



SNAPSHOT OF FEES IN COLORADO:

2026 UPDATE

AUTHORS: JASBETH HERNANDEZ & ERIK GAMM

ABOUT THE AUTHORS



Jasbeth Hernandez is a CSI Daniels Scholar Junior Fellow and an upcoming junior studying accounting at the University of Colorado Denver.



Erik Gamm is a Senior Research Analyst with CSI. Erik joined CSI in 2019 and has led research for CSI reports covering the topics of taxation, education, workforce and health care. He graduated from the University of Michigan in 2020 with a Bachelor of Arts in Economics, and has experience from Washington, D.C., where he was an intern for the natural resources lobbying firm American Capitol Group.

ABOUT COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

TEAMS & FELLOWS STATEMENT

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

TABLE OF CONTENTS

About the Authors	1
About Common Sense Institute	1
Teams & Fellows Statement.....	1
Introduction	3
Key Findings.....	4
History of Fees in Colorado	5
Why Does the Difference between Taxes and Fees Matter?	5
How Is Fee Revenue Collected?	5
Proposition 117	6
Where Do Fees Stand Now?.....	8
Why Has Fee Revenue Continued to Grow?.....	9
Future Increases	11
Conclusion	12

INTRODUCTION

Colorado voters approved TABOR (Taxpayer's Bill of Rights) to limit government revenue growth by requiring voter approval for revenue increases above a new constitutional cap.ⁱ Because fees are generally exempt from TABOR's revenue limit, governments have increasingly relied on them to raise additional revenue. Fee collections have grown rapidly, outpacing the state's General Fund for most of the last two decades. Per Colorado resident, fee revenue has more than tripled since 2008, reaching \$4,692 in 2025, with no signs of slowing.

Colorado's income-tax rate is among the lowest in the country, but that fact hides the state's significant reliance on fee revenue. If all of Colorado's fee enterprises were instead funded by the state income tax, it would have to rise to 14.22% to generate the same amount of revenue collected in 2025. Even excluding higher education enterprises, the state income tax would still have to increase to 7.97%, 81% more than the current

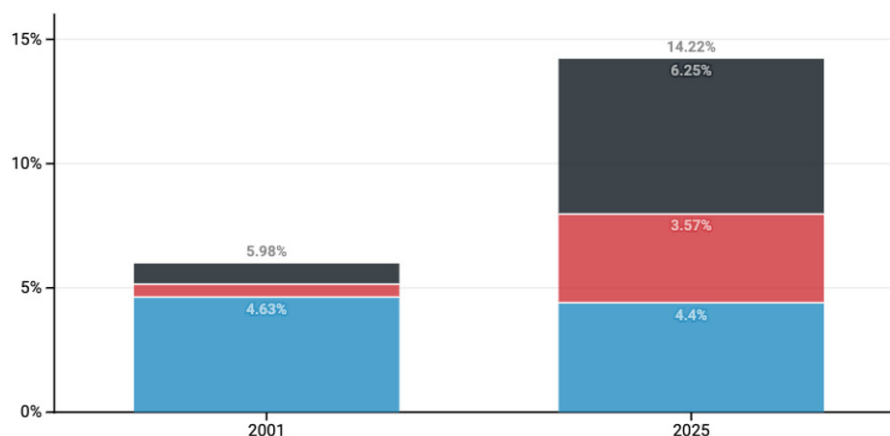
rate of 4.4%. **Since 2018, voters have approved three income tax cuts, totaling a .38 percentage-point reduction. During that same period, fee-based revenue from non-higher education enterprises has increased by an amount equivalent to a 1.8 percentage-point increase in the state income tax.**

FIGURE 1.

Trading Fees for a Tax Increase

How high would Colorado's income tax rate be if fee enterprises were funded by income taxes?

■ Actual Income Tax Rate ■ Rate Increase Required to Pay for All Non-Higher Education Fees ■ Rate Increase Required to Pay for All Fees



KEY FINDINGS

- In TABOR's first year of effect (FY94), fee-based enterprises generated \$742 million. By 2025, their revenue had **increased by almost 3,700% to \$28.2 billion while the state's population growth plus inflation totaled 185% over the same time.**
- In 1996, TABOR-exempt revenue accounted for 46% of total state spending and \$5,254 per Coloradan in 2025 dollars. By 2025, that figure increased to 77%, reaching \$10,628 per Coloradan.
- Proposition 117, which requires new enterprises projected to generate revenue above a threshold to receive voter approval, passed in 2020.
 - Since then, the legislature has directly established ten new enterprises, which together have generated a total of \$98 million since their inception.
- **If all Colorado's fee enterprises were instead funded by the state income tax, it would have to rise to 14.22% to accommodate 2025 collections. With higher education enterprises excluded, the state income tax would still need to increase to 7.97%, up from 6.91% last year and 81% more than the current rate of 4.4%.**
- Total fees increased from \$25.8 billion in FY24 to \$28.2 billion in FY25, representing approximately 9.6% growth, driven by continued gains across fee categories.
 - Since 2018, voters have approved three income tax cuts worth a combined reduction of .38 of a percentage point. Over the same period, fee-based revenue to non-higher education enterprises has increased by an amount equivalent to a 1.8 percentage-point increase in the state income tax.

² Combined vehicle insurance includes liability, comprehensive, and collision coverage.

HISTORY OF FEES IN COLORADO

Since the adoption of TABOR in 1992, voters have approved only a few statewide tax revenue increases, most of which have been “sin taxes” on products like tobacco and gambling. Although many local governments have received voter approval to retain revenues above the TABOR spending limit, a large share of state revenue and spending remains subject to TABOR’s limit.

As TABOR has constrained the growth of tax revenue, the Colorado legislature has increasingly shifted the state’s reliance toward fee-funded enterprises. By 2020, lawmakers had created 24 such enterprises, which, together, collected \$20.9 billion of revenue in that year. Just five years later, that total had grown to more than \$28.2 billion. Even after voters approved Proposition 117 in 2020 as a response to the rapid growth of fee revenue, the legislature established ten new enterprises and expanded a preexisting one. Collectively, those ten enterprises have generated \$98 million in TABOR-exempt revenue since their creation, most of which comes from fees authorized under SB21-260.

Why Does the Difference between Taxes and Fees Matter?

TABOR applies to state taxes but generally does not apply to fees or federal revenue. As a result, the proportion of the Colorado state budget that falls outside of TABOR’s control has expanded significantly since the amendment was adopted in 1992. In 1996, TABOR-exempt revenue accounted for 46% of total state spending and \$5,254 per Coloradan in 2025 dollars. By 2025, that figure increased to 77%, reaching \$10,628 per Coloradan.

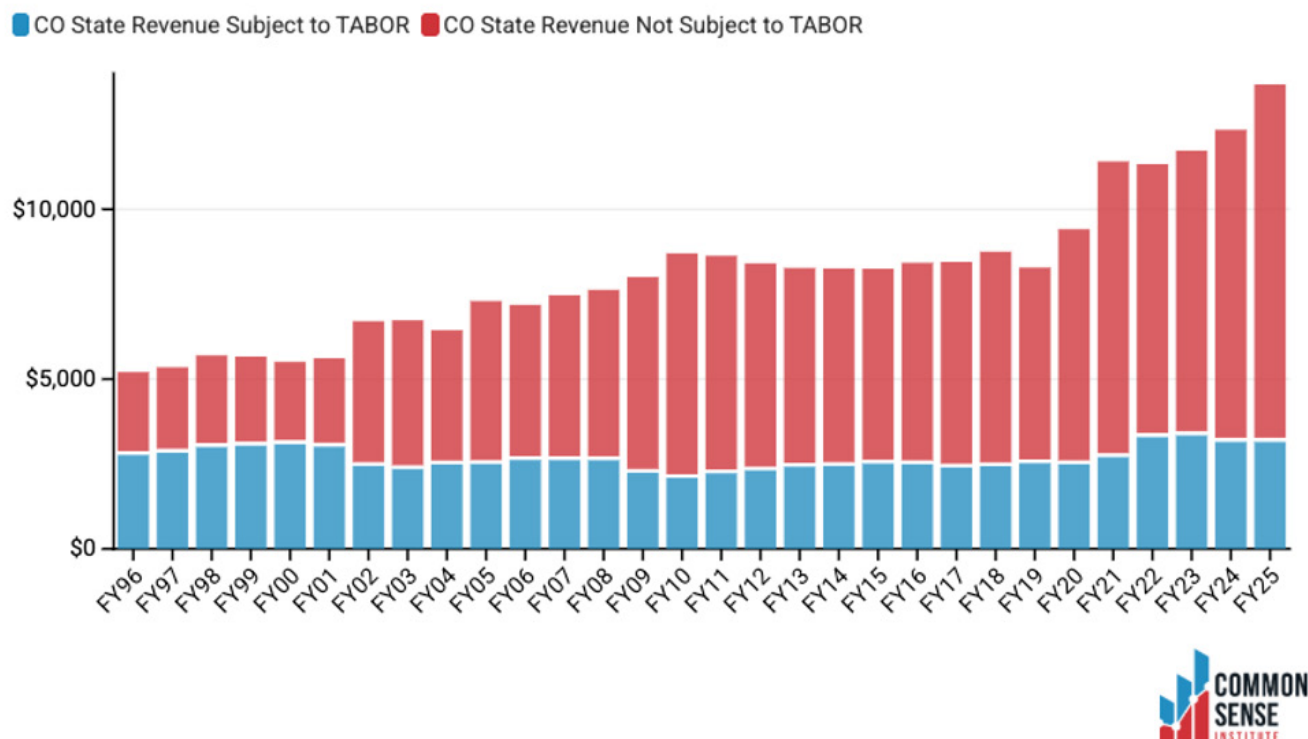
How Is Fee Revenue Collected?

Users of public services, like parks, toll roads, and waste-disposal facilities, pay fees to the state government enterprises that operate them. These government-owned entities finance their operations primarily through the fees they collect, and, by law, must receive less than 10% of their funding from government grants.ⁱⁱ While many fee enterprises provide direct services to those who pay them, several created after 2020 do not. Instead, they function primarily to generate revenue for government programs or to discourage certain behaviors through the fees they impose.

FIGURE 2.

Colorado Revenue Subject to TABOR and Exempt from TABOR per Colorado Resident

The growth of TABOR-exempt revenue has dramatically outpaced that of revenue subject to TABOR



Proposition 117

As public awareness of the growth in fee revenue increased, so did the call for reform. Proposition 117, a citizen-led initiative that appeared on the statewide ballot in 2020, proposed to require voter approval for the creation of any new state enterprise projected to generate more than \$100 million in revenue over its first five years. The measure passed and took effect in 2021. Because Colorado voters have historically rejected most tax increases, Proposition 117 was expected to slow the growth of fee-based state revenue.

FIGURE 3.

Colorado Fee Enterprise Revenue

Revenue generated from enterprise fees has grown from \$742 million in FY94, the first full year of TABOR, to \$23.3 billion in FY23. That is a growth rate of 30X (3054%) compared to total state population growth of 62%.

	FY94	FY20	FY23
Higher Education Enterprises	\$359,400,000	\$10,047,500,000	\$13,937,749,908
CHASE*	\$0	\$3,531,700,000	\$5,148,694,666
Unemployment Compensation Section	\$0	\$4,767,300,000	\$488,067,809
CollegeInvest	\$0	\$926,200,000	\$1,178,278,868
State Lottery	\$288,300,000	\$655,000,000	\$892,346,392
College Assist	\$0	\$554,300,000	\$550,536,971
Parks and Wildlife	\$0	\$208,900,000	\$329,841,605
Health Insurance Affordability Enterprise	\$0	\$0	\$386,189,018
Bridge and Tunnel Enterprise	\$0	\$14,700,000	\$118,892,323
State Nursing Homes	\$13,100,000	\$46,500,000	\$64,972,665
Correctional Industries	\$19,500,000	\$56,500,000	\$43,901,395
Statewide Transportation Enterprise	\$0	\$23,600,000	\$49,848,148
Petroleum Storage Tank Fund	\$0	\$35,300,000	\$33,791,358
Student Loan Program	\$62,000,000	\$0	\$0
Family and Medical Leave Insurance	\$0	\$0	\$41,969,927
Community Access Enterprise*	\$0	\$0	\$19,400,000
Clean Motor Vehicle Fleet Enterprise*	\$0	\$0	\$17,300,000
988 Crisis Hotline	\$0	\$0	\$10,134,849
Brand Board	\$0	\$3,000,000	\$6,508,013
Air Pollution Mitigation Enterprise*	\$0	\$0	\$9,200,000
Clean Transit Enterprise*	\$0	\$0	\$8,400,000
Clean Screen Authority	\$0	\$3,600,000	\$4,040,845
Front Range Waste Diversion Enterprise	\$0	\$100,000	\$5,010,029
Electronic Recording Technology Fund	\$0	\$4,300,000	\$534,830
Capitol Parking Authority	\$0	\$1,200,000	\$1,424,895
Orphaned Wells Enterprise	\$0	\$0	\$390,592
Air Quality Enterprise	\$0	\$0	\$167,620
Natural Disaster Mitigation	\$0	\$0	\$16,275

* Colorado Healthcare Affordability and Sustainability Enterprise



WHERE DO FEES STAND NOW?

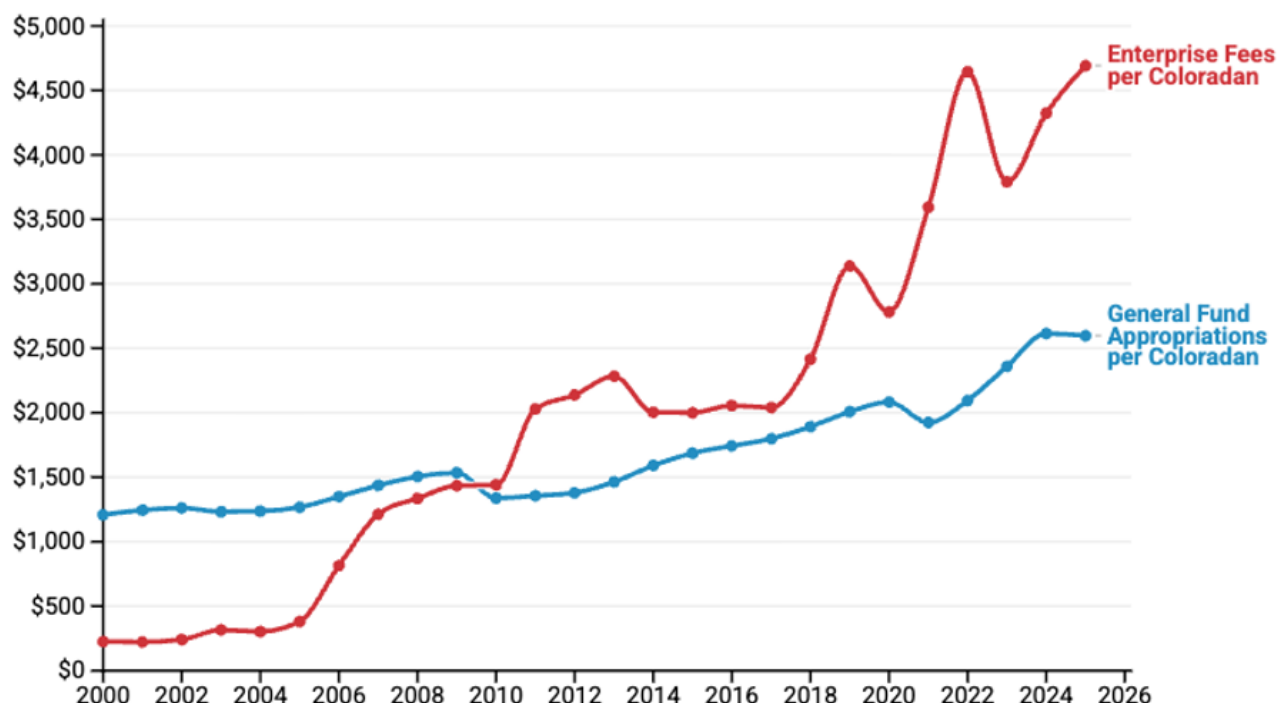
Data from the four years following the enactment of Proposition 117 indicate that the growth of revenue from fees has not slowed as expected; instead, it has accelerated.

In FY25, Colorado's fee enterprises collected \$28.2 billion—more than half of that year's state budget.

Between 2008 and 2025, TABOR-exempt revenue collected by enterprises per Colorado resident more than tripled and fee revenue grew substantially faster than General Fund revenue. In 2000, enterprises collected \$225 per Coloradan, while the General Fund received \$1,209. By 2025, these amounts had risen to \$4,692 and \$2,360, respectively. Since 2008, fee revenue per Coloradan has increased by \$3.21 for every \$1 increase in General Fund revenue per Coloradan.

FIGURE 4.

TABOR-exempt Enterprise Fees and General Fund Revenue per Coloradan since 2000



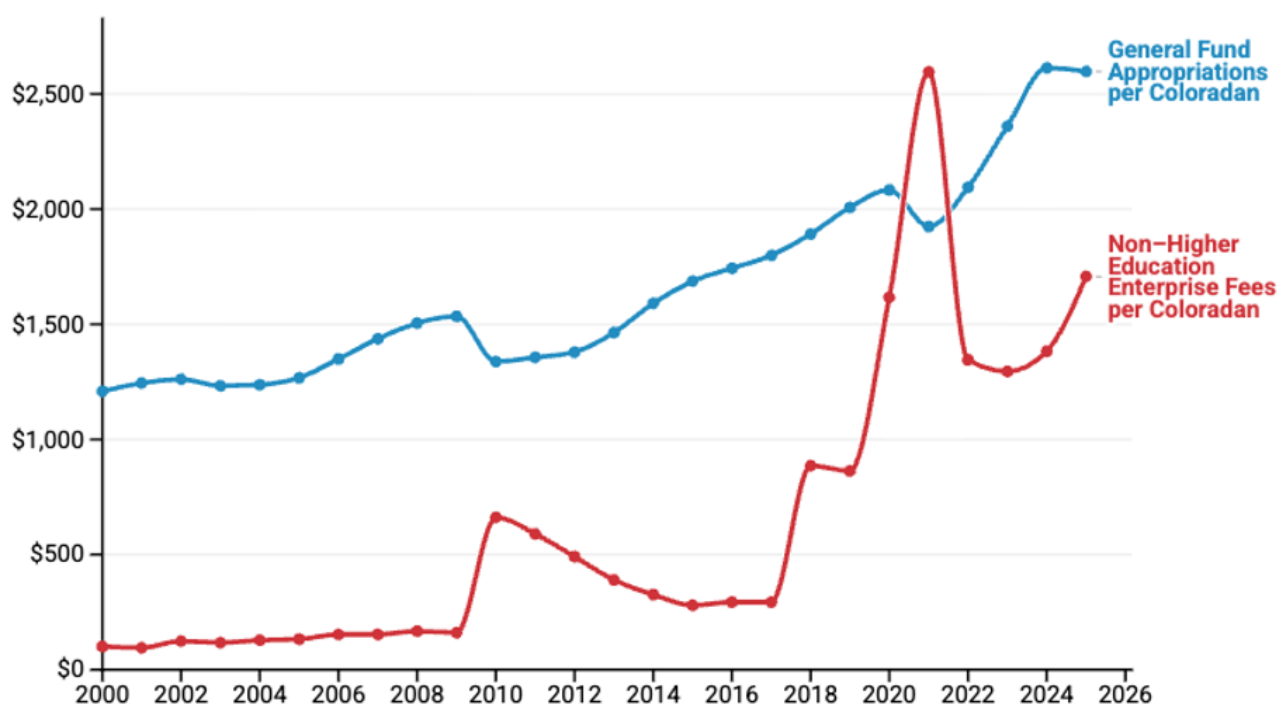
Why Has Fee Revenue Continued to Grow?

Although the passage of Proposition 117 required voter approval for the creation of large new enterprises, it placed no limits on the growth of existing enterprises. As a result, revenue collected by nearly every enterprise active in 2020 has continued to increase without restrictions.

In addition, the Colorado General Assembly has exempted several revenue sources from the TABOR limit by designating them as state enterprises. The largest of these includes public-university tuition and fees, which were reclassified in 2005. Higher education, however, is not the primary driver of long-term fee-revenue growth. Even excluding higher education enterprises, total enterprise revenue increased from \$101 per Coloradan in 2000 to \$1,707 in 2025.

FIGURE 5.

General Fund and TABOR-exempt Fee Enterprise Revenue (Excluding Higher Education Enterprises) per Coloradan since 2000



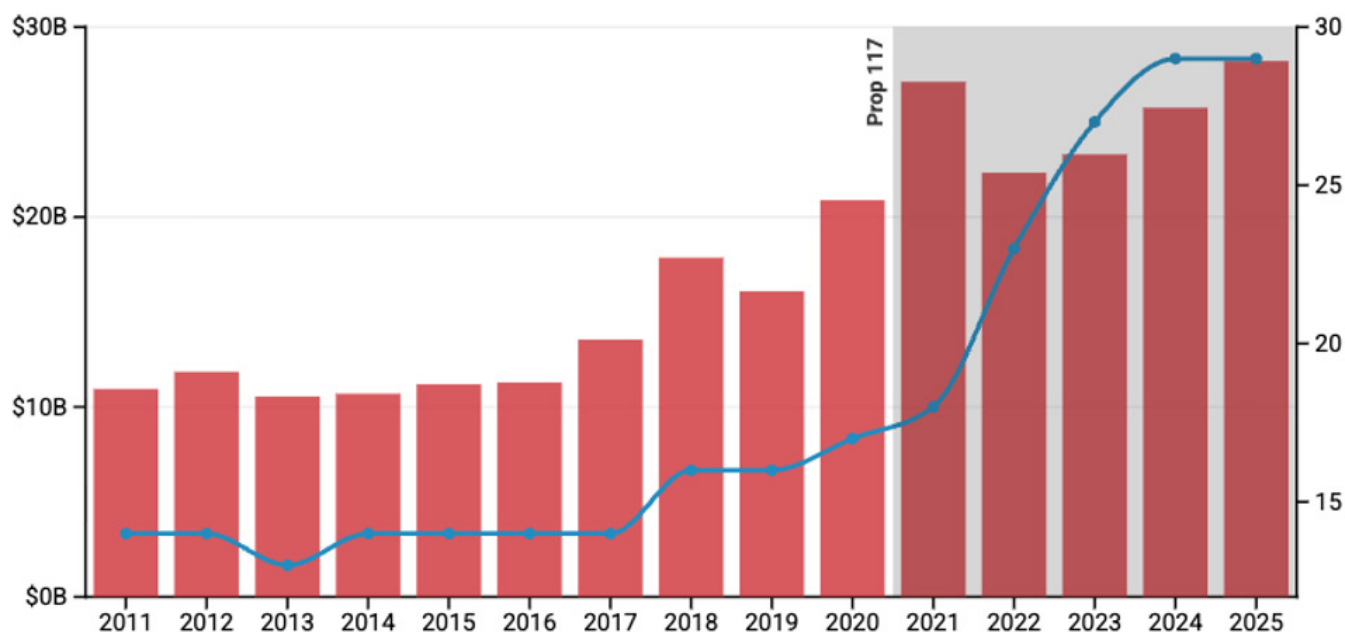
Lastly, the creation of new enterprises since the passage of Proposition 117 appears to have contributed to the continued growth of fee revenue. Since the measure took effect, the legislature has created ten new enterprises, far more than were established during comparable periods in previous years. In addition, fees collected by the preexisting enterprise, the Bridge and Tunnel Enterprise, have increased substantially.

FIGURE 6.

New Enterprises after Proposition 117

The number of active enterprises and their cumulative TABOR-exempt revenue have both increased since the passage of Proposition 117

■ Number of Active Enterprises ■ Total Exempt Revenue



Of the ten new enterprises, none were referred to the ballot for voter approval before being enacted.¹ The collections of these ten are comparable to those of many established funds. The largest new enterprise has collected \$24.1 million since 2022, and the ten together have generated a total of \$98 million in TABOR-exempt revenue since their inception, most of which comes from fees imposed under SB21-260.ⁱⁱⁱ

¹ The Family Medical Leave Insurance Enterprise, not counted among the 10, was approved on the 2020 ballot (as Proposition 118) alongside Proposition 117.

Future Increases

Two major fee-related measures will take effect over the coming years. SB24-230 establishes fees on oil and gas production; it is projected to generate \$175.3 million annually to benefit two existing enterprises, the Clean Transit Enterprise and the Colorado Parks and Wildlife Enterprise.^{iv} In the 2025 session, two similar bills were approved: SB25-270, which redirects \$65.1 million of non-exempt revenue per year into the Healthcare Affordability and Sustainability Enterprise, and SB25-320, which raises \$13.5 million worth of fees for the Bridge and Tunnel Enterprise.^{v vi} Two new enterprises will launch, as well: the Building Decarbonization Enterprise within HB25-1269, which will collect just under \$2 million in FY26, and the Strengthen Colorado Homes Enterprise of SB26-155, which will collect the maximum allowable revenue under Proposition 117.^{vii viii} HB26-1430 may also affect several transportation-related fees, but those impacts are contingent on the passage of Initiative #175 on this year's ballot.^{ix}



CONCLUSION

As fees increasingly resemble tax increases, particularly in the years following Proposition 117, it becomes more appropriate to view them similarly. For decades, the relative difficulty of raising taxes in Colorado has encouraged lawmakers to rely instead on fees to generate additional state revenue. The evidence of the years since 2020 suggests that Proposition 117 drove them only to change tactics, not to change course. As a result, lawmakers have continued to expand state revenue through fees, increasing Coloradans' effective tax burden while avoiding the voter approval process that applies to most tax increases under TABOR.

REFERENCES

- i. <https://leg.colorado.gov/agencies/legislative-council-staff/tabor>
- ii. https://www.sos.state.co.us/pubs/info_center/laws/COConstitution/ArticleXSection20.html
- iii. https://leg.colorado.gov/sites/default/files/documents/2021A/bills/fn/2021a_sb260_fl.pdf
- iv. https://leg.colorado.gov/sites/default/files/documents/2024A/bills/fn/2024a_sb230_00.pdf
- v. https://leg.colorado.gov/sites/default/files/documents/2025A/bills/fn/2025a_sb270_00.pdf
- vi. https://leg.colorado.gov/sites/default/files/documents/2025A/bills/fn/2025a_sb320_r1.pdf
- vii. https://leg.colorado.gov/sites/default/files/documents/2025A/bills/fn/2025a_hb1269_r3.pdf
- viii. https://leg.colorado.gov/bill_files/116139/download
- ix. <https://www.common senseinstituteus.org/colorado/research/infrastructure/transportation-funding-initiative-175-and-hb26-1430>