



**Fiscal Note**  
**Legislative Council Staff**  
Nonpartisan Services for Colorado’s Legislature

**SB 25-305: WATER QUALITY PERMITTING EFFICIENCY**

**Prime Sponsors:**

Sen. Kirkmeyer; Bridges  
Rep. Bird; Taggart

**Fiscal Analyst:**

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**Bill Outcome:** Signed into Law  
**Drafting number:** LLS 25-1052

**Version:** Final Fiscal Note  
**Date:** August 6, 2025

**Fiscal note status:** The final fiscal note reflects the reengrossed bill, which was recommended by the Joint Budget Committee.

**Summary Information**

**Overview.** The bill makes a number of changes to address a backlog in water quality permits in the Department of Public Health and Environment.

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

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds
- Local Government

**Appropriations.** For FY 2025-26, the bill requires appropriations totaling \$2,904,599 to the Department of Public Health and Environment.

**Table 1**  
**State Fiscal Impacts**

Type of Impact <sup>1</sup>	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$694,018	\$694,018
State Expenditures	\$2,904,599	\$3,218,607
Transferred Funds	\$3,629,564	\$3,518,564
Change in TABOR Refunds	\$694,018	\$694,018
Change in State FTE	22.7 FTE	22.7 FTE

<sup>1</sup> Fund sources for these impacts are shown in the tables below.

**Table 1A  
State Revenue**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
Cash Funds	\$694,018	\$694,018
<b>Total Revenue</b>	<b>\$694,018</b>	<b>\$694,018</b>

**Table 1B  
State Transfers**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	\$0	\$0
PFAS Cash Fund	-\$3,518,564	-\$3,518,564
Water Quality Improvement Fund	-\$111,000	\$0
Clean Water Cash Fund	\$3,518,564	\$3,002,435
Drinking Water Cash Fund	\$111,000	\$516,129
<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>

**Table 1C  
State Expenditures**

<b>Fund Source</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
General Fund	-\$314,008	\$0
Cash Funds	\$3,218,607	\$3,218,607
Federal Funds	\$0	\$0
Centrally Appropriated	\$0	\$0
<b>Total Expenditures</b>	<b>\$2,904,599</b>	<b>\$3,218,607</b>
<b>Total FTE</b>	<b>22.7 FTE</b>	<b>22.7 FTE</b>

## Summary of Legislation

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The bill makes a number of changes to address a backlog in water quality permits in the Department of Public Health and Environment (CDPHE), including:

- requiring a report on department prioritization and inspections;
- directing the department to establish a time frame for processing permit applications, including a brief period of public review;
- requiring the department to consider local government financing of water infrastructure when developing schedules of compliance; and
- making various transfers among cash funds to support ongoing permitting staff in CDPHE.

The department may use independent contractors to provide technical assistance in completing permit actions, and the solicitation of these contractors is exempt from the procurement code. When a contractor is used, the cost is paid by the permit applicant, except that CDPHE may collect an additional fee for contract administration.

## Background

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Federal Environmental Protection Agency guidelines recommend that 75 percent of water quality permits be current, with no more than a 25 percent backlog. Prior to FY 2023-24, CDPHE was only 25 percent current, with a 75 percent backlog. CDPHE received General Fund support intended to reduce the backlog in FY 2023-24, and the current backlog has been reduced to 50 percent. The General Fund appropriation expires in FY 2025-26. This bill is based on a [budget request](#) to enable CDPHE to continue to address the water quality permit backlog by continuing current staffing levels that would otherwise reduce under current law.

## Assumptions

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Based on data from Joint Budget Committee Staff, some of the costs identified are already captured in the Long Bill as a General Fund appropriation. This fiscal note assumes that this bill requires those costs to be covered by the transfers in the bill, replacing some General Fund expenditures.

## State Revenue

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The bill increases revenue from clean water fees and drinking water fees beginning by about \$700,000 per year beginning in FY 2025-26. While costs in upcoming fiscal years are covered by the transfers in the bill, the new fee revenue will promote long-term fund solvency. Fee revenue is subject to TABOR. Table 2 shows the revenue generated by the fee increases on effluent discharge permits.

**Table 2**  
**Fee Impact on Water Quality Permits**

<b>Fee Type</b>	<b>Average Fee Increase</b>	<b>New Annual Revenue</b>
Clean Water Sector	14%	\$609,336
Drinking Water	13%	\$84,682
<b>Total Revenue</b>		<b>\$694,018</b>

The bill may also increase fee revenue to CDPHE for administrative costs if permit applicants seek technical assistance from independent contractors. This revenue, which is subject to TABOR, has not been estimated.

## State Transfers

The bill makes the following transfers to the Clean Water Cash Fund from the Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) Cash Fund:

- \$3,518,564 on July 1, 2025; and
- \$3,002,435 on July 1, 2026.

The bill makes the following transfers to the Drinking Water Cash Fund:

- \$111,000 from the Water Quality Improvement Fund on July 1, 2025; and
- \$516,129 from the PFAS Cash Fund on July 1, 2026.

## State Expenditures

The bill increases state expenditures in the Department of Public Health and Environment by about \$2.9 million in FY 2025-26 and \$3.2 million in FY 2026-27 and future years. These costs, paid from the Clean Water Cash Fund and the Drinking Water Cash Fund, are summarized in Table 3 and discussed below.

## Staff

The bill continues 18.0 FTE in the Clean Water Program and 4.0 FTE in the Drinking Water Program to process water quality permits and complete water quality inspections. Standard operating costs are included.

## Legal Services

CDPHE requires about 1,200 hours of legal services to support the higher rate of permit review. Legal services are provided by the Department of Law at a rate of \$133.74 per hour.

## Employee Insurance and Supplemental Retirement

Pursuant to fiscal note and Joint Budget Committee policy, centrally appropriated costs for bills involving more than 20 FTE are appropriated in the bill, rather than through the annual budget process. These costs, which include employee insurance, supplemental employee retirement payments, and indirect costs for CDPHE, are shown in Table 3.

**Table 3**  
**State Expenditures**  
**Department of Public Health and Environment**

<b>Cost Component</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
Personal Services	\$2,392,890	\$2,392,890
Operating Expenses	\$28,160	\$28,160
Capital Outlay Costs	\$0	\$0
Legal Services	\$160,611	\$160,611
Employee Insurance and Supplemental Retirement	\$636,946	\$636,946
General Fund Offset	-\$314,008	\$0
FTE – Personal Services	22.0 FTE	22.0 FTE
FTE – Legal Services	0.7 FTE	0.7 FTE
<b>Total Costs</b>	<b>\$2,904,599</b>	<b>\$3,218,607</b>
<b>Total FTE</b>	<b>22.7 FTE</b>	<b>22.7 FTE</b>

## TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the March 2025 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, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

## Local Government

The bill may increase costs for municipal water departments if they use contractors to expedite water quality permit decisions.

## Effective Date

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This bill was signed into law by the Governor and took effect on June 4, 2025.

## State Appropriations

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For FY 2025-26, the bill requires and includes the following appropriations to the Department of Public Health and Environment:

- \$2,715,200 from the Clean Water Cash Fund, and 18.0 FTE, of which \$160,611 is reappropriated to the Department of Law, with an additional 0.7 FTE;
- \$503,407 from the Drinking Water Cash Fund, and 4.0 FTE; and
- a reduction of \$314,008 from the General Fund.

## State and Local Government Contacts

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Joint Budget Committee Staff  
Law

Public Health and Environment

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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](#).