HB 26-1051

Fiscal Note

Legislative Council Staff

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HB 26-1051: CONT MICROGRID COMMUNITY RESILIENCE GRANT PROGRAM

Prime Sponsors:
Rep. Suckla; Stewart K.
Sen. Roberts; Simpson

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Bill Outcome: Signed into Law
Drafting Number: LLS 26-0248

Version: Final Fiscal Note
Date: July 20, 2026

Fiscal note status: The final fiscal note reflects the enacted bill.

Summary Information

Overview. The bill continues the Microgrid Community Resilience Grant Program in the Department of Local Affairs indefinitely by removing the repeal date.

Types of impacts. The bill is projected to affect the following areas through FY 2027-28, and potentially future years if additional funding for new grants is provided:

- State Expenditures
- Local Government

Appropriations. No appropriation is required or included; continuing administrative costs will be paid from federal funds.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0
State Expenditures	$114,837	$143,546
Transferred Funds	$0	$0
Change in TABOR Refunds	$0	$0
Change in State FTE	1.2 FTE	1.5 FTE

Fund sources for these impacts are provided in the table below. State expenditures reflect the continuation of current administrative expenditures for the Microgrids for Community Resilience Grant Program. These administrative costs are assumed to end in FY 2027-28, assuming current grants are closed out within two years. Costs may continue further into the future if additional funding for new grants is provided from federal or state sources.

HB 26-1051

Table 1A
State Expenditures

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	$0	$0
Cash Funds	$0	$0
Federal Funds	$89,276	$111,595
Centrally Appropriated	$25,561	$31,951
Total Expenditures	**$114,837**	**$143,546**
Total FTE	**1.2 FTE**	**1.5 FTE**

State expenditures reflect the continuation of current administrative expenditures for the Microgrids for Community Resilience Grant Program in the Department of Local Affairs.

Summary of Legislation

Under current law, the Microgrids for Community Resilience Grant Program is set to repeal on September 1, 2026. The bill continues the grant program indefinitely by removing the repeal date.

Background

House Bill 22-1013 created the Microgrids for Community Resilience Grant Program in the Department of Local Affairs (DOLA). The grant program allows cooperative electric associations and municipally owned utilities to apply for a grant to purchase microgrid resources for eligible rural communities that are at significant risk of severe weather or natural disaster events. The bill made a one-time appropriation of $3.4 million to the DOLA in FY 2022-23 for grant funding, plus an additional $178,000 to DOLA and the Colorado Energy Office (CEO) for staff to implement and administer the grant program. In addition, the program has received about $12.1 million in U.S. Department of Energy funds. As of writing, all grant funding has been encumbered, but some awards are still open and being spent by the recipients.

State Expenditures

The bill continues costs, paid from federal funds, in the DOLA by about $115,000 in FY 2026-27 and $144,000 in FY 2027-28, and may impact workload in the CEO.

HB 26-1051

Department of Local Affairs

By continuing the grant program indefinitely, DOLA requires 1.5 FTE to wind down existing grants and provide technical assistance to grant recipients. This work is expected to end no later than FY 2027-28 when all federally funded grants are closed out, as long as no additional grant funding is provided. Costs are prorated for a September effective date in FY 2026-27 and assumed to end in FY 2027-28. If additional grant funding is provided in the future, costs will be addressed through the annual budget process.

Table 2
State Expenditures
Department of Local Affairs

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	$87,740	$109,675
Operating Expenses	$1,536	$1,920
Centrally Appropriated Costs	$25,561	$31,951
Total Costs	**$114,837**	**$143,546**
Total FTE	**1.2 FTE**	**1.5 FTE**

Colorado Energy Office

The CEO may continue to provide support for the grant program, and any workload increase is expected to be minimal. If additional grant funding is provided in the future, costs will be addressed through the annual budget process.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in the table above.

Local Government

Municipal utilities that have been awarded grants under the program will have additional time to spend the funds to implement microgrid projects.

Effective Date

This bill was signed into law by the Governor and took effect on May 29, 2026.

State and Local Government Contacts

Colorado Energy Office

Local Affairs

Municipal Utilities

Municipalities

Regulatory Agencies

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.