



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1340: REVEGETATE OR DRY FARM FORMERLY IRRIGATED AG LAND

Prime Sponsors:

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Published for: House Ag., Water & Nat. Res.**Drafting number:** LLS 26-0274**Version:** Initial Fiscal Note**Date:** April 6, 2026**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. When a water right holder changes the beneficial use of water from irrigated agriculture to some other use, this bill requires that the holder ensure the formerly irrigated land is revegetated, or converted to dryland farming with effective erosion and weed control.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

| Type of Impact | Budget Year FY 2026-27 | Out Year FY 2027-28 |
|-------------------------|-----------------------------------|--------------------------------|
| State Revenue | \$0 | \$0 |
| State Expenditures | \$0 | \$0 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.0 FTE | 0.0 FTE |

Summary of Legislation

When a water right holder changes the beneficial use of water from irrigated agriculture to some other use, this bill requires that the holder ensure the formerly irrigated land is revegetated, or converted to dryland farming with effective erosion and weed control. These requirements apply to a change in beneficial use on or after January 1, 2027, and only in Water Division 2, consisting of all lands in the drainage basins of the Arkansas River and the Dry Cimarron River, including their streams and tributaries in Colorado.

Any change in use application to the water court must include the identification of a site-specific standard and methodology to determine the success of required revegetation efforts. This includes appointing a third-party evaluator to conduct annual field reviews and report on the efforts to reclaim the land. Following a five-year maintenance plan, the court may:

- order additional maintenance periods; or
- limit the amount of the water right used to the percentage of land that has been successfully revegetated or converted to dryland farming, which will limit the amount of water that can be used for the new beneficial use during the conversion process.

State Expenditures

Beginning with FY 2026-27, the bill is expected to extend case duration and increase post-decree oversight in water court, which is housed in the Judicial Department. Based on past experience with revegetation-related decrees, these cases can generate post-decree disputes requiring judicial action, including review of expert reports, resolution of contested issues, and occasional hearings. Approximately half of such cases may involve some degree of post-decree litigation. As a result, the bill is likely to increase the length of affected cases and add to the post-decree workload of Water Judges and staff. Given the rarity of trials and the variability among cases, the amount of additional trial time cannot be estimated.

Because the number of change-of-use cases filed in Water Division 2 is relatively small, any increase in workload should be minimal and absorbable within current resources. If the workload related to more complex litigation exceeds a minimal or absorbable threshold, or if the division experience an increase in the number of cases or sustained post-decree responsibilities, the Judicial Department will seek additional resources through the annual budget process.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Agriculture

Judicial

Counties

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](#).