

**First Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 25-0165.01 Clare Haffner x6137

SENATE BILL 25-040

SENATE SPONSORSHIP

Roberts and Simpson, Bridges, Marchman, Pelton B.

HOUSE SPONSORSHIP

McCormick and Martinez,

Senate Committees

Agriculture & Natural Resources

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE FUTURE OF SEVERANCE TAXES**
102 **AND WATER FUNDING TASK FORCE.**

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/>.)

Water Resources and Agriculture Review Committee. The bill creates the future of severance taxes and water funding task force (task force).

The department of natural resources is required to contract with a third party to conduct a study on severance taxes and water funding and develop recommendations for ways to continue funding water needs in

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.

the face of decreasing severance tax revenue (study). The purpose of the task force is to work with the third party to conduct the study and develop recommendations.

No later than January 15, 2026, the third party must submit a draft report, detailing the results of the study and any recommendations, to the department of natural resources and the task force for review. The task force is required to provide input on the draft report. No later than July 15, 2026, the third party must submit a final report, which incorporates the input of the task force, to the water resources and agriculture review committee (committee). The task force must present the final report to the committee during the 2026 legislative interim.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 37-98-106 as
3 follows:

4 **37-98-106. Future of severance taxes and water funding task**
5 **force - created - membership - third party to conduct study - report**
6 **- definitions - repeal.** (1) AS USED IN THIS SECTION, UNLESS THE
7 CONTEXT OTHERWISE REQUIRES:

8 (a) "COMMITTEE" MEANS THE WATER RESOURCES AND
9 AGRICULTURE REVIEW COMMITTEE CREATED IN SECTION 37-98-102
10 (1)(a)(I).

11 (b) "TASK FORCE" MEANS THE FUTURE OF SEVERANCE TAXES AND
12 WATER FUNDING TASK FORCE CREATED IN SUBSECTION (2) OF THIS
13 SECTION.

14 (c) "THIRD PARTY" MEANS THE THIRD PARTY HIRED BY THE
15 DEPARTMENT OF NATURAL RESOURCES PURSUANT TO SUBSECTION (5)(a)
16 OF THIS SECTION.

17 (2) (a) THE FUTURE OF SEVERANCE TAXES AND WATER FUNDING
18 TASK FORCE IS CREATED IN THE DEPARTMENT OF NATURAL RESOURCES.

19 (b) THE TASK FORCE CONSISTS OF THE FOLLOWING MEMBERS:

1 (I) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF NATURAL
2 RESOURCES OR THE EXECUTIVE DIRECTOR'S DESIGNEE;

3 (II) THE DIRECTOR OF THE COLORADO WATER CONSERVATION
4 BOARD CREATED IN SECTION 37-60-102 OR THE DIRECTOR'S DESIGNEE;

5 (III) THE COMMISSIONER OF AGRICULTURE OR THE
6 COMMISSIONER'S DESIGNEE;

7 (IV) A REPRESENTATIVE OF AN ENVIRONMENTAL ADVOCACY
8 ORGANIZATION, APPOINTED BY THE SPEAKER OF THE HOUSE OF
9 REPRESENTATIVES;

10 (V) A REPRESENTATIVE OF THE OIL AND GAS INDUSTRY WITH
11 EXPERIENCE IN SEVERANCE TAX ISSUES, APPOINTED BY THE MINORITY
12 LEADER OF THE SENATE;

13 (VI) A REPRESENTATIVE OF A WATER CONSERVATION DISTRICT,
14 APPOINTED BY THE PRESIDENT OF THE SENATE;

15 (VII) A REPRESENTATIVE OF THE AGRICULTURE INDUSTRY WITH
16 EXPERIENCE IN THE INTERSECTION OF AGRICULTURE, WATER PROJECTS,
17 AND THE OIL AND GAS INDUSTRY, APPOINTED BY THE MINORITY LEADER OF
18 THE HOUSE OF REPRESENTATIVES;

19 (VIII) A COUNTY COMMISSIONER FROM A COUNTY THAT CONTAINS
20 OIL AND GAS OPERATIONS, APPOINTED BY THE GOVERNOR; AND

21 (IX) AN ELECTED MUNICIPAL OFFICIAL OR CITY OR TOWN
22 MANAGER FROM A CITY, TOWN, OR CITY AND COUNTY THAT HAS
23 INTERACTIONS WITH OIL AND GAS OPERATIONS, APPOINTED BY THE
24 GOVERNOR.

25 (3) THE PURPOSE OF THE TASK FORCE IS TO CONSULT AND
26 COORDINATE WITH THE THIRD PARTY IN THE DEVELOPMENT OF A STUDY
27 REGARDING THE FUTURE OF SEVERANCE TAXES AND WATER FUNDING IN

1 THE STATE.

2 (4) (a) NO LATER THAN SEPTEMBER 1, 2025, THE APPOINTING
3 AUTHORITIES SHALL MAKE APPOINTMENTS TO THE TASK FORCE.

4 (b) THE DEPARTMENT OF NATURAL RESOURCES SHALL PROVIDE
5 STAFF AND OTHER RESOURCES TO SUPPORT THE WORK OF THE TASK FORCE.

6 (c) THE TASK FORCE SHALL CONDUCT MEETINGS AS NECESSARY TO
7 PERFORM ITS DUTIES PURSUANT TO THIS SECTION.

8 (d) THE MEMBERS OF THE TASK FORCE SERVE WITHOUT
9 COMPENSATION BUT MAY BE REIMBURSED FOR ANY REASONABLE
10 EXPENSES INCURRED IN THE PERFORMANCE OF THE DUTIES REQUIRED
11 UNDER THIS SECTION.

12 (5) (a) THE DEPARTMENT OF NATURAL RESOURCES SHALL
13 CONTRACT WITH A THIRD PARTY TO CONDUCT A FUTURE OF SEVERANCE
14 TAXES AND WATER FUNDING STUDY. THE PURPOSE OF THE STUDY IS TO
15 EXPLORE WAYS TO CONTINUE FUNDING WATER NEEDS IN THE FACE OF THE
16 DECREASING AVAILABILITY OF SEVERANCE TAX REVENUE COLLECTED
17 PURSUANT TO ARTICLE 29 OF TITLE 39 AND TO DEVELOP RELATED
18 RECOMMENDATIONS.

19 (b) NO LATER THAN JANUARY 15, 2026, THE THIRD PARTY SHALL
20 SUBMIT A DRAFT REPORT TO THE DEPARTMENT OF NATURAL RESOURCES
21 AND THE TASK FORCE DESCRIBING THE STUDY'S FINDINGS AND ANY
22 RECOMMENDATIONS. THE TASK FORCE SHALL REVIEW AND PROVIDE INPUT
23 ON THE DRAFT REPORT.

24 (c) NO LATER THAN JULY 15, 2026, THE THIRD PARTY SHALL:

25 (I) IN CONSULTATION WITH THE DEPARTMENT OF NATURAL
26 RESOURCES AND THE TASK FORCE, CREATE A FINAL REPORT THAT
27 INCORPORATES THE TASK FORCE'S INPUT REGARDING THE DRAFT REPORT;

1 AND

2 (II) SUBMIT THE FINAL REPORT TO THE COMMITTEE.

3 (d) FOLLOWING THE SUBMISSION OF THE REPORT TO THE
4 COMMITTEE, THE TASK FORCE SHALL PRESENT A SUMMARY OF THE REPORT
5 TO THE COMMITTEE DURING THE 2026 LEGISLATIVE INTERIM.

6 (6) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2026.

7 **SECTION 2. Act subject to petition - effective date.** This act
8 takes effect at 12:01 a.m. on the day following the expiration of the
9 ninety-day period after final adjournment of the general assembly; except
10 that, if a referendum petition is filed pursuant to section 1 (3) of article V
11 of the state constitution against this act or an item, section, or part of this
12 act within such period, then the act, item, section, or part will not take
13 effect unless approved by the people at the general election to be held in
14 November 2026 and, in such case, will take effect on the date of the
15 official declaration of the vote thereon by the governor.