



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-157: DETERMINATION OF TOWN ABANDONMENT

Prime Sponsors:

Sen. Pelton R.; Hinrichsen

Fiscal Analyst:

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Fiscal note status: The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill creates an expedited process for determining a town is abandoned if the town owns or operates infrastructure critical for the treatment or delivery of water to residents. It also allows the Department of Public Safety to contract for the routine operation and maintenance of the water system while the application for determination of abandonment is being considered.

Types of impacts. The bill is projected to affect the following areas on a one-time basis:

- State Expenditures
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$100,000 to the Department of Public Safety.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures (Cash Funds)	up to \$100,000	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Under current law, when a town has failed to hold elections, elect officers, and maintain any town government for at least five years, the county attorney of the applicable county or a landowner in the town, can apply to the Secretary of State (DOS) to determine that the town is abandoned. The bill allows a registered elector of the town to also make this application and removes the five-year requirement for a town that owns or operates infrastructure critical for the treatment or delivery of water to residents.

Once an application for the abandonment of a town is made to the DOS, if the town has a water system that is failing or likely to fail, the Department of Public Health and Environment may transfer up to \$100,000 from the continuously appropriated Small Communities Water and Wastewater Grant Fund to the Department of Public Safety (CDPS) to contract for the routine operation and maintenance of the town's water system. These funds may be used for up to six months after the DOS makes a final determination on abandonment of the town, but may not be used for improvements to the water system. The provision of funds is temporary and does not transfer ownership of the water system or its liabilities to the state. This provision is repealed, effective July 1, 2027.

Upon receipt of the application, the DOS will post a notice on its website and in at least two conspicuous locations within the town specifying the date, time, and place where the application will be heard, which must be at least 20 days after publication. The existing requirement to publish the notice in a newspaper is eliminated. If the DOS determines that the town is abandoned, the county will transfer all real and personal property comprising the water system to an entity that has the primary purpose of water delivery, unless otherwise determined by the county.

Background

The mayor and trustees of the Town of Hartman, Colorado, resigned and transferred the town books to Prowers County, thereby dissolving the town government. Hartman has its own water system. The trustees were responsible for paying for the operation and maintenance of the water system and their resignation left the water system without funding for powering the pump, and testing and treating the water.

Assumptions

The fiscal note assumes that an application for abandonment of a town will be made for the Town of Hartman and that the Division of Homeland Security and Emergency Management in the CDPS will contract for the operation and maintenance of the water system.

State Expenditures

This bill will increase expenditures for the Division of Homeland Security and Emergency Management in the CDPS by up to \$100,000 from the Small Communities Water and Wastewater Grant Fund. This fund is continuously appropriated for use by the Colorado Department of Public Health and Environment. The division will contract with a water delivery provider to operate and maintain the Town of Hartman’s water system. The workload associated with the contracting process can be accomplished with existing appropriations.

Local Government

The bill will enable a town with its own water system to be declared abandoned more quickly than the five years required under current law. State funds will temporarily be available to pay for costs of the abandoned town until it is transferred to a private operator that can bill residents directly.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$100,000 in reappropriated funds from the Small Communities Water and Wastewater Grant Fund to the Department of Public Safety.

State and Local Government Contacts

Counties	Public Safety
Municipalities	Secretary of State
Public Health and Environment	

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](#).