

# First Report of the 2026 legislative session



## Déjà vu all over again under the dome

The following report is intended to provide a contextual background for bills we are seeing and ongoing discussions that may result in bills before the final adjournment in mid-May. While it includes water issues, it also provides a broad picture of the many issues vying for the attention of 100 lawmakers plus the Governor.

When the gavel fell to convene the 2026 legislative session, more formally known as the second regular session of the 75<sup>th</sup> General Assembly Colorado lawmakers trudged back into the Capitol to face a depressingly familiar pile of tough issues, the biggest of which is the state budget - again.

While many of the session's issues are familiar, lawmakers will be operating in a shifting Capitol landscape. There are new leaders in some positions, lame duck leaders in other slots, and lots of distracted members balancing legislative duties while running for other offices or fighting off primary challengers. Although each session brings promise of renewed civility, intra-party conflicts are expected to once again affect the session's tone.

And, because new legislators need to make their mark and imprint their own "brand" on various issues, we can expect to see measures on health care, consumer protection, criminal justice, energy affordability, criminal justice, and attempts to block or roll back previous measures. As always, there will be under-the-radar issues that surface after the session convenes.

## The Capitol landscape

While the biggest changes in the character of the legislature occur in odd-numbered year sessions, following November General elections, there are many changes between 2025 and 2026. A seemingly unprecedented number of vacancies have been filled as the result of resignations and, regrettably, one death. A significant number have left the Capitol and been replaced by vacancy committees, meeting under the rules of the major parties.

Four key leaders have left: on the Republican side, Senate minority leaders Paul Lundein and House minority leader Rose Pugliese in the House have resigned. Sen. Cleave Simpson, R-Alamosa, and Rep. Jarvis Caldwell, R-Colorado Springs, have stepped into those roles. A vacancy committee selected Ava Flanell to complete the unexpired HD 14 term of Rep. Pugliese.

Democratic Sen. Faith Winter, D-Broomfield, who recently died in an automobile accident, was replaced by Rep. William Lindstedt of Broomfield, himself a relatively new member of the House. The vacant seat in House district 33 was then filled by Kenny Nguyen, who has worked in the Office of the Lt. Governor.

## First Report of the 2026 legislative session

Rep. Shannon Bird, D-Westminster, once again in line to chair the JBC resigned in early January to focus on her campaign for the 8<sup>th</sup> Congressional District. House District 29 is now represented by Lori Goldstein, who served as president of the Adams 12 Board of Education. Rep. Kyle Brown moves up to the JBC.

House Speaker Julie McCluskie, D-Dillon, and House Majority Leader Monica Duran, D-Lakewood, are completing their final terms, as is Senate Majority Leader Rodriguez. Senate President James Coleman, D-Denver, has two years remaining on his term. Their departure will signal a significant loss of leadership experience.

The biggest lame duck under the Golden Dome, of course, is Democratic Gov. Jared Polis, who will be finishing his second and final term, along with Lt. Gov. Dianne Primavera, Attorney General Phil Weiser, Secretary of State Jena Griswold and Treasurer Dave Young.

It's an election year and several lawmakers are running for other offices, meaning their attention may be split between campaigning and legislating. At least a dozen lawmakers face primaries as they try to hold on to their current seats.

- Democratic Sen. Jesse Danielson is running for secretary of state (term ended)
- Republican Sen. Barbara Kirkmeyer is running for governor (not term ended)
- Democratic Sen. Jeff Bridges is running for state treasurer (not term ended)
- Democratic Rep. Brianna Titone running for state treasurer (term ended)
- Republican Sen. Mark Baisley was running for governor, now running for U.S. Senate (not term ended)
- Democratic Rep. Manny Rutinel is running for 8<sup>th</sup> Congressional District against Bird (not term ended)
- Democratic Sen. Julie Gonzales (term ended) is mounting a primary challenge against U.S. Sen. John Hickenlooper running for U.S. Senate

### The BIG Picture

#### Budget

During the 2025 session lawmakers had to close a 2025-26 budget gap originally estimated at about \$1 billion, although actual reductions in state spending fell far short of that in the end. Instead, a lot of funding in 2025 was accomplished by shifts and other creative accounting to produce a balanced budget.

Despite the hard work, subsequent congressional passage of HR 1, (the so-called Big Beautiful Bill), blew a hole in the 2025-26 budget when federal tax changes triggered losses in state revenue. An August special session, plus cuts made by the Governor under his emergency powers, loosely stitched the current year's budget back together.

As attention turns to building the 2026-27 budget, there is talk once again about the size of the shortfall –again close to a billion dollars. The Governor and Mark Ferrandino, director of the Office of State Planning and Budgeting, would say there isn't a shortfall on paper. Ferrandino says the governor's 2026-27 plan, as unveiled last Oct. 31 and modified by Jan. 2 amendments, is a balanced budget. He's technically right, but the problem is legislators (for now meaning the members of the Joint Budget

## First Report of the 2026 legislative session

Committee) aren't sold on *how* Polis wants to balance. Here are some of the stickier issues facing the JBC as they begin hearings on budget requests.

**Medicaid** – Rapidly rising Medicaid costs have become a fixation for the governor and Ferrandino, who warns those costs could completely obscure spending on other state programs in coming years. The executive proposal would increase Medicaid spending next year but does significantly slow the rate of growth by keeping a lid on provider rates and making selective service cuts. Those details worry JBC members. And, future federal cuts and expensive administrative requirements will place additional pressure on the state Medicaid program. And TABOR restrictions make it hard for Colorado to compensate for federal losses.

**Human services** – Federal changes, including very recent moves, threaten funding for SNAP and other public assistance programs and would force the state to spend more on administrative costs to meet new federal requirements for client work and recertification. As part of its plan, the governor is proposing potentially controversial centralization of some welfare administration functions in the Department of Human Services. The most recent federal cut announcements are so new that their potential impacts have not been publicly analyzed by OSPB or JBC staff. The Polis administration also is proposing a shift of some public assistance and medical program administration from counties to state agencies. It's unclear how this debate will play out. But ranking Republican JBC member Sen. Barbara Kirkmeyer, R-Weld County, has been raising questions.

**Corrections** – Rising prison population has led the administration to request increased spending for the Department of Corrections. That doesn't make most Democrats happy, leading to talk about more emphasis on community corrections, but it's unclear if they can find a way to avoid spending more money on prisons.

**K-12 Education** – Finding dollars for K-12 remains a challenge, despite the legislature getting rid of the BS (Budget Stabilization) factor. This was an annual I.O.U. deferring full payment of money to meet the requirement of Amendment 23. Discussions are currently underway concerning a potential referred measure to raise the TABOR cap and use the additional money primarily for education funding.

**Higher education** – Polis cut some current-year education funding with his emergency budget actions and basically is proposing flat funding for 2026-27. In past sessions college and university presidents have pushed back against Polis funding plans for higher education, with limited success. Institutions are gearing up for a fight again this session, and they will find some sympathetic ears on JBC. A recent letter from college presidents say they need a General Fund increase of \$75.7 million just to cover minimum costs for core functions. But in a tight budget year it will be hard to find extra cash for colleges and universities. Gov. Jared Polis wants to reshuffle the Department of Higher Education and state workforce programs, and the administration also is proposing significant changes in how the state and counties administer some public assistance programs.

**Pinnacol and other creative ideas** – The centerpiece of Polis' budget-balancing plan isn't cuts but raising cash by selling a state asset – Pinnacol Assurance, the worker compensation insurance company. Estimates vary, but Polis has claimed the move would raise \$400 million to bolster the General Fund. So far JBC members have been highly skeptical of the plan.

## **First Report of the 2026 legislative session**

A ballot initiative (Initiative #218) submitted by a business and labor coalition would allow Pinnacol to privatize and rather than using the proceeds to supplement the budget, the revenue would expand job training through a series of grants. The state would save additional money by pulling Pinnacol employees out of the state pension program, PERA.

### **Affordability – Housing and Energy**

Among the early bill introductions are a repeat bill to encourage housing built on lands owned by government bodies, schools, and churches. HB 26-1001 requires local governments to provide administrative approvals for construction of residential units on non-exempt parcels less than five acres owned by non-profit entities. Exempt parcels include those not served by a domestic water and sewage treatment system, or are served by a well or septic system.

SB 26-016 requires regulated utilities to propose plans to the PUC offering a minimum amount of electricity on a kilowatt per-hour basis at marginal cost to income-qualified residents.

### **Artificial intelligence**

A law passed two years ago, SB 24-205, created regulations and disclosure requirements for companies and agencies that use artificial intelligence tools. Almost nobody was happy with it, but there was an opportunity to amend it because the law wasn't scheduled to go into effect until early 2025. Lawmakers tried and failed to amend the law to the satisfaction of all interest groups, including powerful tech industry interests. Another try by the legislature resulted in passage of a special session bill that delayed the effective date until June 2026. So, the clock is ticking, particularly with both prime sponsors of the 2024 bill, Democratic Rep. Brianna Titone of Arvada and Sen. Robert Rodriguez of Denver, term limited. Rodriguez told a recent Colorado Sun forum that he feels an agreement can be reached this session but that he won't compromise on what he believes are necessary consumer protections.

### **Pushback against the Feds**

The 2025 session passed a stack of bills on subjects as varied as elections, reproductive rights, transgender protections, immigrant civil rights and funding for the attorney general in an effort to resist policy changes imposed by the Trump administration and generally inoculate the state against Republican policies. Attorney General Phil Weiser (who's running for governor) has made good use of the extra funding lawmakers provided, filing suit against the Trump administration challenging the cuts. Now Colorado faces significant reductions in federal Medicaid, public assistance and emergency services funding. Weiser now has filed his 50<sup>th</sup> suit, joining the four other states targeted by the Trump administration in a lawsuit challenging the new reductions. It remains to be seen how lawmakers will respond to recent federal actions.

### **Labor and Employment**

An attempt to amend state law on how many elections are required for unionization of a business was another "fail" in 2025. SB 25-005 proposed to amend Colorado's Labor Peace Act to reduce the number of worker elections required for recognition of a union at a particular business. Gov. Polis and business interests opposed the bill; negotiations on a compromise stalled, and

## **First Report of the 2026 legislative session**

lawmakers passed the bill as-is in the session's closing days. The Governor vetoed it, carrying out a promise made on opening day 2025. The newest effort is HB 26-1005, with sponsors apparently believing that the third time will be charmed, with the Governor indicating "not so much."

Another labor bill that did not reach the finish line in 2025 was a bill requiring employers to monitor and protect workers from extreme temperatures. That bill will reportedly return, along with HB 26-1054 which authorizes Colorado to adopt its own worker health and safety regulations if federal OSHA or MSHA regulations are weakened or repealed.

### **Government reorganization**

Governor Polis is pushing the idea of creating a new Department of Higher Education and Workforce Development to combine the current higher education department and a variety of workforce training programs. Last year a JBC staff analyst suggested it be merged with the Department of Education. And the higher ed department's role has always been ill-defined, given the high degree of independence afforded the individual systems and institutions in Colorado.

Governor Polis has lined up some key legislative allies. Colorado House Speaker Julie McCluskie, Democratic state Sen. Jeff Bridges and Republican state Rep. Rick Taggart will sponsor the bill. Bridges and Taggart both serve on the Joint Budget Committee.

### **Draft legislation and Concepts**

The weeks leading up to every legislative session are busy with private conversations, bill drafting, testing the waters and stakeholder consultation about possible bills for the upcoming session. Among the drafts and concepts under discussion are:

- Protection for beavers – an issue for wildfire mitigation and wetlands (in addition to the wildlife issues)
- Local taxation of vacant residential buildings to fund affordable housing
- Stream access
- Revegetation standards and practices
- Underground injection control authority (DNR bill)
- Recreation opportunity (DNR bill)
- Energy Planning (multiple approaches)
- Data Center requirements (One bill introduced, another still in drafting)

And of course, there are always the ballot Initiatives to look forward in the 2026 General Election. Among the 225 initiatives that have been filed (not all have moved forward) are 20 calling for a graduated income tax, and Initiative #197 which would designate sales tax from the sale of sporting goods to conservation and wildfire mitigation.