



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1338: 2026 WATER PROJECTS BILL

Prime Sponsors:

Rep. McCormick; Winter T.

Sen. Roberts; Simpson

Fiscal Analyst:

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

Summary Information

Overview. The bill funds water projects in the Department of Natural Resources and directs transfers between cash funds for appropriation to water-related projects.

Types of impacts. The bill is projected to affect the following areas in the current FY 2025-26 and in FY 2026-27:

- State Expenditures
- State Transfers
- Local Government

Appropriations. The bill includes appropriations to the Department of Natural Resources totaling \$748,592 for the current FY 2025-26 and \$49.6 million for FY 2026-27.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0	\$0
State Expenditures	\$550,000	\$221,296,670	\$0
Transferred Funds	\$8,000,000	\$0	\$0
Change in TABOR Refunds	\$0	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

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

**Table 1A
 State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28	Out Year FY 2028-29
General Fund	\$0	\$0	\$0
Cash Funds – Appropriations	\$550,000	\$49,630,000	\$0
Cash Funds – Loan Authorizations	\$0	\$171,666,670	\$0
Federal Funds	\$0	\$0	\$0
Centrally Appropriated	\$0	\$0	\$0
Total Expenditures	\$550,000	\$221,296,670	\$0
Total FTE	0.0 FTE	0.0 FTE	0.0 FTE

**Table 1B
 State Transfers**

Fund Source	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
Colorado Water Conservation Board Construction Fund	-\$8,000,000	\$0	\$0
Colorado Water Conservation Board Litigation Fund	\$6,000,000	\$0	\$0
Wildlife Resources Fund	\$2,000,000	\$0	\$0
Net Transfer	\$0	\$0	\$0

Summary of Legislation

The bill allocates money for water projects as outlined below.

For the **current fiscal year FY 2025-26**, the bill:

- transfers up to \$6,000,000 from the Colorado Water Conservation Board (CWCB) Construction Fund to restore the balance in the CWCB Litigation Fund for legal issues related to water compact compliance;
- transfers \$2,000,000 from the CWCB Construction Fund to the Wildlife Resources Fund;
- appropriates \$550,000 from the Turf Replacement Fund to the DNR; and
- makes a technical correction appropriating \$198,592 from the Severance Tax Perpetual Base Fund instead of from the Severance Tax Operational Fund to the DNR.

For the upcoming **budget year FY 2026-27**, the bill:

- appropriates a total of \$11,930,000 from the CWCB Construction Fund to the CWCB in the DNR;
- appropriates \$37,700,000 from the Water Plan Implementation Fund to the DNR; and
- authorizes the CWCB to make the loans from the Severance Tax Perpetual Base Fund of:
 - \$151,500,000 to the City of Fort Colins for the Halligan Water Supply Project; and
 - \$20,166,670 to the Lower Latham Reservoir Company to increase the storage capacity of the Jurgens reservoir.

State Transfers

The bill makes the following transfers, which are assumed to occur in the current FY 2025-26:

- up to \$6.0 million from the CWCB Construction Fund to restore the balance in the CWCB Litigation Fund; and
- \$2 million from the CWCB Construction Fund to the Wildlife Resources Fund.

In addition, the bill specifies that any unspent appropriation to DNR from the Turf Replacement Program Fund is transferred to the Colorado Water Conservation Board Construction Fund on July 1, 2028.

State Expenditures

The bill increases total state expenditures in the DNR by \$550,000 in the current FY 2025-26 and \$221.3 million in FY 2026-27, paid from various cash funds, including both appropriations and loan authorizations. This spending is described below.

Appropriations

For the current FY 2025-26, the bill appropriates \$550,000 from the Turf Replacement Program Fund to the DNR, which may be spent through FY 2027-28. It also makes a technical correction to the \$198,592 appropriation in Senate Bill 25-040, which was from the Severance Tax Operational Fund, to make the appropriation from the Severance Tax Perpetual Base Fund. The fiscal note assumes that this technical correction will have no net impact on state expenditures.

For FY 2026-27, the bill appropriates a total of \$49.6 million to the DNR, including \$11.9 million from the CWCB Construction Fund and \$37.7 million from the Water Plan Implementation Fund.

Loan Authorizations

The bill includes authorization for the CWCB to loan \$171.7 million from the Severance Tax Perpetual Base Fund to the City of Fort Collins for the Halligan Water Supply Project and to the Lower Latham Reservoir Company to increase the storage capacity of the Jurgens reservoir. These funds are available until fully expended. State expenditures for loans are recovered in loan payments based on terms negotiated by the DNR. Loan repayment revenue will vary depending on the interest rates issued and the length of the loan term. This fiscal note assumes that interest is calculated to pay the administrative costs to originate and manage the loan, and that any state revenue from interest payments will be minimal.

Local Government

Funding provided by this bill may benefit local water districts and water providers.

Effective Date

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

State Appropriations

For the current FY 2025-26, the bill includes appropriations totaling \$748,592, as follows:

- \$550,000 from the Turf Replacement Fund to the DNR; and
- a technical correction changing an appropriation of \$198,592 to the DNR as being from the Severance Tax Perpetual Base Fund rather than from the Severance Tax Operational Fund.

For FY 2026-27, the bill includes appropriations totaling \$49,630,000, including

- \$11,930,000 from the CWCB Construction Fund to the DNR; and
- \$37,700,000 from the Water Plan Implementation Fund to the DNR.

State and Local Government Contacts

Natural Resources

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](#).