

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

ENGROSSED

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

LLS NO. 26-0874.01 Christopher McMichael x4775

HOUSE BILL 26-1338

HOUSE SPONSORSHIP

McCormick and Winter T.,

SENATE SPONSORSHIP

Roberts and Simpson,

House Committees

Agriculture, Water & Natural Resources
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE COLORADO WATER CONSERVATION BOARD**
102 **OPERATIONS, AND, IN CONNECTION THEREWITH, FUNDING**
103 **PROJECTS AND MAKING AN APPROPRIATION.**

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>.)

The bill appropriates the following amounts for the 2026-27 state fiscal year from the Colorado water conservation board (CWCB) construction fund to the CWCB or the division of water resources in the department of natural resources for the following projects:

- Continuation of the satellite monitoring system, \$380,000

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
2nd Reading Unamended
April 17, 2026

- (section 1 of the bill);
- Continuation of the floodplain map modernization program, \$500,000 (section 2);
- Continuation of the weather modification permitting program, \$500,000 (section 3);
- Continuation of the Colorado Mesonet project, \$200,000 (section 5);
- Continuation of the water forecasting partnership project, \$2,500,000 (section 6);
- Continuation of Colorado decision support system operation and maintenance, \$750,000 (section 7);
- Support for water plan agency actions, \$1,350,000 (section 9);
- Continuation of the Colorado watershed restoration and flood mitigation projects, \$5,000,000 (section 10); and
- Continuation of the upper Colorado river commission planning, \$750,000 (section 11).

Section 4 directs the state treasurer to transfer up to \$6,000,000 from the CWCB construction fund to the CWCB litigation fund on or before July 1, 2026.

Section 8 restores the fish and wildlife resources fund balance by transferring \$2,000,000 from the CWCB construction fund to the fish and wildlife resources fund.

Section 12 authorizes the CWCB to make a loan in an amount of \$151,500,000 from the severance tax perpetual base fund to the city of Fort Collins to support the Halligan water supply project.

Section 13 authorizes the CWCB to make a loan in an amount of \$20,166,670 from the severance tax perpetual base fund to the Lower Latham Reservoir Company for the Jurgens reservoir construction project.

Section 14 appropriates \$37,700,000 from the water plan implementation cash fund to the CWCB to award grants that will help implement the state water plan.

Section 15 clarifies that the money that is currently in the turf replacement fund is appropriated for designated purposes to the CWCB until June 30, 2028. Any money remaining in the turf replacement fund on July 1, 2028, is transferred to the CWCB construction fund.

Section 16 makes technical corrections so that money appropriated in 2025 is available to the department of natural resources executive director's office for the purpose of paying for a study by the Colorado water center at Colorado state university.

Under current law, the CWCB may authorize loans up to \$10 million from the CWCB construction fund or severance tax perpetual base fund without legislative authorization. The bill increases that amount to \$30 million (section 17).

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

2 **SECTION 1. Continuation of the satellite monitoring system**
3 **- operation and maintenance - appropriation.** (1) For the 2026-27
4 state fiscal year, \$380,000 is appropriated to the department of natural
5 resources for use by the division of water resources. This appropriation
6 is from the Colorado water conservation board construction fund created
7 in section 37-60-121, C.R.S. To implement this section, the division of
8 water resources may use this appropriation to install, maintain, and
9 operate satellite-monitored stream gauges and lysimeters for water rights
10 administration and data collection pursuant to section 37-80-102 (10),
11 C.R.S.

12 (2) The money appropriated in subsection (1) of this section
13 remains available for the designated purposes until it is fully expended.

14 **SECTION 2. Continuation of the Colorado floodplain map**
15 **modernization program - appropriation.** (1) For the 2026-27 state
16 fiscal year, \$500,000 is appropriated to the department of natural
17 resources for use by the Colorado water conservation board. This
18 appropriation is from the Colorado water conservation board construction
19 fund created in section 37-60-121, C.R.S. To implement this section, the
20 Colorado water conservation board may use this appropriation to continue
21 to assist with the preparation of revised and improved floodplain studies
22 and maps for communities throughout Colorado and to participate in
23 federally sponsored floodplain map modernization activities.

24 (2) The money appropriated in subsection (1) of this section
25 remains available for the designated purposes until it is fully expended.

26 **SECTION 3. Continuation of the weather modification**

1 **permitting program - appropriation.** (1) For the 2026-27 state fiscal
2 year, \$500,000 is appropriated to the department of natural resources for
3 use by the Colorado water conservation board. This appropriation is from
4 the Colorado water conservation board construction fund created in
5 section 37-60-121, C.R.S. To implement this section, the Colorado water
6 conservation board may use this appropriation to assist water
7 conservation and conservancy districts with the development of cloud
8 seeding programs to provide benefits to recreation, streams, and
9 reservoirs through snowpack enhancement.

10 (2) The money appropriated in subsection (1) of this section
11 remains available for the designated purposes until it is fully expended.

12 **SECTION 4. Restoration of litigation fund cash balance -**
13 **transfer.** On or before July 1, 2026, the state treasurer shall transfer
14 \$6,000,000, or so much thereof as may be necessary to restore the balance
15 of the litigation fund to \$6,000,000, from the unreserved cash in the
16 Colorado water conservation board construction fund created in section
17 37-60-121, C.R.S., to the litigation fund created in section 37-60-121
18 (2.5), C.R.S., to assist in addressing legal issues associated with compact
19 compliance or any other litigation activities as specified under section
20 37-60-121, C.R.S.

21 **SECTION 5. Continuation of the Colorado Mesonet project**
22 **- appropriation.** (1) For the 2026-27 state fiscal year, \$200,000 is
23 appropriated to the department of natural resources for use by the
24 Colorado water conservation board. This appropriation is from the
25 Colorado water conservation board construction fund created in section
26 37-60-121, C.R.S. To implement this section, the Colorado water
27 conservation board may use this appropriation to support the Colorado

1 Mesonet, including for the following activities: Operation, maintenance,
2 travel, communications, and database and website management for
3 temperature and precipitation stations.

4 (2) The money appropriated in subsection (1) of this section
5 remains available for the designated purposes until it is fully expended.

6 **SECTION 6. Continuation of the water forecasting**
7 **partnership project - appropriation.** (1) For the 2026-27 state fiscal
8 year, \$2,500,000 is appropriated to the department of natural resources
9 for use by the Colorado water conservation board. This appropriation is
10 from the Colorado water conservation board construction fund created in
11 section 37-60-121, C.R.S. To implement this section, the Colorado water
12 conservation board may use this appropriation to support the development
13 of new ground and aerial remote sensing data, to develop hydrologic
14 modeling practices, to provide reliable volumetric water supply
15 forecasting, and to provide better characterization of snowpack.

16 (2) The money appropriated in subsection (1) of this section
17 remains available for the designated purposes until it is fully expended.

18 **SECTION 7. Continuation of Colorado decision support**
19 **system operation and maintenance - appropriation.** (1) For the
20 2026-27 state fiscal year, \$750,000 is appropriated to the department of
21 natural resources for use by the Colorado water conservation board. This
22 appropriation is from the Colorado water conservation board construction
23 fund created in section 37-60-121, C.R.S. To implement this section, the
24 Colorado water conservation board may use this appropriation for
25 continued operation and maintenance of the Colorado decision support
26 system to aid in water resources planning and management.

27 (2) The money appropriated in subsection (1) of this section

1 remains available for the designated purposes until it is fully expended.

2 **SECTION 8. Restoration of fish and wildlife resources fund**
3 **balance - transfer.** On July 1, 2026, the state treasurer shall transfer
4 \$2,000,000 from the Colorado water conservation board construction
5 fund created in section 37-60-121, C.R.S., to the fish and wildlife
6 resources fund created in section 37-60-121 (6), C.R.S., to continue
7 grant-making to assist with the mitigation of fish and wildlife resources
8 affected by the construction, operation, or maintenance of water
9 diversion, delivery, or storage facilities.

10 **SECTION 9. Support for water plan action advancement -**
11 **appropriation.** (1) For the 2026-27 state fiscal year, \$1,350,000 is
12 appropriated to the department of natural resources for use by the
13 Colorado water conservation board. This appropriation is from the
14 Colorado water conservation board construction fund created in section
15 37-60-121, C.R.S. To implement this section, the Colorado water
16 conservation board may use this appropriation to support water plan
17 agency actions, including promoting "One Water" strategies, expanding
18 water reuse, developing a measurable and robust statewide water
19 messaging campaign, and initiating a water innovation challenge.

20 (2) The money appropriated in subsection (1) of this section
21 remains available for the designated purposes until it is fully expended.

22 **SECTION 10. Continuation of the Colorado watershed**
23 **restoration program - appropriation.** (1) For the 2026-27 state fiscal
24 year, \$5,000,000 is appropriated to the department of natural resources
25 for use by the Colorado water conservation board. This appropriation is
26 from the Colorado water conservation board construction fund created in
27 section 37-60-121, C.R.S. To implement this section, the Colorado water

1 conservation board may use this appropriation to support planning,
2 engineering, and implementation measures to address technical needs for
3 watershed restoration and flood mitigation projects throughout the state
4 to provide aquatic habitat protection; quantification of environmental
5 flow needs; and monitoring of efforts to support healthy stream and
6 watershed goals outlined in the state water plan.

7 (2) The money appropriated in subsection (1) of this section
8 remains available for the designated purposes until it is fully expended.

9 **SECTION 11. Continuation of the upper Colorado river**
10 **commission planning - appropriation.** (1) For the 2026-27 state fiscal
11 year, \$750,000 is appropriated to the department of natural resources for
12 use by the Colorado water conservation board. This appropriation is from
13 the Colorado water conservation board construction fund created in
14 section 37-60-121, C.R.S. To implement this section, the Colorado water
15 conservation board may use this appropriation to support the upper
16 Colorado river commission interstate planning and negotiation efforts,
17 including, but not limited to, the following modeling and data analyses:
18 Streamgaging and streamflow, runoff forecasting, consumptive use,
19 reservoir operations and evaporation, and drought contingency planning.

20 (2) The money appropriated in subsection (1) of this section
21 remains available for the designated purposes until it is fully expended.

22 **SECTION 12. Water project loan authorization - Halligan**
23 **water supply project.** (1) Pursuant to section 37-60-122 (1)(b), C.R.S.,
24 the Colorado water conservation board is authorized to make a loan in the
25 amount of \$151,500,000 from the severance tax perpetual base fund
26 created in section 39-29-109 (2)(a), C.R.S., to the city of Fort Collins for
27 the Halligan water supply project to help the city of Fort Collins meet its

1 projected municipal and industrial water needs.

2 (2) The money authorized in subsection (1) of this section remains
3 available for the designated purposes until it is fully expended.

4 (3) The Colorado water conservation board may make loans for
5 the project specified in subsection (1) of this section from money that is
6 or may become available to the severance tax perpetual base fund. The
7 total amount of the loans will be in the amount listed in subsection (1) of
8 this section plus or minus the amount, if any, as may be justified by
9 reason of fluctuations in construction costs or as may be justified by
10 reason of changes in the plans for the project due to differing or
11 unforeseen site conditions, errors or omissions in the plans and
12 specifications, changes instituted by regulatory agencies, or changes in
13 material quantities beyond contract limits.

14 **SECTION 13. Water project loan authorization - Jurgens**
15 **reservoir construction project.** (1) Pursuant to section 37-60-122
16 (1)(b), C.R.S., the Colorado water conservation board is authorized to
17 make a loan in the amount of \$20,166,670 from the severance tax
18 perpetual base fund created in section 39-29-109 (2)(a), C.R.S., to the
19 Lower Latham Reservoir Company to increase the storage capacity of the
20 Jurgens reservoir to provide irrigation water to agricultural land in Weld
21 county.

22 (2) The money authorized in subsection (1) of this section remains
23 available for the designated purposes until it is fully expended.

24 (3) The Colorado water conservation board may make loans for
25 the project specified in subsection (1) of this section from money that is
26 or may become available to the severance tax perpetual base fund. The
27 total amount of the loans will be in the amount listed in subsection (1) of

1 this section plus or minus the amount, if any, as may be justified by
2 reason of fluctuations in construction costs or as may be justified by
3 reason of changes in the plans for the project due to differing or
4 unforeseen site conditions, errors or omissions in the plans and
5 specifications, changes instituted by regulatory agencies, or changes in
6 material quantities beyond contract limits.

7 **SECTION 14. Grant-making for projects that assist in**
8 **implementing the state water plan - appropriation.** (1) For the
9 2026-27 state fiscal year, \$37,700,000 is appropriated to the department
10 of natural resources for use by the Colorado water conservation board.
11 This appropriation is from the water plan implementation cash fund
12 created in section 37-60-123.3 (1)(a), C.R.S. To implement this
13 subsection (1), the Colorado water conservation board may use this
14 appropriation for grant-making for projects that assist in the
15 implementation of the state water plan pursuant to section 37-60-106.3
16 (6), C.R.S., through the Colorado water conservation board's application
17 and guidelines process.

18 (2) The money appropriated in subsection (1) of this section
19 remains available for the designated purposes until it is fully expended.

20 **SECTION 15. Continuation of turf replacement program -**
21 **appropriation - transfer.** (1) For the 2025-26 state fiscal year, \$550,000
22 is appropriated to the department of natural resources for use by the
23 Colorado water conservation board. This appropriation is from the turf
24 replacement fund created in section 37-60-135 (6)(a)(I), C.R.S. To
25 implement this subsection (1), the Colorado water conservation board
26 may use this appropriation for the state's turf replacement program in
27 accordance with section 37-60-135, C.R.S.

1 (2) The money appropriated in subsection (1) of this section that
2 is not expended prior to July 1, 2026, remains available to the Colorado
3 water conservation board for the designated purposes until June 30, 2028,
4 for the designated purposes.

5 (3) On July 1, 2028, the state treasurer shall transfer any money
6 remaining in the turf replacement fund created in section 37-60-135
7 (6)(a)(I), C.R.S., to the Colorado water conservation board construction
8 fund created in section 37-60-121, C.R.S.

9 **SECTION 16. Severance tax task force appropriation**
10 **correction.** In Session Laws of Colorado 2025, section 5 of chapter 193,
11 (SB 25-040), **amend** (1) introductory portion as follows:

12 (1) For the 2025-26 state fiscal year, \$198,592 is appropriated to
13 the department of natural resources for use by the COLORADO WATER
14 CONSERVATION BOARD IN COORDINATION WITH THE executive director's
15 office. This appropriation is from the severance tax ~~operational~~
16 PERPETUAL BASE fund created in section 39-29-109 ~~(2)(b)(I)~~ **(2)(a)(I.5)**,
17 C.R.S. To implement this act, the ~~office~~ COLORADO WATER
18 CONSERVATION BOARD may use this appropriation as follows:

19 **SECTION 17.** In Colorado Revised Statutes, 37-60-122, **amend**
20 (1)(b) as follows:

21 **37-60-122. General assembly approval.**

22 (1) Money in the Colorado water conservation board construction
23 fund shall be expended in the following manner and under the following
24 circumstances:

25 (b) The general assembly may authorize projects as it deems to be
26 to the advantage of the people of the state of Colorado and shall direct the
27 board to proceed with the projects in the priorities established by the

1 general assembly under terms approved by the general assembly. The
2 board is authorized to make loans without general assembly approval in
3 amounts not to exceed ~~ten~~ THIRTY million dollars. The unappropriated
4 balance of money in the Colorado water conservation board construction
5 fund and the state severance tax perpetual base fund shall be available
6 and continuously appropriated for this purpose. Notwithstanding section
7 24-1-136 (11)(a)(I), the board shall submit a written determination of the
8 basis for the project loans to the general assembly by January 15 of the
9 year following the year in which the loan was made.

10 **SECTION 18. Safety clause.** The general assembly finds,
11 determines, and declares that this act is necessary for the immediate
12 preservation of the public peace, health, or safety or for appropriations for
13 the support and maintenance of the departments of the state and state
14 institutions.