



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 26-1230: EXTEND CONSERVATION EASEMENT TAX CREDIT

**Prime Sponsors:**

Rep. Martinez; Velasco  
Sen. Roberts; Kirkmeyer

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**Version:** Initial Fiscal Note

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**Fiscal note status:** The fiscal note reflects the introduced bill.

### Summary Information

**Overview.** The bill extends the conservation state income tax credit for five years beginning in tax year 2032.

**Types of impacts.** The bill extends an income tax credit set to expire after tax year 2031, which will continue existing impacts beginning in FY 2031-32 through at least FY 2036-37, in the following areas:

- State Revenue
- State Expenditures
- TABOR Refunds

**Appropriations.** No appropriation is required.

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

Type of Impact	Budget Year FY 2026-27	Out Year FY 2031-32	Out Year FY 2032-33	Out Year FY 2033-34
State Revenue	\$0	\$751,450	-\$24.2 million	-\$49.2 million
State Expenditures	\$0	\$0	\$0	\$0
Transferred Funds	\$0	\$0	\$0	\$0
Change in TABOR Refunds	\$0	Not estimated	Not estimated	Not estimated
Change in State FTE	0.0 FTE	6.2 FTE	6.2 FTE	6.2 FTE

**Table 1A  
 State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2031-32</b>	<b>Out Year FY 2032-33</b>	<b>Out Year FY 2033-34</b>
General Fund	\$0	\$0	-\$25.0 million	-\$50.0 million
Cash Funds	\$0	\$751,450	\$751,450	\$751,450
<b>Total Revenue</b>	<b>\$0</b>	<b>\$751,450</b>	<b>-\$24.2 million</b>	<b>-\$49.2 million</b>

**Table 1B  
 State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2031-32</b>	<b>Out Year FY 2032-33</b>	<b>Out Year FY 2033-34</b>
General Fund	\$0	\$0	\$0	\$0
Cash Funds	\$0	\$479,590	\$479,590	\$479,590
Centrally Appropriated	\$0	\$133,771	\$133,771	\$133,771
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$613,361</b>	<b>\$613,361</b>	<b>\$613,361</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>6.2 FTE</b>	<b>6.2 FTE</b>	<b>6.2 FTE</b>

## Summary of Legislation

The bill extends the conservation state income tax credit for five years beginning in tax year 2032. Under current law, the income tax credit is set to expire after tax year 2031.

## Background

Colorado has offered a tax credit for the donation of conservation easements since 2000. [House Bill 24-126](#) made several changes to the program. First, it increased the annual credit cap that the Department of Regulatory Agencies (DORA) can issue from \$45 million to \$50 million, beginning in tax year 2025, and included a repeal date for the credit in tax year 2031. The bill increased the refundable amount from \$50,000 to \$200,000 per tax year and decreased the income tax credit from 90 percent to 80 percent of the value of the donated easement. Finally, the bill removed the requirement that state revenue exceed certain thresholds for taxpayers to claim a refundable income tax credit.

DORA is required to prepare an [annual report](#) that includes information about the conservation easement tax credit applications received and approved. As of March 2026, DORA has reserved the full \$50 million in available credits through tax year 2029, with smaller credit amounts reserved through 2031, the last year for which the credit is available under current law. The cap is expected to be reached each through 2031.

## **Assumptions**

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### **General Fund**

The fiscal note assumes the Division of Conservation in DORA will certify tax credits up to the \$50 million cap annually from 2032 through 2036, when the credit expires under the bill. DORA reached the annual income tax credit cap from 2021 to 2025 and has received enough applications to meet the cap through 2029.

The Division of Conservation in DORA estimates it takes about two or three years for taxpayers to claim the credit from the time the division receives an application from the taxpayer. This includes the time for the application process to be completed and the period the taxpayer was placed on the waitlist. The fiscal note assumes, on average, the additional credits certified under this bill will be claimed beginning at least one year from when the division completes the application. For example, credits applications approved by the division in calendar year 2032 will begin to be claimed by taxpayers beginning in tax year 2033.

### **Application and Certification Fees**

The fiscal note assumes an average of 70 taxpayers will apply annually for the conservation easement tax credit from 2032 to 2036, each paying a \$10,735 application fee. The Division of Conservation typically receives about 70 applications for a \$50 million credit cap. This fee is an estimate based on the current amount. DORA will set the actual fee administratively, considering cash fund balance, program costs, and the number of applications subject to the fee.

## **State Revenue**

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On net, the bill increases state revenue by \$751,450 in FY 2031-32 and decreases state revenue by \$24.2 million in FY 2032-33, \$49.2 million in FY 2033-34 and by similar amounts through at least FY 2036-37. The bill decreases General Fund income tax revenue and increases Conservation Cash Fund fee revenue as discussed below. All of the bill's revenue impacts are subject to TABOR.

### **General Fund**

Extending the conservation state income tax credit for five years starting in tax year 2032 will reduce state revenue by \$25.0 million in FY 2032-33 and by about \$50 million annually through at least FY 2036-37. This is based on the assumption that the full amount allowed under the cap will be certified and claimed. The timing of revenue reductions may vary across fiscal years depending on the pace of the application process and when credits are claimed. The revenue

impact for FY 2032-33 represents a half-year impact for tax year 2033 on an accrual accounting basis, based on the assumption that this is the first year when extended credits will be claimed.

**Fee Impact on Individuals and Businesses**

Colorado law requires a legislative service agency review for measures that create or increase fees collected by state agencies. This bill may adjust tax credit certification fees, with total revenue for the Conservation Cash Fund based on projected new certifications annually. Fee revenue is subject to TABOR. These amounts are estimates; actual fees will be set administratively by DORA considering cash fund balance, program costs, and the number of tax credit applications. Table 2 shows the estimated fee impact of HB 26-1230 for FY 2031-32 and FY 2032-33.

**Table 2**  
**Fee Impact of HB 26-1230 on Individuals**

<b>Fiscal Year</b>	<b>Type of Fee</b>	<b>Current Fee</b>	<b>Number of Applicants</b>	<b>Fee Impact</b>
FY 2031-32	Tax Credit Certification Fee	\$10,735	70	\$751,450
FY 2032-33	Tax Credit Certification Fee	\$10,735	70	\$751,450

**State Expenditures**

The bill increases state expenditures in DORA by about \$613,000 annually beginning in FY 2032-33, with continuing impacts through FY 2036-37. Expenditures are paid from the Conservation Cash Fund. Expenditures are shown in Table 3 and detailed below.

**Table 3**  
**State Expenditures**  
**Department of Regulatory Agencies**

<b>Cost Component</b>	<b>Budget Year FY 2026-27</b>	<b>Out Year FY 2032-33</b>	<b>Out Year FY 2033-34</b>	<b>Out Year FY 2034-35</b>
Personal Services	\$0	\$471,654	\$471,654	\$471,654
Operating Expenses	0	\$7,936	\$7,936	\$7,936
Centrally Appropriated Costs	\$0	\$133,771	\$133,771	\$133,771
<b>Total Costs</b>	<b>\$0</b>	<b>\$613,361</b>	<b>\$613,361</b>	<b>\$613,361</b>
<b>Total FTE</b>	<b>0.0 FTE</b>	<b>6.2 FTE</b>	<b>6.2 FTE</b>	<b>6.2 FTE</b>

## **Department of Regulatory Agencies**

The bill increases expenditures in the Division of Conservation by \$613,000 and 6.2 FTE in FY 2032-33, and similar amounts annually through FY 2036-37, to manage and support the income tax credit program. These costs are similar to those for which an appropriation was included in FY 2025-26, and represent a continuation of current costs that would otherwise end when the credit expires. Responsibilities include managing the tax credit program, monitoring and auditing approved projects, verifying eligible donations, and providing education to qualified taxpayers and ensure compliance with program requirements. The Division will also maintain the program database, respond to inquiries from organizations and contributors, update website information, and prepare the required annual program report. Personal service costs are paid from the Conservation Cash Fund. This fiscal note assumes that the division will continue to have revenue and expenditures equivalent to the existing program. These resources also support the work of the oversight commission.

## **Department of Revenue**

The DOR currently administers the existing state income tax credit. This bill extends the program, which will result in ongoing workload impacts. Given that the credit is currently programmed into the GenTax system and DORA is responsible for management and verification related to the tax credit, no change in appropriations to DOR is required to continue this existing tax credit.

## **Governor's Office**

The Governor's Office of Boards and Commissions will see increased workload to recruit, vet, interview, and process appointments to the Conservation Easement Oversight Commission, including Senate confirmation. This work is absorbable under the bill, but the Governor's Office may request funding through the annual budget if needed.

## **Office of the State Auditor**

The OSA performs an [evaluation of all tax expenditures](#). It can examine this tax credit within its existing evaluations.

## **TABOR Refunds**

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The bill affects income tax revenue and fee revenue subject to TABOR. However, a forecast of state revenue subject to TABOR is not available beyond FY 2027-28.

## **Effective Date**

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The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

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Agriculture	Personnel
Governor's Office of Boards and Commissions	Regulatory Agencies
Information Technology	Revenue
Natural Resources	State Auditor

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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](#).