

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

(replaces fiscal note dated March 21, 2024)

Drafting Number:	LLS 24-0522	Date:	March 27, 2024
Prime Sponsors:	Rep. Lukens; Catlin Sen. Roberts; Simpson	Bill Status:	House Finance

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Bill Topic: MEASURES TO INCENTIVIZE GRAYWATER USE

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill authorizes the installation of graywater systems in new construction projects statewide and allows local governments to adopt their own ordinances and/or resolutions around graywater use. It potentially increases workload for local governments.

Appropriation Summary:	No appropriation is required.
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Fiscal Note Status:	The revised fiscal note reflects the introduced bill, as amended by the House Agriculture, Water, and Natural Resources Committee.
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Summary of Legislation

Beginning January 1, 2026, the bill authorizes the installation of graywater systems and the use of graywater in new construction projects statewide and allows county, municipal, and consolidated city and county governments to adopt an ordinance or resolution prohibiting the installation of graywater systems for some or all categories of graywater use within their jurisdiction. Local governments may also adopt an ordinance or resolution permitting the installation of graywater systems in existing structures. Local governments must notify the Department of Public Health and Environment (CDPHE) when such a measure is adopted.

Background

Graywater is water used in a residential, commercial, or industrial building that may be collected after the first use and put to a second beneficial use. There are different categories of graywater systems which incur different costs and have different uses. At the top level, graywater is used indoors for toilet flushing or outdoors for irrigation and garden watering, with different systems available including laundry-to-landscape, branched drain, pumped systems, and automated pumped systems for drip irrigation.

Graywater reuse is not legal statewide; however, local governments may authorize the use of graywater within their jurisdictions. Graywater installations and usage are regulated by the Water Quality Control Commission through rules that outline requirements, prohibitions, and standards for graywater use for non-drinking purposes. As of 2023, five cities or counties have adopted graywater use ordinances.

Local Government

Workload may increase for counties and municipalities that choose to prohibit graywater treatment works in their jurisdictions to update regulations and adopt resolutions and/or ordinances. For local governments that do not permit graywater treatment works under current law, there may be increased costs for inspections of graywater systems. The decisions made in each local jurisdiction will ultimately determine the fiscal impact on each local government.

Effective Date

The bill takes effect January 1, 2026, assuming no referendum petition is filed.

State and Local Government Contacts

Counties Public Health and Environment	Municipalities Revenue	Natural Resources State Auditor
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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](#).