



Gold Leaf
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2026 End of Session Report Colorado Association of Home Builders

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Summary

The Second Regular Session of the 75th General Assembly began Wednesday, January 14th, later than prior years. The reason for the later start was to give the drafters more time to draft bills after special session, and to allow staff some additional personal time over the holiday season. The experiment did not appear to be successful, as the drafting office was just as backlogged as they have been in years prior.

The Legislature gained several new members for this session. Representative Shannon Bird (D-Westminster) resigned to focus on her run for Congress. A vacancy committee selected Lori Goldstein (D-Westminster) as her replacement. Senator Dafna Michaelson Jenet (D-Commerce City) resigned to take a job with the David Mearge Foundation for Confronting Antisemitism. She was replaced by Adrienne Benavidez (D-Denver), a former member of the Colorado House of Representatives.

The final change in the Senate was current Representative William Lindstedt (D-Broomfield) filling the seat held by Senator Faith Winter (D-Westminster). Tragically, Senator Winter was killed in a car crash in November of 2025. Lindstedt moving to the Senate created a vacancy in the House seat held by him, which was then filled via vacancy committee by Kenny Nguyen (D-Broomfield).

In addition to the new members, many current members are running for higher office, including Senator Jeff Bridges (running for State Treasurer), Representative Brianna Titone (running for Treasurer), Representative Manny Rutinel (running for Congress), Senator Mark Baisley (running for US Senate), Representative Scott Bottoms (running for Governor), and Senator Barbara Kirkmeyer (running for Governor).

Governor Jared Polis is a lame duck, entering his final year as Governor, yet his veto pen still yields significant leverage.

The headlines for this session can be narrowed to two issues – the state budget and responses to federal actions. These two issues informed much of the legislation that the General Assembly considered this year.

CONTENTS

Summary	2
State Budget	3
Federal Action Responses	6
Housing	7
Energy and Environment	8
Education	9
Healthcare	10
Artificial Intelligence	12
General Business	13
Initiatives and Ballot Measures	14
Priority Bills for Colorado Association of Home Builders	15
Looking Ahead	19

State Budget

The Colorado Legislature has faced difficult budget decisions for three consecutive sessions, including last year's special session. These fiscal pressures are likely to continue unless the underlying imbalance changes between rapidly growing demand for state services and constitutionally capped revenue growth.

A variety of factors have placed the state in this budget squeeze, including:

- The end of federal COVID relief funds and spending down the large General Fund (GF) surplus that built up at the start of the pandemic.

- Legislation that expanded a variety of state programs without always accounting for long-term funding needs (Cover All Coloradans is a good example of this, as is the HB 24-1448 school funding formula).
- Rapid growth(8.6%) in use of Medicaid services, particularly more expensive services - Intellectual and Developmental Disabilities e.g.
- Increased funding needs for criminal justice, including the prison system, competency restoration and the Judicial branch.
- Loss of state revenues due to tax law changes in the federal HR 1 bill.

And, as always, the limitations of the Taxpayer's Bill of Rights make budgeting more complicated than it might be otherwise.

There was a lot of member hand-wringing and media sensationalism this session about the state's "\$1.5 billion budget gap," which too often got expressed as "\$1.5 billion in cuts." Here is how the 2026-27 budget compares in terms of total General expenditures and obligations:

- 2024-25 - \$18.44 billion
- 2025-26 - \$18.28 billion
- 2026-27 - \$18.64 billion

The \$1.5 billion figure (actually \$1.47 billion) came from the March revenue forecast by Legislative Council economists that assumed a certain amount of revenue, maintaining the 15 percent GF reserve and growth in state spending based on growth in past years. The LCS staff also projected a shortfall of more than \$800 million. Using different assumptions, the governor's economists at the Office of State Planning and Budget painted a much different picture in March, forecasting a \$21.3 million shortfall for 2026-27 and a \$13.7 million *surplus* for 2025-26.

In past years, the Joint Budget Committee traditionally relied on the more conservative revenue forecasts when building the state budget. However, both last year and again this year, the JBC chose to base its budget decisions on the more optimistic economic projections.

Shortly after the March forecasts, Joint Budget Committee Staff Director Craig Harper, using the OSBP budget, estimated these shortfalls - \$52.8 million in 2025-26 and \$739.9 million in 2026-27. His estimate was based on a different assumption – that the legislature would reduce the reserve to 13 percent in both budget years. (Which the committee did [HB26-1363](#).)

Some of the non-cut mechanisms the JBC used to close the shortfall included:

- Choosing the more optimistic OSPB forecast trimmed the shortfall by about \$300 million.

- Reducing the reserve to 13 percent shrank the shortfall by \$335.6 million in the current fiscal year and \$340.7 million on 2026-27.
- The state swept money from a variety of cash funds into the General Fund, increasing available General Fund resources by approximately \$398 million in FY 2025-26 and \$102.5 million in FY 2026-27. Major transfers included money from Proposition 123 housing funds, severance tax revenues, and an Office of Information Technology cash fund.
- Various changes in law reduced the projected \$711.1 million in TABOR refunds next year to \$402.9 million, shrinking the shortfall by another \$308.2 million.
- Changes in the 2025-26 budget turned that shortfall to a \$108.2 million “surplus” above the reserve. That will turn into a carryover into 2026-27, helping balance that budget.
- On a smaller scale JBC “refinanced” some programs, such as replacing some GF support in the Department of Natural Resources with money from the department’s own cash funds.

There are cuts, but in some cases “cuts” are really just planned increases that were cancelled, such as across-the-board raises for state employees. Here are some examples:

- -2 percent across the board provider rate reduction-\$289 million, Medicaid codes reduced to 85% of Medicare -\$305 million.
- There are \$150 million in cuts across various state departments.
- A variety of grant programs, primarily in the departments of education and health, were cut back or eliminated.
- Savings in state employee pay.
- In some cases, JBC was able to capture funds from programs whose caseloads were declining, such as a \$9.3 million reduction in early intervention programs at the Department of Early Childhood.

Savings enabled JBC to shift funds to programs and departments that needed more funding, such as Health Care Policy and Financing for Medicaid and Cover All Coloradoans, Corrections for growing inmate counts and Human Services for competency restoration costs.

Lawmakers were also able to fund K-12 education at the levels required by Amendment 23 and the new HB 24-1448 formula. The Governor’s budget used \$50 million GF to fund current K-12 growth but in the end the JBC used the State Education Fund.

Gov. Jared Polis and OSPB maintained all along that the budget would be balanced – if the JBC and the legislature just used their balancing ideas.

The JBC went along grudgingly with some of those ideas, like Medicaid provider rate reduction and somewhat more willingly with other ideas, like eliminating some TABOR refunds.

But the centerpiece of Polis' budget-balancing plan (\$400 million), sale of Pinnacol Assurance, isn't part of the legislature's budget package. Some JBC members were skeptical of the Pinnacol idea, making it impossible to muster the unanimous vote required for a JBC-sponsored bill.

Democratic House Speaker Julie McCluskie has had a Pinnacol sale bill drafted and has been circulating a plan to use revenues to fill some of gaps in the 2026-27 budget; in the end it was never introduced.

Finally, because the budget is built on the March revenue forecast, the legislature's annual spending plan necessarily relies on informed estimates. At that point in the fiscal cycle, a significant share of income tax collections has not yet been received. Updated forecasts will be released on June 18th, 2026, when state economists have substantially more complete data on actual collections.

As a result, the June forecast serves as a key validation point for the Joint Budget Committee's March and April decisions. In the prior year, the June projections largely confirmed the committee's spring budget assumptions. However, subsequent federal action under H.R. 1 disrupted those projections, ultimately necessitating a special session and additional reductions implemented through executive order under the governor's emergency authority.

Several tax credit bills passed this session that could reduce future General Fund revenue available to the State if revenues fall below the TABOR limit. While tax credits are often enacted to support targeted economic, housing, energy, or workforce policy goals, they also reduce the amount of revenue retained by the State once Colorado is no longer constrained by TABOR refunds. In periods when the State is above the TABOR cap, certain credits may primarily reduce refund obligations; however, if revenues fall below the limit, the fiscal impact shifts directly to the General Fund and can increase budget pressure. Given the State's ongoing structural challenges, even relatively modest reductions in available revenue can compound future balancing difficulties. As a result, lawmakers and budget staff repeatedly raised concerns this session about the cumulative impact of tax expenditures and ongoing credits on long-term budget sustainability.

In the end, [HB26-1410](#), the Long Appropriations bill and the corresponding sixty-plus orbital bills, was balanced mostly on one-time actions, cash fund transfers, and accounting mechanisms. This will set up the budget for next year in a similar way as this year, where there will likely still be a deficit and the need for cuts to programs.

Federal Action Responses

The legislature introduced several bills which purpose was to respond to actions at the federal level. H.R. 1 created significant impacts to state funding in the form of tax limits and tax policy changes, reduced federal match, and safety net programs. The state responded with changes to certain tax policies and a [bill](#) to consolidate certain human services in regional areas for county administration.

Legislators also brought bills that created state enforcement systems that essentially mirror federal enforcement systems. Those bills included:

- [HB26-1054](#) – Protections for Worker Safety: The bill creates a statewide system for enforcing worker safety, similar to the Occupational Safety and Health Administration (OSHA). This bill died on the final day of session.
- [HB26-1141](#) – Discriminatory Practices in Public Schools: The bill as introduced defines discriminatory education practices in schools and allows individuals to file complaints with the Colorado Civil Rights Division alleging discrimination in public schools and in institutions of higher education. The bill also requires the institutions to establish a process to receive complaints of discrimination and designate a person to coordinate complaints for the school. The bill was significantly narrowed and passed in the final weeks.
- [SB26-125](#) – Disability Rights Protections in Public Schools: The bill codifies in state law existing federal protections, processes, and requirements related to serving students with disabilities, and creates a state complaint and enforcement process for violations.

Late in session [SB26-176](#) was introduced. The bill allows a person to sue another person who, under color of any law, deprives the person of any rights, privileges, or immunities secured by the United States Constitution, unless the action is against a judicial officer for an act or omission taken in the officer's judicial capacity. Claims must be brought within two years of the action. The bill outlines the damages the plaintiff is entitled to if they prevail in the case and damages the defendant is entitled to if the lawsuit is frivolous. Defendants may assert a defense of absolute or qualified immunity as outlined under federal law. A broad coalition, led by the District Attorneys' Association, opposed the bill and it died in its first committee hearing.

Housing

Housing has been, and continues to be, a focus of the General Assembly. This year the focus was not as intense, but bills were introduced that attempted to change the Proposition 123 requirements and alleviate local government regulations, including:

- [HB26-1001](#) – Housing Developments on Qualifying Properties: The bill requires local governments to allow residential development on qualifying properties owned by certain non-profit organizations, school districts, state colleges or universities, housing authorities, or a transit district or transportation authority.
- [HB26-1065](#) – Transit and Housing Investment Zones: The bill allows local governments to apply for and create transit and housing investment zones that utilize state sales tax increment financing and income tax credits to support transit and housing projects.
- [HB26-1114](#) – Allowed Minimum Lot Size for Subject Jurisdictions: Starting in October 2031, this bill prohibits certain local jurisdictions from requiring that the lot size for a single-family dwelling be greater than 2,000 square feet. The bill was killed in the Senate committee.

- [HB26-1308](#) – Lot Splitting Approval by Subject Jurisdictions: On or after December 31, 2027, subject to an administrative approval process, certain local jurisdictions are required to approve the split of an original lot into two new lots under certain conditions. The bill was killed in the Senate committee.
- [HB26-1313](#) – Adjust Requirements Statewide Affordable Housing Fund: This legislation modifies local government eligibility requirements, replacing the initial 3% annual growth mandate for affordable housing with new targets based on local construction and employment growth. It also allows for regional partnerships to share credit for developed units.
- [HB26-1360](#) – Affordable Housing Financing Fund: The bill transfers \$130 million from the Affordable Housing Fund to the General Fund in the current FY 2025-26, and makes temporary modifications to the allocation of the remaining revenue collected under Proposition 123.
- [SB26-040](#) – Affordable Home Ownership Program: The bill allows for greater flexibility in the Proposition 123 homeownership program, permitting developers to adjust criteria or rent out units if they remain unsold.

Energy and Environment

The focus in the energy and environment policy arena this year was the Public Utilities Sunset bill, [HB26-1326](#). As introduced, the bill makes a variety of changes such as, implements the sunset review of the Public Utilities Commission (PUC), continues the PUC for 11 years, permits PUC members to engage in non-public communications regarding adjudicatory matters after the close of the evidentiary records with conditions, authorizes email communication by the PUC, aligns renewable energy standards with the statutes governing clean energy plans, directs a study to identify barriers to joint procurement by electric utilities for advanced technology generation resources, allows the PUC to require regulated utilities to contract with one or more third parties to administer certain consumer facing programs, clarifies that municipal owner utilities, coops, independent transmitters and developers can appeal to PUC a local government’s decision to deny a land use permit or application for electrical or natural gas facility, allows the PUC to direct investor owned utilities to use securitization as financing and recovering costs, requires the PUC to adopt rules standardizing income based energy assistance programs and to conduct a study on these programs to determine if funding access and equity can be improved. A variety of changes occurred including removing the securitization provisions and adding a study to determine the impacts of changing the PUC composition, including adding members. The bill passed in the final days.

In the final days of session, the environmental community and the Speaker attempted to introduce a bill that would require any costs of new natural gas service to be borne solely by the customer. The stated purpose of the bill was to circumvent a measure on the ballot that would establish a right to use natural gas. However, a broad set of stakeholders opposed the effort including utilities, home builders, realtors, and unions and the bill was never introduced.

Education

The constraints of the budget largely shaped the policies on K12 education. With no money for any new programs, there were limited bills that passed impacting education. Funding for K12 schools was the focus of the K12 community and preserving existing funding. The Governor's Office suggested in their budget submission that specific ownership tax collections should be counted as local share for school districts. That effort was aggressively opposed by school districts and never incorporated into the budget. Schools took cuts in the form of grant program cuts and elimination, but total program was not cut. In fact, the Legislature increased the implementation of the 1448 formula from 15% to 30%.

There were also several bills that created a divide between traditional K12 and reform groups and charter schools. Other policy proposals included:

- [HB26-1050](#) – Optional Individual Readiness Plan for School: The bill makes it optional for a local education provider to create an individualized readiness plan for kindergarten students who are proficient on certain assessments.
- [HB26-1143](#) – Non-Employment Educational Opportunities Background Check Information: The bill requires higher education institutions, nonprofits, K-12 schools, and certain health care entities to accept individual taxpayer identification numbers or a fingerprint background check in lieu of a social security number if the entity requires a background check for a non-employment based educational opportunity, unless certain exceptions are met.
- [HB26-1291](#) – Educator Performance Evaluations: This bill requires that teachers receive at least one documented observation and one evaluation resulting in a written report at least once every three academic years. For a teacher who receives a less than effective rating, the bill requires that the local education providers (LEPs) conduct at least one documented observation and one evaluation that results in a written evaluation report in the following academic year. The bill was killed in committee.
- [HB26-1292](#) – Scholarship Granting Organizations: The bill requires all scholarship granting organizations be included on the list the state provides to the federal government for the purposes of a newly created tax credit, and prohibits any school that enrolls a student whose education-related expenses are paid through a scholarship granting organization from discriminating against students and their families. The bill was postponed indefinitely in committee at the sponsors' request.
- [HB26-1317](#) – Unified Postsecondary Talent Development System: The bill creates a transition committee to develop recommendations for integrating the duties of workforce development programs into the Department of Higher Education. Effective July 1, 2028, the bill also modifies the mission of the department and renames the executive director of the Colorado Commission on Higher Education as the executive director of the Department of Higher Education.
- [SB26-023](#) – School Finance Act: The bill sets FY 2026-27 funding levels for Colorado's 178 school districts, and makes changes related to state funding and programs for K-12 education. The bill

incorporated provisions for guardrails around homeschool enrichment, restrictions on contract schools, charter school hold-harmless, implementation language for the smoothing factor, and pausing the implementation of the cost-of-living factor in the 1448 formula.

- [SB26-068](#) – Modify Administration of Education Assessments: The bill creates the 12-person State Assessments Modifications Working Group and specifies the group’s composition and appointing authorities. The working group must investigate options and make recommendations related to reducing the time dedicated to administering state assessments in English language arts, mathematics, science, and social studies in grades three through eight. The Commissioner of Education must appoint an employee of the Colorado Department of Education (CDE) to serve as a consultant to the working group. The working group must hold their first meeting no later than September 1, 2026, and submit a report to the education committees of the state legislature no later than December 1, 2026. The working group is repealed effective July 1, 2027. The bill was deemed lost on the calendar.
- [SB26-104](#) – Require Key Boxes at Schools: The bill requires that every school have an exterior key box that permits local law enforcement emergency access to each school building and room on the school grounds.
- [SB26-125](#) – Disability Rights Protections in Public Schools: The bill codifies in state law existing federal protections and requirements related to serving students with disabilities who are entitled to a free public education (qualified students), and creates a complaint and enforcement process in the Colorado Department of Education (CDE).
- [SB26-145](#) – Charter School Involvement in Local Ballot Questions: The bill modifies the procedural requirements for a charter school with capital construction needs to seek money via a ballot question for a special mill levy, or to be included in a school district’s ballot question for bonded indebtedness or for an additional mill levy.
- [SB26-170](#) – Task Force to Expand Effective Public Schools: Conditional on the receipt of sufficient gifts, grants and donations, the bill creates a task force in the Department of Education to study opportunity gaps in public schools

Healthcare

As noted above, the Medicaid budget and Department of Health Care Policy and Financing (HCPF) is in a state of disrepair. Much of the healthcare conversation this session focused on Medicaid and the Department. The executive director of HCPF, Kim Bimestefer, resigned after the Senate was prepared to consider a resolution of no-confidence. The Governor soon appointed, and the Senate confirmed, Gretchen Hammer as the new executive director. The Joint Budget Committee introduced a late bill creating a commission to study Medicaid. [SB26-187](#) establishes the Commission on Medicaid to identify, consider, evaluate, and recommend legislative and executive branch action options to implement a sustainable Medicaid program. Between May 13, 2026, and December 11, 2026, the commission must meet between six and twelve times to engage and collaborate with

representatives of state agencies, community-based Medicaid stakeholders, and national experts. The commission consists of ten legislators, including members of the Joint Budget Committee, the chairs of the House and Senate Health and Human Services Committees, and members of the minority party. Specific duties of the commission include reviewing the state Medicaid program's administrative structures and identifying opportunities and challenges; analyzing current enrollment, eligibility, services, benefits, payment rates, and other program attributes for efficiency and value; exploring Medicaid financing and evaluating federal funding optimization; and preparing insights and policies regarding impacts of the federal H.R. 1 on Colorado's Medicaid program. A report is due in December to the General Assembly outlining the commission's process and recommendations.

Other bills of interest in the healthcare space included:

- [SB26-178](#) – Health Insurance Affordability Measures: The bill creates new revenue sources for the Health Insurance Affordability Enterprise, reduces costs for certain enterprise programs, revises the allocation of funds among enterprise programs, and establishes review requirements. In the final form the bill took \$40 million from the marijuana tax cash fund and directed the state to issue \$100 million worth of bonds to infuse \$140 million into the enterprise.
- [HB26-1096](#) – CO Medicaid Access to Primary Care Services: The bill prohibits the Department of Health Care Policy and Financing from denying Medicaid clients the ability to enter into direct primary care agreements. The bill was killed in the Senate.
- [HB26-1411](#) – Changes to Cover All Coloradans Program: The bill limits what services may be offered under the Cover All Coloradans program by eliminating long-term services and supports for people not already using them, effective January 2027; capping dental services at \$750 annually, effective July 2026; eliminating behavioral health capitated services, effective January 2027; and eliminating care coordination services offered under the Affordable Care Collaborative (ACC), effective January 2027. In addition, the bill simplifies the program for children by specifying that eligible children will receive benefits that look like Medicaid, regardless of income, rather than benefits that look like either Medicaid or CHP+ depending on income. In FY 2026-27, the bill caps enrollment in the program for children at 25,000. Lastly, the bill repeals the program's outreach campaign.
- [HB26-1327](#) – Large Employer Worker Health-care Support: The bill creates the Large Employer Health-Care Support Enterprise in the Department of Health Care Policy and Financing (HCPF) to collect fees from large employers with employees who qualify for, and are enrolled in, the state's Medicaid program. The bill was killed in Senate committee.
- [SB26-138](#) – Reducing Administrative Burdens on Health Care: The bill repeals and modifies certain requirements placed on health care facilities and insurance carriers. It also limits how other requirements may be placed on these entities by various state departments by setting new requirements on licensing processes and rule promulgation.

- [HB26-1267](#) – Limitations on Collection Actions for Medical Debt: The bill expands impermissible collection actions that medical creditors may utilize in collecting a medical debt, including targeting non-patients, seizing personal property or retirement assets, garnishing wages, threatening arrest, deportation, or immigration consequences, or reducing a patient’s bank funds below a protected threshold. It also establishes affirmative obligations for health care facilities and medical creditors, including verifying that patients have been screened for public insurance and financial assistance and offering reasonable payment plans to all patients. Medical creditors must also provide at least 30-days notice to a patient before collecting, transferring, selling, or assigning a medical debt. Patients whose medical creditor is in violation of the requirements for selling, transferring, or assigning medical debt, or undertaking collection activities, are entitled to \$3,000 in damages or actual damages, whichever is greater. The bill was killed in committee.
- [SB26-041](#) – Consumer Protections Medical Care Entities: The bill relocates the Uniform Antitrust Pre-Merger Notification Act and establishes pre-merger notification and enforcement requirements for certain transactions involving health care entities that are subject to federal antitrust review. The bill expands the Attorney General’s authority to review, enforce, and take action against covered transactions that may harm competition in health care markets, and modifies existing provider referral-disclosure requirements. The bill was killed in committee.
- [SB26-066](#) – Regulation of Compounded Weight-Loss Medication: The bill places new requirements on compounded versions of weight-loss medication produced by 503A compounding pharmacies (impacted drugs), with specified exemptions. Specifically, the bill makes it a deceptive trade practice to make false or misleading claims about the drug or distribute the drug without legal authorization. The bill was killed in committee.

Artificial Intelligence

Regulating artificial intelligence (AI) is a hot topic across the country and Colorado is no different. After being one of the first states to regulate AI through [SB24-205](#), the Governor’s Office convened a work group over the 2025 interim to create language that would repeal and replace that law with another to address unintended consequences. The workgroup created language that was introduced as [SB26-189](#). Beginning January 1, 2027, the bill requires developers and users of artificial intelligence systems involved in major decisions—such as employment, education, lending, insurance, health care, housing, and public benefits—to disclose when automated decision-making technology (ADMT) is used and provide information about how it works, its risks, and its limitations. Consumers must be notified when ADMT materially influences a consequential decision and, if they receive an adverse outcome, must be given an explanation of the decision, access to additional information, and the opportunity for meaningful human review. The Colorado Attorney General may enforce violations as deceptive trade practices under the Colorado Consumer Protection Act, with rulemaking beginning before 2027 and

annual enforcement reporting starting in 2028. The bill sailed through the process with no amendments and has been signed by the Governor.

Other AI bills included:

- [HB26-1139](#) – Use of Artificial Intelligence in Health Care: The bill allows health insurers to use AI in utilization review if the system is non-discriminatory, properly documented, and relies on a patient’s medical history, clinical circumstances, and other relevant health information. However, coverage denials or delays based on medical necessity cannot rely solely on AI output and must be independently approved by a health care professional. The bill also requires AI vendors to disclose how their systems will be used and overseen, and it prohibits insurance coverage or billing for psychotherapy services conducted by AI systems.
- [HB26-1195](#) – Psychotherapy Artificial Intelligence Restrictions: The bill restricts the use of artificial intelligence (AI) systems in the provision of psychotherapy services. Specifically, the bill prohibits licensed, certified, or registered mental health professionals from allowing an AI system to directly engage in therapeutic communication without synchronous interaction between the mental health professional and client or to generate treatment recommendations without professional review. However, the bill permits AI use for administrative or supplementary support functions if the regulated professional retains full responsibility for all interactions, outputs, and data use. Written informed consent is required when AI is used to record or transcribe therapeutic sessions. Finally, the bill authorizes applicable licensing boards within the Department of Regulatory Agencies (DORA) to take disciplinary action against regulated professionals who violate these provisions. It also makes it unlawful to provide or advertise psychotherapy services without proper licensure and establishes certain violations related to AI advertising and restrictions as unfair trade practices.

General Business

For the second year in a row, labor introduced a bill making changes to the Labor Peace Act. [HB26-1005](#) eliminates the requirement under the Labor Peace Act to conduct a second election to negotiate a union security agreement clause in the collective bargaining process. The bill also requires employers and employees to bargain in good faith. It is not an unfair labor practice for an employer or employee to refuse to agree to a lawful proposal made by the other concerning a mandatory subject of bargaining. The bill has passed, but it expected to be vetoed by the Governor.

The business community also engaged in the following bills:

- [HB26-1210](#) – Prohibit Surveillance Price and Wage Setting: The bill prohibits individualized price and wage setting, defined as using certain computational processes to set prices or wages based on surveillance data regarding a consumer or worker, respectively. Worker is defined to exclude individuals employed by the state and other public entities. Exceptions are provided, including differential prices based on criteria that can be met by any consumer, or wages based solely on

certain factors. If an entity engages in individualized price and wage setting pursuant to an exception, they must develop and publish procedures that ensure accuracy of data used; allows consumers or workers to request and receive data used and how it is used; and allows consumers or workers to correct or challenge the accuracy of data used. Violations constitute a deceptive trade practice under the Colorado Consumer Protection Act, under which civil actions for violations may be brought by the Department of Law (DOL), district attorneys, or aggrieved individuals. The DOL is authorized to make rules necessary to implement and enforce the bill.

- [HB26-1236](#) – Arbitration Reform: The bill modifies the requirements for arbitration agreements and proceedings under the Colorado Uniform Arbitration Act. Except as preempted by federal law, if the parties to an arbitration agreement are an employer and employee or a merchant and consumer, then the bill requires that arbitration fees and costs charged to employees or consumers cannot exceed those required by state or federal courts to file a claim. Any provision of an arbitration agreement to the contrary is void and unenforceable. Appointment as an arbitrator requires that the arbitrator not have a rule, policy, procedure, or demonstrated pattern of conduct that violates neutrality. An arbitrator is not ineligible solely based on a finding that they generally find in favor of either party. The bill allows the award of exemplary damages in arbitration proceedings. Finally, if a party fails to fully comply with a record of award within 90 days, the noncompliant party is liable for damages, which may be trebled if the party that fails to comply is an employer or merchant in an employee-employer or merchant-consumer arbitration proceeding.
- [HB26-1012](#) – Consumer Protections to Promote Fair Market Pricing: The bill creates pricing restrictions for certain retailers if their customer cannot purchase a similar good or service nearby.
- [SB26-134](#) – Payment Card Networks’ Fees: The bill prohibits credit and debit card networks and other electronic payment companies (payment card networks) with more than \$60 billion in assets from including the sales tax portion of a transaction as part of a percentage-based transaction fee, nor may payment card networks add any fees that would circumvent this requirement. Payment card networks must continue to process cards from smaller issuers. The bill establishes requirements for a payment card network to be deemed in compliance with the bill, a civil action process, and penalty amounts for violations.

Initiatives and Ballot Measures

The 2026 ballot will be heavy with measures that have been approved either through the initiative process or the referred measure process. SB26-135 is a referred measure that was driven by the Colorado Education Association (CEA). The measure “de-bruces” the state budget and directs a minimum amount of the additional dollars collected to K12 education. More specifically, the bill would place a measure on the November 2026 ballot asking voters to allow Colorado to retain and spend additional revenue above the current TABOR limit instead of refunding it to taxpayers. The retained revenue would first reimburse local governments for homestead property tax exemptions, then fund a

new “positive factor” for K-12 education focused on teacher pay, retention, smaller class sizes, and career and technical education, with remaining funds supporting child-focused programs such as child care and preschool. The bill also requires annual audits reporting how much excess revenue was retained and how the money was spent. The bill was amended through the process to address stakeholder feedback and passed in the final days of session.

Other measures that either have been approved for the ballot or have the potential to be on the ballot include:

- [Initiative #85](#) – Penalties for Fentanyl Crimes: Increases penalties for fentanyl manufacturer and distribution. (Approved for the ballot)
- [Initiative #95](#) – Law Enforcement Reporting Requirements to Federal Authorities: Directs law enforcement to report to the Department of Homeland Security if a person is charged with a crime and they are an undocumented immigrant. (Approved for the ballot)
- [Initiative #108](#) – Penalties for Human Trafficking of a Minor: Increases penalties for human trafficking of a minor. (Approved for the ballot)
- [Initiative #109](#) – Male and Female Participation in School Sports: Requires youth sports be separated by male, female, or co-ed. (Approved for the ballot)
- [Initiative #110](#) – Prohibit Certain Surgeries on Minors: Prohibits gender-affirming care on minors. (Approved for the ballot)
- [Initiative #175](#) – State Revenue Supporting Road Transportation: Requires state revenue collected via taxes and fees on motor vehicles, parts, equipment, and materials be spent on road transportation. [HB26-1430](#) was introduced late in session to mitigate the impacts of this measure, if it were to pass. (Approved for circulation)
- [Initiative #177](#) – Right to Natural Gas: Includes a right to the purchase and sale of natural gas in the state constitution. (Approved for circulation)
- [Initiative #195](#) – Graduated Income Tax: Creates a graduated income tax in lieu of the current flat income tax in Colorado. (Approved for circulation)

Priority Bills for Colorado Association of Home Builders

In addition to the bills discussed in the Housing section of this report, the CAHB engaged on several bills proactively this year.

We were part of a broader coalition focused on addressing challenges from the Wildland Urban Interface Building Code (WUI Code). [HB26-1334](#), Modify Standards of Wildfire Resiliency Code Board, accelerated the schedule to review the statewide model code for wildfire resilience, required a process allowing any person to petition the code board for modifications, and extended the date by which local governments must update local codes to match the statewide code. There was broad sympathy for the

plight of the home builders who might be caught in the cross hairs of building in a jurisdiction that does not have any enforcement of the WUI code and the need for assurance that the building has been built to code. However, the bill language was not narrowed to that specific concern. Legislators and stakeholders were not convinced that the bill would be effective, and it was killed in its first committee. The CAHB will be working over the interim to craft a solution that will be more effective for the home building community's concerns.

CAHB lobbyists were successful in mitigating the negative impacts of [SB26-093](#), Workers' Compensation Insurance Coverage Verification. As introduced, the bill requires governmental entities to receive signed declarations regarding workers' compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license. Prior to commencing any work under a building or construction permit, a general contractor or permit holder is required to collect and retain proof of workers' compensation coverage or rejection of coverage for every person performing work under the permit. If a violation is discovered, the licensing authority or permitting agency is required to revoke or suspend any permit or license issued to that contractor and notify the Division of Workers' Compensation in the Colorado Department of Labor and Employment. The licensing authority or permitting agency is required to notify the division when the permit or license is reinstated. The Workers' Compensation division director is authorized to adopt rules to implement the bill. Working in partnership with the Associated General Contractors and the CO Municipal League, the bill was narrowed significantly to only require governmental entities to receive signed declarations regarding workers' compensation coverage or rejection of coverage for all applicants, general contractors, and subcontractors before issuing a building or construction permit or a license.

Unfortunately, [HB26-1311](#) was less successful. The bill dealt with surety bonds for construction contracts. The bill allows contractors to provide a bond issued by an insurer instead of retainage. The amount of the bond cannot exceed 5 percent of the contractor's compensation. Contractors who provide bonds must faithfully perform the contract and pay all laborers, suppliers and subcontractors. If the bond meets certain requirements, the property owner must accept the bond in lieu of retainage. Property owners may require to bond to have a certain financial strength rating. The bill allows subcontractors to submit a bond for their portion of the work. If a subcontractor submits a bond, the contractor may require the subcontractor to submit an equivalent bond, or a "like bond". CAHB attempted to add language to the bill that would have allowed for a letter of credit in addition to a surety bond, but the proponents and Senator Snyder were unwilling to incorporate the option and the bill passed.

Finally, CAHB engaged with a broad coalition to oppose [HB26-1236](#), Arbitration Reform. The bill modifies the requirements for arbitration agreements and proceedings under the Colorado Uniform Arbitration Act. Except as preempted by federal law, if the parties to an arbitration agreement are an employer and employee or a merchant and consumer, then the bill requires that arbitration fees and costs charged to employees or consumers cannot exceed those required by state or federal courts to

file a claim. Any provision of an arbitration agreement to the contrary is void and unenforceable. Appointment as an arbitrator requires that the arbitrator not have a rule, policy, procedure, or demonstrated pattern of conduct that violates neutrality. An arbitrator is not ineligible solely based on a finding that they generally find in favor of either party. The bill allows the award of exemplary damages in arbitration proceedings. Finally, if a party fails to fully comply with a record of award within 90 days, the noncompliant party is liable for damages, which may be trebled if the party that fails to comply is an employer or merchant in an employee-employer or merchant-consumer arbitration proceeding. CAHB offered amendments to Senator Ball to limit the bill only to the problems expressed by the sponsors, but those were ultimately rejected. The coalition attempted to kill the bill in the Senate and in the House on concurrence, but the bill passed by just one vote. CAHB is requesting a veto from the Governor.

Additional bills of interest included:

- [HB26-1001](#) – Housing Developments on Qualifying Properties: On or after December 31, 2027, subject to an administrative approval process, the bill requires local governments to allow residential development on qualifying properties that do not contain an exempt parcel. A qualifying property can be private or public and is limited to five acres of land. Qualifying private property can be owned by a nonprofit organization that has a demonstrated history of providing affordable housing; provides public transit; or is collaborating with a nonprofit with a demonstrated history of providing affordable housing; qualifying public property can be owned by a school district, state college or university, housing authority, or a transit district or transportation authority. In addition to residential use, qualifying properties may also offer child care and recreational, social, or educational services for neighborhood residents if such uses are permitted in the subject zone district. The bill applies to local governments with a population greater than 2,000 people as of the last United States Census. Local governments can require confirmation of a nonprofit's demonstrated history of providing affordable housing and apply local building standards to the residential development. The owner of a qualifying property is required to notify the county assessor that a local government has allowed the residential development.
- [HB26-1036](#) – Local Taxes on Vacant Residential Property: The bill authorizes counties and municipalities to adopt new excise or property taxes with voter approval and to use this revenue for affordable, attainable, or workforce housing projects. The bill also allows counties and municipalities to form a local housing tax authority.
- [HB26-1047](#) – Protections for Residential Tenants: The bill requires landlords to include additional information in eviction filings, requires courts to change their suppression procedures in eviction cases, and requires landlords to offer tenants one payment option that does not require a transaction fee.

- [HB26-1054](#) – Protections for Worker Safety: The bill creates state occupational health and safety regulations in the event standards under the federal Occupational Safety and Health Act are repealed.
- [HB26-1099](#) – Protect Financial Conditions of HOAs: This bill requires that the declarant in a common interest community, typically the developer or builder, pay for an independent reserve study to estimate the projected costs of maintaining, repairing, or replacing the common elements of the common interest community over a 30-year period. The study must be completed before the transfer of control from the declarant to the home owner’s association. When a unit owner’s association changes management companies, the former company must provide all association property, records, money, accounts, and other specified information to the new company. The former management company is liable for all interest and late fees paid by the association as a result of not providing records, as well as a daily penalty of \$250. A court may find the company liable in a civil action for willful violation and award three times the association’s damages, plus attorney fees and court costs. CAHB lobbyists worked with the sponsor to remove the more problematic provisions of the bill related to a reserve study and a reserve account balance. The bill passed in the mitigated form.
- [HB26-1119](#) – Authority for Different Mill Levy Rates: Beginning with the 2027 property tax year (PTY), the bill allows certain local property tax entities, excluding school districts, to impose a lower mill levy on real property improvements than for land. The bill excludes land and improvements of agricultural property, conservation easements, mining property, oil and gas, renewable energy production, and state-assessed property. Eligible local property tax entities include: counties; municipalities; city and county entities; metropolitan districts; business improvement districts; local improvement districts; public improvement districts; special improvement districts; downtown development authorities; urban renewal authorities; and county revitalization authorities. The bill modifies statute to require and accommodate property and tax reporting for the varying mill levy rates in current certifications and forms.
- [HB26-1239](#) – County Enforcement Authority: The bill updates and modernizes county authority for the enforcement of code violations regarding rubbish, weeds, unsafe structures, and structures built in violation of county zoning resolutions or ordinances. Specifically, the bill: authorizes both county and district courts to order monetary penalties and injunctive relief in one lawsuit and increases civil penalties; establishes standards for issuing violation notices, enforcement authority, and applicable court rules in civil actions; makes the percentage of abatement costs for inspections and other costs consistent across statute; increases the time to execute warrants for code violations from 10 to 30 days; allows zoning personnel as well as the sheriff to serve a summons; and establishes responsibility for enforcing the civil infraction process on the county attorney.
- [HB26-1415](#) – Optional Residential Construction Contractor Certification: The bill creates the Residential Construction Contractor Certification Enterprise in the Department of Law. The bill was postponed indefinitely.

- [SB26-119](#) – Authorize Local Electronic Ballot Return: The bill allows municipalities and any district that conducts elections to use electronic ballot returns.

Looking Ahead

The budget constraints will limit the number of interim committees this coming interim. The primary and general election will keep legislators occupied during the summer and fall. All sixty-five House seats are up for reelection and half of the Senate seats are up for reelection. There are many tough primary races that are worth watching, including the Democratic and Republican governor primaries and attorney general primary race. Gold Leaf Strategies will continue to invest in relationship-building over the interim with current legislators and candidates to ensure clients are set up for success in the 2027 session.