



The Session from 30,000 feet

Colorado lawmakers studied, argued about, horse-traded, amended and voted on 657 bills during the 2025 legislative session, more formally known as the “First Regular Session of the Seventy-Fifth General Assembly.” But in a year of historic budget challenges, the most important of those bills was SB 25-206, the annual long appropriations bill. It balanced a 2025-26 budget that – depending on whom you asked and when you asked them over the last year – faced a possible shortfall of up to \$1 billion (The long bill couldn’t do it alone – about 80 other bills were needed to make the changes necessary to balance next year’s budget).

The other key theme of the 2025 session was what might be called “building a blue wall.” A batch of bills on subjects as varied as elections, reproductive rights, transgender protections, immigrant civil rights and funding for the attorney general can be seen as an effort by the legislature’s Democratic majority to resist policy changes imposed by President Trump’s administration, shield Colorado from reproductive rights overreach by attorneys general in red states and generally inoculate the state against Republican policies.

Another issue that had a high profile this session was the issue is unionization. SB 25-005 proposes to reduce the number of worker elections that are required for recognition of a union at a particular business. Gov. Jared Polis and business interests opposed the bill, but negotiations on a compromise stalled, and lawmakers passed the bill as-is in the sessions closing days. A veto by Gov. Polis appears likely.

Along the way, other major issues included:

- Artificial intelligence – Gov. Jared Polis, Attorney General Phil Weiser and the industry wanted changes in an AI law scheduled to go into effect next year, but lawmakers couldn’t reach agreement. Last minute efforts to delay implementation failed, driving major drama and may result in a special session.
- Guns – As always with Democrats in the majority, control gun bills were on the agenda. But the major bill, which sought to restrict access to semiautomatic weapons, required substantial amendment to pass.
- Housing – Democrats made a major push on tenant rights legislation. They passed some key bills but others fell short.
- Ride share safety – A bill intended to impose more controls on companies like Uber and Lyft raised major opposition but passed after significant amendments.

- TABOR - A group of progressive House Democrats pushed a resolution that would have allowed the legislature to file suit challenging the constitutionality of the Taxpayer's Bill of Rights. But Democratic leadership didn't bring it to a floor vote.

Influence of Budget on Legislation

Months before the 2025 legislative session convened, warning signs were flashing that there wouldn't be enough available General Fund revenue to pay for state obligations in the 2025-26 budget. In their June 2024 revenue forecast legislative economists warned the shortfall could be \$576 million. When the September forecasts came around, legislative staff were forecasting a shortfall of \$920 million. And their counterparts in the executive branch Office of State Planning and Budgeting said it could be \$1 billion or more.

By the time Gov. Jared Polis unveiled his budget plan last Nov. 1, his economists had dialed the gap back to \$638 million – and they had a plan to cover that. From then to now there's been a lot of loose talk that \$1 billion or even \$1.5 billion in budget cuts had to be made, depending on which legislator you listened to or which statehouse reporter you read. The Governor's Budget request attacked the dilemma by sweeping accumulated interest from various cash funds held in State agencies as well as transferring money among programs.

The Joint Budget Committee (JBC) continued this trend, asking agencies for cuts to their budgets, although most consisted of reduction in planned increases rather than actual cuts in funding. The problem was not a shortage of dollars, but the constitutional authority to spend those dollars. The Taxpayer Bill of Rights (TABOR) limits increased spending to a formula based on population growth plus an inflation factor; however, some caseload—driven programs saw costs growing faster than the formula allows. This led to the introduction of House Joint Resolution 25-1023 directing for the Office of Legislative Legal Services to hire counsel to pursue legal action to determine whether TABOR is, in fact, constitutional. Ultimately, this controversial measure never moved forward through a vote of the full House. (Members may have become increasingly sensitive about the optics of trying to overturn the will of the voters.)

Other TABOR “work-arounds” included legislation creating TABOR-exempt Enterprises that collect fees to operate specific programs, reliance on the usual “gifts grants and donations”, and establishing programs with implementation delayed to years outside the budget cycle. However, this may provide little benefit since JBC staff has warned that the budget constraints are likely to remain for up to five years. These budget issues were top of mind for legislators in the 2025 legislative session and bills with fiscal notes were not able to advance or were very seriously considered. That said, fewer bills were killed in Appropriations committees than anticipated at the beginning of the 2025 session.

Once again, the Severance Tax Fund (both State and Local funds) were tapped to provide support for a variety of programs outside their designated purposes. Declining severance tax revenues and their importance in funding the state Water Plan resulted introduction of SB 25-040 to form a Task Force and hire a contractor to examine severance tax and alternative means

of funding water needs. The study must also look at ways to avoid transfer of severance tax to the General Fund and ways to repay funds previously transferred to backfill the General Fund.

Now the dust has settled, the 2025-26 long bill has been signed and dozens of its companion bills all have passed. And next year's budget is larger than the 2024-25 budget, with increases for major programs and departments such as Medicaid, K-12 education, Early Childhood, courts and corrections and some others. The operating budget package proposes \$46.52 billion in total spending, including \$16.92 billion General Fund, \$12.73 billion cash funds, and \$13.94 billion federal funds.

Focus on Water Bills Identified by State Affairs

Bills appearing on the CWC Status Sheet were selected for discussion by the State Affairs Committee in their Monday meetings. Many of these were identified by CWC staff and lobbyists, others were flagged by State Affairs members as having potential impact on either water itself or on the entities that provide water for beneficial use. After bills were discussed, members selected some for action (support, oppose, amend, monitor). Even bills that did not receive a motion for action remained on the status sheet to provide information to other members who might still be interested in a topic.

The State's budget situation resulted in some bills failing to move forward beyond their original committee of reference or killed early in the session; some languished in Appropriations until near end of session. Many bills were not resolved until the final days due to the need for the Long Appropriations Bill to be enacted before moving forward.

Bills Supported .

HJR 25-1004. Project Eligibility List. This is the annual list of projects approved as eligible for funding by the State Water Pollution Control Revolving Fund and the Drinking Water Revolving Fund. Signed into law.

HB 25-1009. Vegetative Fuel Mitigation. The bill allows a fire protection district and certain metropolitan districts to establish a program upon adoption of rules that requires the removal of vegetative fuel on private property. Enforcement includes the ability to levy fines against the property owner. Signed into law.

HB 25-1014. Efficiency Measures Div. of Water Resources. This DNR bill streamlines abandonment procedures, dividing the list into two phases. It also allows the holder of a conditional well permit two years to construct the well and put the water to beneficial use. Additional time is also provided to notify the Division of construction and beneficial use from bedrock aquifers. Other streamlining measures are included. Signed into law.

HB 25-1077. Installation and Testing of Backflow Devices. The bill was introduced to correct changes made in 2024 that limited installation and testing of backflow devices to licensed plumbers. This bill allows such devices to be tested and repaired by certified cross-connection

control technicians. Both licensed plumbers and certified cross-connection control technicians must identify the name of the individual providing the service and the date of service on a tag affixed to the device. Signed into law.

HB 25-1115. Administration of Water Supply Measurement Program. This DNR bill centralizes snowpack measurement and water supply forecasting functions administered by the Colorado Water Conservation Board. Signed into law.

HB 25-1165, Geologic Storage Enterprise & Geothermal Resources. State Affairs members supported this bill which came from the Dept. of Natural Resources. It was designed to establish a mechanism to collect fees and regulate the injection of CO2 into underground structures; to add new responsibilities to the Board of Water Well Construction Contractors and rename the Board accordingly, and to further delineate the authority of the State Engineer with regard to approval of geothermal wells. The bill passed both House and Senate

HB 25-1311. Sports Betting Revenues. Sports betting companies have previously been allowed to deduct the tax on two “free” bets per individual offered to incentivize continued engagement by the gambling public. This bill reduces that deduction in two steps. After administrative expenses are paid, the additional revenue should benefit the state Water Plan. The bill passed both chambers.

HB 25-1318. Species Conservation Fund. This bill transfers \$5 million from the Species Conservation Fund in DNR to be used for 1) Upper Colorado River Endangered Fish Recovery Program 2),Selenium Management, Research, Monitoring, Evaluation, and Control; 3) Native Terrestrial Wildlife Conservation; and 4) Native Aquatic Wildlife Conservation. The programs are designed to conserve native species that are threatened or endangered under state or federal law, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service. This reflects an annual appropriation for specific programs dependent on money available in the fund which was generated by severance tax. Passed both chambers.

SB 25-007. Increase Prescribed Burns. This bill tried to incentivize increased prescribed burning for wildfire mitigation conducted by certified burners to rules. The bill establishes a fund supported by \$250,000 from the General Fund and gifts, grants, and donations to compensate for damages from the burn. The bill also clarifies that utilities can issue Colorado Energy Impact bonds to cover costs to mitigate the effects of extreme weather, wildfires, climate change, or other hazards. These bonds and any mitigation program or project are subject to approval by the Public Utilities Commission. Passed both chambers.

SB 25-054. Mining Reclamation and Interstate Compact. As recommended by the Water Resources and Agriculture Review Committee, this bill establishes a streamlined program to encourage removal of water rock from legacy mine sites in order to reduce the likelihood of minerals impacting water sources. The bill also modified the financial warranty posted by mining operators and authorizes the state’s full participation in the Interstate Mining Compact and Commission. Passed both chambers.

SB 25-283. CWCB Annual Projects Bill. The bill appropriates \$53,980,000 from the CWCB Construction Cash fund and the Water Plan Implementation Cash Fund to the Dept. of Natural Resources, along with \$500,000 to the Dept. of Agriculture for a variety of water-related projects approved by the CWCB. Passed both chambers.

SB 25-305. Water Quality Permitting Efficiency. Sponsored by the Joint Budget Committee and introduced very late in the session, this bill establishes efficiency practices to encourage the Water Quality Control Division to move permit applications through the review and approval process more quickly. It requires the Division to report on department prioritization and inspection. establish a time frame for processing permit applications, including a brief period of public review; and consider local government financing of water infrastructure when developing schedules of compliance. As further evidence of the JBC's concern about reducing permit backlog, it includes the division's funding in the bill to support the requested personnel. Passed both chambers.

Bills Opposed

HB 25-1106. Remove Limitations on Precipitation Collection. The bill would have removed the 100 gallon limits on the amount of rooftop precipitation that can be collected and would allow use for both indoor and outdoor including for drinking. The bill was killed at the sponsor's request.

HB 25-1286. The bill established a complex program of requirements for employers to protect all employees working in "extreme temperatures" whether indoors or outdoors. The bill was killed at the request of sponsors, but at least one sponsor has vowed to bring the measure back in a future session.

Bills Recommended for Amendment

HB 25-1113 Limit Turf in New Residential Development. The bill builds upon legislation over past two years that seeks to conserve water by limiting use of outdoor water by limiting the installation of turf grasses unless they are modified for a dry climate. Previous legislation prohibited "non-functional turf" in commercial settings and along streets; this bill expands limitations to new residential development, requiring local governments to take action to adopt limits, providing significant flexibility in how limitations are established. State Affairs members urged amendment to clarify that only local governments with land use authority must comply. Signed into law.

HB 25-1211 Tap Fees Imposed by Special Districts. This bill places additional limitations on tap fees charged by the board of a sanitation district, water and sanitation district or water district. State Affairs members expressed several concerns with this bill and developed a subcommittee to thoroughly discuss the bill. The subcommittee agreed to advocate for a carve out for existing contractual obligations as well as a small district carve out and changing the term "capacity" to "ability." CWC along with our members advocated for these changes in both chambers and

ultimately the Sponsors agreed to some carve out for existing contracts and term changes but not to a small district carve out. Sent to the Governor.

SB 25-280, Data Center Development & Grid Modernization Act. State Affairs members expressed concern that the bill did not sufficiently address water usage. Amendment language was recommended by a member which we discussed with bill proponents and sponsors. Specific recommendations were to condition certification of a data center project upon water availability and a water management plan approval by the water service provider. Although both proponents and sponsors agreed to include our language, the bill ultimately failed to move forward from Appropriations Committee during the final days.

Miscellaneous Bills Awaiting Further Action

State Affairs members engaged in significant discussion on several bills that ultimately were meet the threshold for action. These bills will see continued discussion through work groups throughout the Interim.

HB 25-1323. Division of Parks and Wildlife Outdoor Recreation would have clarified that the division of parks and wildlife in the department of natural resources (division) is the primary entity responsible for outdoor recreation management and infrastructure planning in the state. State Affairs members thought this bill too broad and introduced too late in the session, with potential impacts on water and access over private land; therefore, it should be deferred pending more extensive discussion. The bill was killed but may reappear as part of an Interim process.

HB 25-1332. State Trust Lands Conservation and Recreation Work Group. This was another bill introduced by the Dept. of Natural Resources late in the session that establishes a Study Group to examine the current and future use of State Trust Lands, emphasizing the roles of conservation and recreation. State Affairs members noted that existing leases should remain unaffected and historic uses should be maintained in future leasing. Recommendations were made to the sponsors that resulted in additional user categories be represented among Study Group members. The bill passed both chambers.

HB 25-1334. Condemnation Authority of Certain Special Districts. The bill specified that the powers of eminent domain and dominant eminent domain granted to metropolitan districts and water and sanitation districts in the act do not authorize the exercise of the power of dominant eminent domain to acquire state-owned property or the property of a home rule city, town, city and county, or county. State Affairs members expressed concern over the complexity of the bill with potential impacts on water projects introduced so late in the session. Proponents agreed to kill the bill and pursue discussions with stakeholders during the Interim convened by the Special District Association.

Parting Thoughts With Adjournment sine die less than a week behind us, whisperings of a special session are growing louder to address unresolved issues that include 1) Artificial Intelligence (AI) and 2) Medicaid Funding. And, although most legislative Interim committees are suspended for budgetary reasons, the Water and Agricultural Resources Committee will be meeting as follows:

June 30	Agenda	State Capitol
August 20	Agenda	Steamboat Springs - Colorado Water Congress
September 16	Agenda	State Capitol
October 29	Agenda	State Capitol

See you Soon!