



## Fiscal Note

### Legislative Council Staff

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## HB 26-1404: TRANSFER TOBACCO ED FUND TO PRESCHOOL PROG FUND

**Prime Sponsors:**

Rep. Sirota; Taggart  
Sen. Amabile; Bridges

**Fiscal Analyst:**

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**Fiscal note status:** This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2026-27 budget package.

### Summary Information

**Overview.** The bill transfers \$10.0 million from the Tobacco Education Programs Fund to the Preschool Programs Cash Fund and shifts an appropriation for the universal preschool program from General Fund to Preschool Programs Cash Fund.

**Types of impacts.** The bill is projected to affect the following areas in FY 2026-27:

- State Expenditures
- State Transfers

**Appropriations.** For FY 2026-27, the bill requires and includes net-zero appropriation changes for the Department of Early Childhood. See State Appropriations section.

**Table 1**  
**State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	-\$10,000,000	\$0
Transferred Funds	\$10,000,000	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	FTE

Fund sources for these impacts are shown in the tables below. State expenditure impacts are inclusive of transferred funds. The expenditure reduction is shown in FY 2026-27 for informational purposes; however, actual expenditure reductions may be spread across fiscal years.

**Table 1A  
 State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
Tobacco Education Programs Fund	-\$10,000,000	\$0
Preschool Programs Cash Fund	\$10,000,000	\$0
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

**Table 1B  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
General Fund	-\$10,000,000	\$0
Tobacco Education Programs Fund	-\$10,000,000	\$0
Preschool Programs Cash Fund	\$10,000,000	\$0
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$0
<b>Total Expenditures</b>	<b>-\$10,000,000</b>	<b>\$0</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>0.0 FTE</b>

Reduced expenditures from the Tobacco Education Programs Fund are shown here for informational purposes. The exact timing of this reduction will depend on available fund balance, grant decisions by the CDPHE, and appropriation decisions by the General Assembly, and may vary from this estimate.

## Summary of Legislation

In FY 2026-27, the bill transfers \$10 million from the Tobacco Education Programs Fund to the Preschool Programs Cash Fund on June 30, 2027, with the requirement that the transfer be of money that originated from the 2020 Tax Holding Fund. Additionally, the bill reduces General Fund appropriations for the Universal Preschool Program by \$10.0 million, and correspondingly increases the appropriation from the Preschool Programs Cash Fund by the same amount.

## Background

The 2020 Tax Holding Fund contains revenue from cigarette, tobacco, and nicotine taxes that were approved by voters in 2020. Money in the fund is then distributed to the Tobacco Tax Cash Fund, General Fund, Tobacco Education Programs Fund, and Preschool Program Cash Fund.

The Tobacco Education Programs Fund is primarily used for tobacco education, prevention, and cessation programs in the Department of Public Health and Environment (CDPHE). The Preschool Program Cash Fund is used for the Universal Preschool Program in the Department of Early Childhood (CDEC).

## State Transfers

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In FY 2026-27, the bill transfers \$10 million from the Tobacco Education Programs Fund to the Preschool Programs Cash Fund, from money that originated from the 2020 Tax Holding Fund.

## State Expenditures

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After accounting for all transfers, the bill reduces state expenditures by \$10 million on tobacco education programs in the CDPHE in FY 2026-27, as shown in Table 2 and discussed below. It also changes the fund source for a portion of Universal Preschool Program funding in CDEC from General Fund to the Preschool Programs Cash Fund.

**Table 2**  
**State Expenditures by Fund Source**

<b>Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2027-28</b>
CDPHE – Tobacco Education Program Fund	-\$10,000,000	\$0
CDEC – Preschool Programs Cash Fund	\$10,000,000	\$0
CDEC – General Fund	-\$10,000,000	\$0
<b>Net Expenditures</b>	<b>-\$10,000,000</b>	<b>\$0</b>

## Department of Public Health and Environment

The bill reduces the funding available for Tobacco Prevention and Cessation Programs in CDPHE by up to \$10.0 million. The bill shows this expenditure reduction in FY 2026-27 for informational purposes; however, actual expenditure reductions may vary across years depending on available fund balance, grant decisions by the CDPHE, and future appropriation changes made by the General Assembly.

## Department of Early Childhood

The bill shifts \$10.0 million in Universal Preschool Program funding from the General Fund to Preschool Programs Cash Fund, but has no net impact on state expenditures in CDEC.

## Effective Date

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature. However, subsections (1) and 2 (2) in section 2 only take effect if the Long Bill becomes law, with these subsections taking effect on the effective date of this bill or of the FY 2026-27 Long Bill, whichever is later.

## State Appropriations

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For FY 2026-27, the bill includes the following appropriations to the Department of Early Childhood:

- a decrease of \$10,000,000 from the General Fund; and
- an increase of \$10,000,000 from the Preschool Programs Cash Fund.

In addition, the bill includes technical language making the reduction in appropriations conditional on sufficient appropriations being available in the applicable line item in the FY 2026-27 Long Bill.

## State and Local Government Contacts

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Department of Public Health and  
Environment

Early Childhood  
Joint Budget Committee Staff