



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Memorandum

March 11, 2026

**TO:** Members of the Capital Development Committee  
**FROM:** Capital Development Committee Staff  
**SUBJECT:** Analysis of House Bill 26-1301 for CDC Consideration

## Summary

This memorandum provides a summary of [House Bill 26-1301](#) Hospital Funding, cost estimates, and Capital Development Committee (CDC) staff notes.

## Background

HB 26-1301 refers a ballot measure to the voters to increase the excise tax on marijuana and liquor. If the ballot measure is approved by voters, funds from the increased tax will be used to construct the Colorado Mental Health Institute at Aurora at the existing Aurora Mental Health and Recovery Campus in Aurora, Colorado. The property also includes a 50,000 square foot building that houses a crisis walk-in clinic, a 16-bed crisis stabilization unit, and a 45-bed withdrawal management unit. Currently, a 43-bed supportive housing unit is also under construction on the campus. The newly built institute would provide approximately 50 civil beds for short-term inpatient treatment services to alleviate the mental health bed shortage.

## CDHS Cost Estimates

The Colorado Department of Human Services (CDHS) estimates that a 50-bed mental health facility will cost about \$95 million, or \$1.9 million per bed after adjusting for inflation. This estimate is based on capital construction costs from newly built facilities in other states, including a New Hampshire forensic hospital, a Texas behavioral health center, and a Washington behavioral health teaching facility.

The CDHS also estimates that the facility will cost about \$23.7 million in annual operating expenses, and require 165.5 FTE. These costs are based on actual operating expenses for the Colorado Mental Health Hospital in Fort Logan, and represent about \$1,300 per patient per day.



## LCS Staff Estimates and Assumptions

Table 1 represents one potential outlay of expenditures over the next seven years. This information was prepared by LCS staff and has not been confirmed with the CDHS nor the bill's proponents. Estimates are based on the following assumptions:

1. The CDHS will submit the first capital construction request for approval in the FY 2028-29 budget cycle and the project will be completed in FY 2032-33.
2. Total project costs are \$95 million, spread across pre-design and design, professional services, construction, equipment, and contingency, but is not inclusive of land acquisition.
  - a. Facilities Master Plan (FMP) and Facilities Program Plan (FPP) is about 1 to 2 percent of total project costs and occurs prior to capital construction request submission.
  - b. Professional services are about 7 to 9 percent of total project costs, split over two years.
  - c. Construction is about 65 to 75 percent of total project costs and will take three years to complete.
  - d. Equipment is about 7 to 13 percent of total project costs and includes medical equipment and IT systems.
  - e. Contingency is 5 percent of total project costs.
3. Land acquisition will cost the full Fair Market Value of \$1.9 million and occur in FY 2027-28 using General Fund monies. See the CDC Staff Notes section below for more information about a potential property sale.



**Table 1**  
**Potential Itemized Cost Information**

Category	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31	FY 2031-32	FY 2032-33
<b>FMP/FFP</b>	\$0	\$1,425,000	\$0	\$0	\$0	\$0	\$0
<b>Land Acquisition</b>	\$0	\$1,900,000	\$0	\$0	\$0	\$0	\$0
<b>Professional Services</b>	\$0	\$0	\$3,040,000	\$4,560,000	\$0	\$0	\$0
<b>Construction</b>	\$0	\$0	\$0	\$10,687,500	\$24,937,500	\$24,937,500	\$10,687,500
<b>Equipment</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$9,500,000
<b>Miscellaneous</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Contingency</b>	\$0	\$0	\$0	\$783,750	\$1,828,750	\$1,828,750	\$783,750
<b>Total</b>	<b>\$0</b>	<b>\$3,325,000</b>	<b>\$3,040,000</b>	<b>\$16,031,250</b>	<b>\$26,766,250</b>	<b>\$26,766,250</b>	<b>\$20,971,250</b>

### CDC Staff Notes

1. CDC staff is unclear whether or not the state will need to purchase the intended parcel of land from the City of Aurora and/or Arapahoe County for this project. The identified parcel is located at 1290 S. Potomac St and was assessed in 2025 at a value of \$518,000. With a 2025 assessment rate of 27 percent, the Fair Market Value of this property is approximately \$1.9 million. Further, the bill does not explicitly permit the CDHS to expend the tax revenue for the purchase of property, just the construction and operation.
  - a. Will the state need to purchase this parcel of land?
  - b. What is the source of funding for a \$1.9 million land acquisition?
2. If the state collects the projected \$44 million in tax revenue, there will be more than sufficient funding to cover construction and operating costs. Excess revenue is permitted to fund operating expenses for long-term civil commitment facilities in Mesa County. However, LCS staff could not identify any that fit this description, aside from the West Springs Hospital in Grand Junction that recently closed.
3. The CDHS is permitted to expend funds with the approval of the CDC and an annual appropriation from the General Assembly. This appears to indicate alignment with the standard capital request process.
  - a. Will the CDHS be required to conduct a Facilities Master Plan and Facilities Program Plan, and submit a full capital request to the Office of the State Architect, the Office of State Planning and Budgeting, and the CDC?