FY 2025-26. The program is paid for by a revenue mechanism created in Proposition FF.

Proposition FF

Under current law enacted in Proposition FF, taxpayers with adjusted gross income of at least $300,000 are required to add back a portion of their federal standard or itemized deductions when computing their Colorado taxable income. Deductions over $12,000 ($16,000 if filing jointly) are required to be added back. Income tax collected on the deductions required to be added back under Proposition FF is credited to the Healthy School Meals for All Cash Fund. Subject to annual appropriation, money in the cash fund is spent for the Healthy School Meals for All Program, which funds school districts to provide free breakfasts and lunches to public school students.

Interaction with House Bill 21-1311

A preexisting law enacted in HB 21-1311 requires taxpayers with adjusted gross income of at least $400,000 to add back the portion of their federal itemized deductions that exceed $30,000 (single filers) or $60,000 (joint filers). For taxpayers with income between $300,000 and $400,000, the full amount of income taxes on deductions added back is credited to the cash fund. For taxpayers with income of at least $400,000, only the portion of income taxes on deductions added back between $12,000 and $30,000 (single filers) or between $16,000 and $60,000 (joint filers) is credited to the cash fund.

Supplemental Nutrition Assistance Program

SNAP provides monthly payments for food purchases to low-income individuals and families based on their income, resources, and household size. SNAP also includes nutrition outreach and education programs. Some participants must also meet certain work requirements to maintain eligibility. The program is administered by Office of Economic Security in the Colorado Department of Human Services (CDHS) and county human services departments. The program is primarily federally funded, and administered by state and county human services departments. Recently enacted federal policy (H.R.1 - One Big Beautiful Bill Act) shifts some SNAP implementation and benefits costs from the federal government to the state and counties, and modifies work requirements for SNAP recipients.

State Revenue

By reducing state income tax deductions for households earning $300,000 or more annually, Proposition MM is expected to increase state revenue by an estimated $50.7 million in FY 2025-26 (half-year impact), and by $103.1 million in FY 2026-27, and by similar amounts in subsequent years. Up to $95 million of this revenue will qualify as a voter-approved revenue change and will not count toward the state's constitutional revenue limit. The measure permits up to $95 million in revenue to be retained and spent. Any revenue collected over this limit will be refunded under current law unless voters approve a future measure to allow the state to retain the additional revenue.

With the passage of Proposition MM, total revenue to the Healthy School Meals for All Program is expected to total $238.5 million in tax year 2026, which exceeds the current law revenue threshold that requires that free school meals continue to be offered to all students in all public schools, rather than being restricted to only low-income schools and students starting in January 2026, and that fully funds grants for local food purchasing and technical assistance, and wages or stipends for school meal employees starting in FY 2026-27.

Taxpayer Impact

Proposition MM will increase the amount of income tax owed by taxpayers who earn $300,000 or more annually. An estimated 192,550 households will have incomes of $300,000 or more annually in tax year 2026, with an average increase in taxes paid of $535, or $327 for single filers and $574 for joint filers.

State Expenditures

Proposition MM will increase state spending by $32 million in FY 2025-26 and $126.2 million in FY 2026-27. The spending will be used for the Healthy School Meals for All Program and SNAP, and in FY 2026-27 only, for Department of Revenue administration costs. This increase includes the following:

- additional reimbursements to provide free school meals to all students, rather than limiting them to only certain schools and students ($32.0 million in FY 2025-26, and $66.0 million in FY 2026-27 and ongoing);
- grants for local food purchasing and technical assistance and wages and stipends for school meal employees ($33 million in FY 2026-27 and ongoing);
- spending for SNAP ($27.2 million in FY 2026-27 and varying amounts in future years based on available funding); and
- costs for the Department of Revenue to administer the tax changes ($20,000 in FY 2026-27).

State Transfers and Diversions

The measure increases Colorado taxable income, which results in the diversions and transfers described below.

Under current law, income tax revenue equaling a percentage of Colorado taxable income is diverted from the General Fund to the State Education Fund (one-third of 1 percent of taxable income) and the State Affordable Housing Fund (one-tenth of 1 percent of taxable income). Starting in FY 2026-27, 65 percent of one-tenth of 1 percent of taxable income is diverted to the Kids Matter Account in the State Education Fund. If Proposition MM passes, the measure requires that revenue diverted to the State Education Fund as a result of the expansion measure be transferred to the Healthy School Meals for All Program Fund, starting July 1, 2026.

Revenue diverted to the State Education Fund is exempt from TABOR under a constitutional provision enacted in Amendment 23. Revenue diverted to the State Affordable Housing Fund is exempt from TABOR as a voter-approved revenue change under Proposition 123.

The measure's impacts on diversions are presented in Table 1C.

TABOR Refunds

Refunds Under TABOR (3)(c)

Proposition MM proposes to increase taxes by $95 million in FY 2026-27. Under subsection (3)(c) of TABOR, any amount collected over this limit is required to be refunded to taxpayers, and the tax increase reduced in proportion to the excess, unless voters approve a measure allowing the state to continue to collect and retain the full amount. Estimated additional revenue to be collected under the measure in FY 2026-27 is $103.1 million, or $8.1 million more than the amount in the ballot question. The $8.1 million amount, plus interest, is estimated to be required to be refunded to taxpayers, unless voters approve a future measure to allow the state to retain the additional revenue.

Refunds Under TABOR (7)(d)

Proposition MM decreases refunds to taxpayers under subsection (7)(d) of TABOR. The state incurs a refund obligation when state revenue exceeds the state TABOR limit. Under current law and the July update to the June 2025 LCS revenue forecast, refunds are expected to be required for FY 2026-27. If Proposition MM passes, the state will collect more income tax revenue; however, this revenue is exempt from TABOR as a voter-approved revenue change.

Because Proposition MM increases taxable income, it increases the amount of money diverted from the General Fund to the State Education Fund, which is counted as exempt under Amendment 23, and from the General Fund to the State Affordable Housing Fund, which is counted as exempt under Proposition 123. These increased diversions decrease state revenue subject to TABOR and thereby decrease the amount of the state TABOR refund obligation. The amounts shown in Table 1D present the impact on TABOR refunds if Proposition MM passes. TABOR refunds are paid from the General Fund. The decreased General Fund obligation for TABOR refunds is offset by an equal increase in the General Fund obligation for diversions to the State Education Fund and the State Affordable Housing Fund.

The measure’s impacts on TABOR refunds are presented in Table 1D.

School District

Proposition MM provides $32.0 million in additional funding to participating school districts in state budget year 2025-26, and $99.0 million in state budget year 2026-27 for school meals, local food purchasing and technical assistance, and employee wage stipends. The state will continue to fully reimburse all participating school districts for breakfast and lunches served to all students, rather than restricting meal reimbursements to eligible low-income students and schools. This funding will be distributed through the Healthy School Meals for All Program.

Effective Date

If approved by voters at the 2025 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Education

Human Services

Personnel

Revenue