



Fiscal Note

Legislative Council Staff

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HB 25-1014: INCREASING EFFICIENCY DIVISION. OF WATER RESOURCES

Prime Sponsors:

Rep. Johnson; Lukens

Sen. Roberts; Simpson

Fiscal Analyst:

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Bill Outcome: Signed into Law

Drafting number: LLS 25-0523

Version: Final Fiscal Note

Date: July 3, 2025

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

Summary Information

Overview. The bill modifies procedures and fees for permitting groundwater use, and the timing of a decennial report on abandoned water rights by the Division of Water Resources in the Department of Natural Resources.

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

- Minimal Workload
- State Revenue
- TABOR Refund

Appropriations. No appropriation is required.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue (Cash Funds)	-\$21,000	-\$21,000
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	-\$21,000	-\$21,000
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

This bill makes several modifications to the operations of the Division of Water Resources (DWR) in the Department of Natural Resources (DNR). The bill includes general language cleanup and removal of obsolete provisions, and changes some procedures for how conditional permit holders can obtain a permanent permit to appropriate groundwater. Among its many changes, this bill:

- increases from one to two years the deadline for the holder of a conditional permit to construct the well and apply the water to beneficial use;
- increases from 30 to 35 days the time a conditional permit holder has to notify the division once a well has been constructed and water put to beneficial use from any bedrock aquifer;
- increases from 30 to 35 days the time for filing written objections to notices made by the division;
- reduces from \$60 to \$30 the fee required to reinstate an expired well permit if evidence is supplied that the well was constructed within two years; and
- replaces a \$30 filing fee for late submittal of evidence of well completion with a \$30 filing fee for permit reinstatement.

Under current law, each water division engineer prepares a list of abandoned water rights every ten years. This bill staggers the preparation of the abandoned rights list, requiring that the division engineer prepare the next decennial list for water divisions 1, 2, and 3 by July 1, 2030, and for water divisions 4, 5, 6, and 7 by July 1, 2035, and then every ten years thereafter.

State Revenue

The bill is expected to reduce state cash fund revenue from fees by approximately \$21,000 in FY 2025-26 and FY 2026-27. Reduced fee revenue is to the Water Resources Cash Fund.

Under current law, the DWR collects a \$60 fee to extend the deadline for the holder of a conditional permit to construct a well and apply the water to beneficial use. The bill reduces this fee to \$30. The estimate of reduced cash fund fee revenue is based on a three-year average of permit extension fees collected from FY 2020-21 through FY 2023-24.

Replacing the \$30 fee for late submittal of proof of well completion and beneficial use with a \$30 fee to reinstate a well is estimated to be revenue neutral; there is no anticipated change in revenue from this provision.

State Expenditures

Eliminating the extension fee will minimally reduce workload for the DWR. Staff will no longer invoice, collect, and process fees for extending a well permit application for certain wells. At the same time, the bill minimally increases workload for the division to make program changes to the DWR well permit database. This is expected to require a small amount of programming time for internal DWR information technology staff. These workload changes do not require new appropriations.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased cash fund revenue will increase the amount of General Fund available to spend or save.

Effective Date

The bill was signed into law by the Governor on June 3, 2025, and takes effect on August 6, 2025, assuming no referendum petition is filed. The bill applies to well permit applications that are pending before, on, or after the effective date, and to valid well permits in existence before, on, or after the effective date.

State and Local Government Contacts

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](#).