

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 24-0522.01 Jennifer Berman x3286

HOUSE BILL 24-1362

HOUSE SPONSORSHIP

Lukens and Catlin, McCluskie, Frizell

SENATE SPONSORSHIP

Roberts and Simpson,

House Committees

Agriculture, Water & Natural Resources
Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO PROMOTE THE USE OF GRAYWATER.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Under current law, a board of county commissioners or governing body of a municipality (local government) may authorize the use of graywater within its jurisdiction. Graywater refers to certain types of wastewater that is collected from fixtures before it is treated and put to certain beneficial uses.

The bill authorizes the installation of graywater treatment works and the use of graywater statewide; except that a local government:

- May adopt an ordinance or a resolution prohibiting the

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

HOUSE
Amended 2nd Reading
April 4, 2024

installation of graywater treatment works or the use of all graywater or categories of graywater use within its jurisdiction; and

- Shall notify the division of administration in the department of public health and environment of any such local ordinance or resolution adopted.

To incentivize the installation of graywater treatment works within a residential building for indoor water reuse, the bill also creates a state income tax credit that allows a taxpayer to claim a credit up to 50% of the cost of such an installation or up to \$5,000, whichever amount is less.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add 25-8-205.4** as
3 follows:

4 **25-8-205.4. Statewide authorization of graywater use - local**
5 **government notice required to opt out.** (1) EXCEPT AS PROVIDED IN
6 SUBSECTION (2) OF THIS SECTION, A PERSON MAY INSTALL GRAYWATER
7 TREATMENT WORKS AND USE GRAYWATER IN ACCORDANCE WITH SECTION
8 25-8-205 (1)(g) AND RULES ADOPTED PURSUANT TO SECTION 25-8-205
9 (1)(g).

10 (2) (a) A BOARD OF COUNTY COMMISSIONERS OR GOVERNING BODY
11 OF A MUNICIPALITY MAY ADOPT A RESOLUTION OR AN ORDINANCE
12 PURSUANT TO SECTION 30-11-107 (1)(kk) OR 31-15-601 (1)(m):

13 (I) PROHIBITING THE INSTALLATION OF GRAYWATER TREATMENT
14 WORKS AND THE USE OF ALL GRAYWATER IN THE COUNTY OR
15 MUNICIPALITY; OR

16 (II) PROHIBITING ONE OR MORE CATEGORIES OF GRAYWATER USE
17 THAT THE COMMISSION ESTABLISHES IN RULES ADOPTED PURSUANT TO
18 SECTION 25-8-205 (1)(g).

19 (b) A BOARD OF COUNTY COMMISSIONERS OR GOVERNING BODY OF
20 A MUNICIPALITY THAT ADOPTS A RESOLUTION OR AN ORDINANCE

1 PURSUANT TO SUBSECTION (2)(a) OF THIS SECTION SHALL NOTIFY THE
2 DIVISION THAT THE BOARD OF COUNTY COMMISSIONERS OR GOVERNING
3 BODY OF A MUNICIPALITY PROHIBITS THE USE OF ALL GRAYWATER OR
4 PROHIBITS CERTAIN CATEGORIES OF GRAYWATER USE IN THE COUNTY OR
5 MUNICIPALITY.

6 (c) A BOARD OF COUNTY COMMISSIONERS OR GOVERNING BODY OF
7 A MUNICIPALITY THAT HAS NOT PROHIBITED THE INSTALLATION OF
8 GRAYWATER TREATMENT WORKS PURSUANT TO SUBSECTION (2)(a)(I) OF
9 THIS SECTION, PRIOR TO INSTALLATION OF ANY GRAYWATER TREATMENT
10 WORKS, CONTINUES TO BE RESPONSIBLE FOR ADOPTING BUILDING CODES
11 THAT PREVENT GRAYWATER FROM ENTERING A POTABLE WATER SYSTEM
12 AND FOR REPORTING TO THE LOCAL WATER UTILITY THE PLANNED
13 INSTALLATION OF GRAYWATER SYSTEMS THAT REQUIRE BACKFLOW
14 PREVENTION CROSS-CONNECTION CONTROL DEVICES UNDER THE
15 COMMISSION'S RULES FOR THE PURPOSE OF SURVEYING AND TRACKING
16 SUCH DEVICES. FOR EACH LOCATION WITHIN A LOCAL GOVERNMENT'S
17 JURISDICTION AT WHICH GRAYWATER TREATMENT WORKS HAVE BEEN
18 INSTALLED, THE BUILDING DEPARTMENT OF THE LOCAL GOVERNMENT
19 SHALL PROVIDE THE ADDRESS OF THE LOCATION TO EACH WATER UTILITY
20 SERVING THAT LOCATION.

21 (3) A BOARD OF COUNTY COMMISSIONERS OR GOVERNING BODY OF
22 A MUNICIPALITY THAT SENDS A NOTICE PURSUANT TO SUBSECTION (2)(b)
23 OF THIS SECTION MAY SUBSEQUENTLY ADOPT A RESOLUTION PURSUANT TO
24 SECTION 30-11-107 (1)(kk) OR AN ORDINANCE PURSUANT TO SECTION
25 31-15-601 (1)(m) TO AUTHORIZE THE INSTALLATION OF GRAYWATER
26 TREATMENT WORKS AND THE USE OF GRAYWATER OR TO AUTHORIZE
27 CATEGORIES OF GRAYWATER USE PREVIOUSLY PROHIBITED. A BOARD OR

1 GOVERNING BODY THAT SUBSEQUENTLY AUTHORIZES THE USE OF
2 GRAYWATER PURSUANT TO THIS SUBSECTION (3) SHALL PROMPTLY NOTIFY
3 THE DIVISION OF THE SUBSEQUENT AUTHORIZATION.

4 (4) UNLESS A BOARD OF COUNTY COMMISSIONERS OR GOVERNING
5 BODY OF A MUNICIPALITY ADOPTS A RESOLUTION OR AN ORDINANCE TO
6 THE CONTRARY, A PERSON MAY INSTALL INDOOR GRAYWATER TREATMENT
7 WORKS PURSUANT TO SUBSECTION (1) OF THIS SECTION ONLY IN NEW
8 CONSTRUCTION PROJECTS.

9 SECTION 2. In Colorado Revised Statutes, 30-11-107, **amend**
10 (1)(kk) as follows:

11 **30-11-107. Powers of the board.** (1) The board of county
12 commissioners of each county has power at any meeting:

13 (kk) (I) To adopt a resolution, ~~to authorize~~, in consultation with
14 the local board of health, local public health agencies, and any water and
15 wastewater service providers serving the county, REGARDING the use of
16 graywater, as defined in section 25-8-103 (8.3), ~~C.R.S.~~, in compliance
17 with any regulation adopted pursuant to section 25-8-205 (1)(g), ~~C.R.S.~~,
18 and to enforce compliance with the board's resolution. A BOARD OF
19 COUNTY COMMISSIONERS:

20 (A) MAY ADOPT A RESOLUTION PROHIBITING THE INSTALLATION
21 OF GRAYWATER TREATMENT WORKS, AS DEFINED IN SECTION 25-8-103
22 (8.4), AND THE USE OF ALL GRAYWATER OR PROHIBITING ONE OR MORE
23 CATEGORIES OF GRAYWATER USE THAT THE WATER QUALITY CONTROL
24 COMMISSION ESTABLISHES IN RULES ADOPTED PURSUANT TO SECTION
25 25-8-205 (1)(g); AND

26 (B) PURSUANT TO SECTION 25-8-205.4 (2)(b), SHALL NOTIFY THE
27 DIVISION OF ADMINISTRATION WITHIN THE DEPARTMENT OF PUBLIC

1 HEALTH AND ENVIRONMENT OF ANY RESOLUTION ADOPTED PURSUANT TO
2 SUBSECTION (1)(kk)(I)(A) OF THIS SECTION. A BOARD OF COUNTY
3 COMMISSIONERS THAT SENDS NOTICE PURSUANT TO THIS SUBSECTION
4 (1)(kk)(I)(B) MAY SUBSEQUENTLY AUTHORIZE THE INSTALLATION OF
5 GRAYWATER TREATMENT WORKS AND THE USE OF GRAYWATER OR
6 AUTHORIZE CATEGORIES OF GRAYWATER USE PREVIOUSLY PROHIBITED AT
7 ANY TIME BY ADOPTING A RESOLUTION. A BOARD OF COUNTY
8 COMMISSIONERS THAT SUBSEQUENTLY AUTHORIZES THE USE OF
9 GRAYWATER SHALL PROMPTLY NOTIFY THE DIVISION OF ADMINISTRATION
10 WITHIN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT OF THE
11 SUBSEQUENT AUTHORIZATION.

12 (II) ~~Before adopting a resolution to authorize the use of graywater~~
13 ~~pursuant to subparagraph (I) of this paragraph (kk),~~ A board of county
14 commissioners THAT HAS NOT PROHIBITED ALL GRAYWATER USE
15 PURSUANT TO SUBSECTION (1)(kk)(I) OF THIS SECTION is encouraged to
16 enter into a memorandum of understanding with the local board of health,
17 local public health agencies, and any water and wastewater service
18 providers serving the county concerning graywater usage and the proper
19 installation and operation of graywater treatment works, as defined in
20 section 25-8-103 (8.4). ~~C.R.S.~~

21 **SECTION 3.** In Colorado Revised Statutes, 31-15-601, **amend**
22 (1)(m) as follows:

23 **31-15-601. Building and fire regulations - emission**
24 **performance standards required - reporting.** (1) The governing bodies
25 of municipalities have the following powers in relation to building and
26 fire regulations:

27 (m) (I) To adopt an ordinance, ~~to authorize,~~ in consultation with

1 the local board of health, local public health agencies, and any water and
2 wastewater service providers serving the municipality, REGARDING the
3 use of graywater, as defined in section 25-8-103 (8.3), ~~C.R.S.~~, in
4 compliance with any regulation adopted pursuant to section 25-8-205
5 (1)(g), ~~C.R.S.~~, and to enforce compliance with the governing body's
6 ordinance. THE GOVERNING BODY OF A MUNICIPALITY:

7 (A) MAY ADOPT AN ORDINANCE PROHIBITING THE INSTALLATION
8 OF GRAYWATER TREATMENT WORKS, AS DEFINED IN SECTION 25-8-103
9 (8.4), AND THE USE OF ALL GRAYWATER OR PROHIBITING ONE OR MORE
10 CATEGORIES OF GRAYWATER USE THAT THE WATER QUALITY CONTROL
11 COMMISSION ESTABLISHES IN RULES ADOPTED PURSUANT TO SECTION
12 25-8-205 (1)(g); AND

13 (B) PURSUANT TO SECTION 25-8-205.4 (2)(b), SHALL NOTIFY THE
14 DIVISION OF ADMINISTRATION WITHIN THE DEPARTMENT OF PUBLIC
15 HEALTH AND ENVIRONMENT OF ANY ORDINANCE ADOPTED PURSUANT TO
16 SUBSECTION (1)(m)(I)(A) OF THIS SECTION. A GOVERNING BODY OF A
17 MUNICIPALITY THAT SENDS NOTICE PURSUANT TO THIS SUBSECTION
18 (1)(m)(I)(B) MAY SUBSEQUENTLY AUTHORIZE THE INSTALLATION OF
19 GRAYWATER TREATMENT WORKS AND THE USE OF GRAYWATER OR
20 AUTHORIZE CATEGORIES OF GRAYWATER USE PREVIOUSLY PROHIBITED AT
21 ANY TIME BY ADOPTING AN ORDINANCE. A GOVERNING BODY OF A
22 MUNICIPALITY THAT SUBSEQUENTLY AUTHORIZES THE USE OF GRAYWATER
23 SHALL PROMPTLY NOTIFY THE DIVISION OF ADMINISTRATION WITHIN THE
24 DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT OF THE SUBSEQUENT
25 AUTHORIZATION.

26 ~~(II) Before adopting an ordinance to authorize the use of~~
27 ~~graywater pursuant to subparagraph (I) of this paragraph (m), the A~~

1 municipal governing body THAT HAS NOT PROHIBITED ALL GRAYWATER
2 USE PURSUANT TO SUBSECTION (1)(m)(I) OF THIS SECTION is encouraged
3 to enter into a memorandum of understanding with the local board of
4 health, local public health agencies, and any water and wastewater service
5 providers serving the municipality concerning graywater usage and the
6 proper installation and operation of graywater treatment works, as defined
7 in section 25-8-103 (8.4). ~~C.R.S.~~

8 **SECTION 4.** In Colorado Revised Statutes, 25-8-205, **amend**
9 (1)(g) as follows:

10 **25-8-205. Control regulations.** (1) The commission may
11 promulgate control regulations for the following purposes:

12 (g) (I) To describe requirements, prohibitions, and standards for
13 the use of graywater for nondrinking purposes, to encourage the use of
14 graywater, and to protect public health and water quality.

15 ~~(II) Except as authorized in section 25-8-205.3, graywater may be~~
16 ~~used only in areas where the local city, city and county, or county has~~
17 ~~adopted an ordinance or resolution approving the use of graywater~~
18 ~~pursuant to section 30-11-107 (1)(kk) or 31-15-601 (1)(m). The A city,~~
19 ~~city and county, or county that has adopted an ordinance or resolution~~
20 ~~approving~~ REGARDING the use of graywater pursuant to section 30-11-107
21 (1)(kk) or 31-15-601 (1)(m) has exclusive enforcement authority
22 regarding compliance with the ordinance or resolution.

23 (III) Use of graywater ~~shall be~~ IS allowed only in accordance with
24 the terms and conditions of the decrees, contracts, and well permits
25 applicable to the use of the source water rights or source water and any
26 return flows ~~therefrom~~ FROM THE SOURCE WATER, and ~~no use of~~
27 graywater USE shall NOT be allowed IN A MANNER that ~~would~~ IS not be

1 allowed under such decrees, contracts, or permits. ~~if the graywater~~
2 ~~ordinance or resolution did not exist.~~

3 ~~(IV) A local city, city and county, or county may only authorize~~
4 ~~the use of graywater in accordance with federal, state, and local~~
5 ~~requirements.~~

6 **SECTION 5.** In Colorado Revised Statutes, 25-8-205.3, **repeal**
7 (2)(c) as follows:

8 **25-8-205.3. Exemption from control regulations for graywater**
9 **research - definition.** (2) A person collecting, treating, or using
10 graywater pursuant to this section:

11 (c) ~~May collect, treat, and use the graywater in an area that is not~~
12 ~~within the jurisdiction of any city, city and county, or county that has~~
13 ~~adopted an ordinance or resolution authorizing graywater use pursuant to~~
14 ~~section 25-8-205 (1)(g)(H);~~

15 

16 **SECTION 6. Act subject to petition - effective date.** This act
17 takes effect January 1, 2026; except that, if a referendum petition is filed
18 pursuant to section 1 (3) of article V of the state constitution against this
19 act or an item, section, or part of this act within the ninety-day period
20 after final adjournment of the general assembly, then the act, item,
21 section, or part will not take effect unless approved by the people at the
22 general election to be held in November 2024 and, in such case, will take
23 effect January 1, 2026, or on the date of the official declaration of the
24 vote thereon by the governor, whichever is later.