

Policy & Legislative Updates from the State Capitol

As the Second Regular Session of the **75th Colorado General Assembly** gets underway, lawmakers are tackling key policy priorities against the backdrop of a significant state budget shortfall and unresolved issues from previous sessions. Mayors and municipalities should keep an eye out for legislation that preempts local authority and for opportunities to partner with the state on our shared goals.

State of the State Priorities

Earlier this month, in his near 90 minute State of the **State address**, **Gov. Jared Polis** outlined his agenda for 2026 with key focuses on **housing, early childhood development, and economic growth** as the legislature begins its work for the year. CML's own **Kevin Bommer** got a shout out in the Governor's speech, for his critical view of the Governor's land use policies (and we are on Team Kevin!). This is the Governor's last year in office, so we will be keeping an eye out for some of his key priority bills and any legacy items he tries to push over the finish line.

Artificial Intelligence Regulation

The implementation of Colorado's **AI law**, one of the first in the nation to establish consumer protections and liability standards, was **delayed to June 30, 2026** to allow further negotiation among stakeholders. We are watching to see what changes (if any) get made to the bill this legislative session.

The Great Data Center Debate

A pair of dueling legislative proposals are being brought forward concerning data centers- taking two very different approaches to the industry. One bill, The Data Center and Utility Modernization Act (HB26-1030, Duran, Valdez, Mullica) would create a **20-year sales and use tax exemption and incentive program** to attract data center investment and jobs by requiring significant capital investment and some efficiency standards in exchange for tax breaks, while another proposal from Sen. Cathy Kipp (not yet introduced) would focus more on **environmental and utility protections**, such as renewable energy use, water and energy transparency, and ensuring developments do not drive up utility costs or strain resources — reflecting a broader tension between economic development goals and environmental and community impact concerns at the State Capitol. Grab the popcorn for this one!

Bills MMC is Watching at the State Capitol

Several bills moving through the General Assembly this session could have significant implications for local governments. Here are a few that we have close eyes on:

- **SB26-1001 – Housing Developments on Qualifying Properties (HOME Act)** (**Recommend Oppose**)

This bill would allow housing to be built by right on certain public or nonprofit-owned properties through an administrative process, limiting local authority over zoning standards such as height and density. While aimed at accelerating housing production, MMC has concerns about reduced local control and the inability of communities to shape development outcomes.

- **HB26-1065 – Transit and Housing Investment Zones** (**Recommend Support**)

Creates a voluntary framework for local governments, in partnership with transit agencies, to designate Transit Investment Areas and leverage state sales tax increment revenue and targeted incentives to fund transit infrastructure and affordable housing near transit. The bill emphasizes local initiation, flexibility, and collaboration, and has no registered opposition.

- **SB26-001 – Workforce Housing & Housing Tax Credit** (**Recommend Support**)

This bipartisan bill expands local flexibility by allowing counties to use certain property tax revenues to support housing authorities and workforce housing, and improves the transferability of middle-income housing tax credits to attract private investment. The bill aligns with MMC priorities to increase housing supply and strengthen local tools to address affordability.

- **HB26-1037 – Ban Government Purchase of Personal Data from Third Parties** (**Recommend Oppose**)

Prohibits government entities from purchasing or sharing personal data from third parties, with limited exceptions, and creates a private right of action for violations. While privacy protections are important, MMC is concerned the bill could hinder public safety operations, limit legitimate administrative functions, increase litigation risk, and duplicate existing state privacy laws.



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