

Colorado Legislative Council Staff
STATE and LOCAL
and STATUTORY PUBLIC ENTITY
FISCAL IMPACT
No State General Fund Impact

Drafting Number: LLS 03-0218
Prime Sponsor(s): Rep. Hoppe

Date: January 17, 2003
Bill Status: House Agriculture
Fiscal Analyst: Steve Tammeus (303-866-2756)

TITLE: CONCERNING INCREASED FLEXIBILITY IN THE USE OF WATER RESOURCES.

Fiscal Impact Summary	FY 2003/04	FY 2004/05
State Revenues General Fund		
State Expenditures General Fund Cash Fund	\$3,000,000	
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2003/04: Department of Natural Resources - \$3,000,000 - Cash Fund		
Local Government Impact: Requires local governments, as water providers, to consider billing systems to encourage water use efficiency.		

Summary of Legislation

This bill requires the Colorado Water Resources and Power Development Authority to subsidize some or all the costs of issuance of bonds and notes for projects, including small water resources projects, to build water management facilities that are raw water diversion or storage projects, and that are jointly sponsored by two or more government agencies.

The bill allows the State Engineer to approve drought substitute water supply plans if such plans are needed to address a drought situation, subject to certain conditions regarding procedures for filing, giving notice, considering comments, and conducting hearings. Such plans shall be implemented only if any portion of the state has received an emergency drought designation or a disaster emergency has been proclaimed. The bill allows applicants to re-apply on a yearly basis if the drought conditions continue for more than one year. The bill allows entities that pay for repairs necessary to remove a reservoir storage restriction imposed by the State Engineer to apply for approval of the use of such storage as a drought substitute water supply plan.

The bill requires the State Engineer to cooperate with entities seeking approval pursuant to federal law to share the use of federal water facilities during droughts. The bill also requires state agencies to cooperate with entities seeking rights to easements for ditches and ownership for reservoir sites.

The bill authorizes the Colorado Water Conservation Board to expend up to \$3,000,000 from the Colorado Water Conservation Board Construction Fund to conduct the Statewide Water Supply Initiative as approved by the Board in September 2002.

The bill requires municipalities, agencies, and utilities, when developing a Water Use Efficiency Plan, to consider billing systems designed to encourage water efficiency. The bill requires the Department of Local Affairs to provide technical assistance to entities that are local governments to implement water billing systems that show customer water usage and that implement tiered billing systems.

State Expenditures

Department of Natural Resources. This bill creates a new source of funding for water resources projects that currently are funded by the Colorado Water Conservation Board Construction Fund. As a result, the number of future projects competing for funding from the Construction Fund may be reduced.

The bill requires "state agencies" to the maximum extent practicable to cooperate with persons desiring to acquire real property for storage of water including negotiations to establish market value and attempt to avoid eminent domain proceedings. The Colorado Water Conservation Board may require additional resources to support these requirements, depending upon the level of cooperation sought.

The bill authorizes the Colorado Water Conservation Board to expend up to \$3,000,000 from the Colorado Water Conservation Board Construction Fund to conduct the Statewide Water Supply Initiative.

The department anticipates to be able to administer the remainder of the provisions of this bill within existing budgetary resources.

Judicial Department. This bill may increase the potential for additional civil condemnation filings in District Court if governmental agencies are unable to successfully negotiate right-of-way agreements with entities seeking passage through state-owned lands. However, the department anticipates that governmental agencies will cooperate in such negotiations to the maximum extent practicable, and that any resulting additional costs will be minimal and absorbed within existing budgetary resources.

Department of Local Affairs. The department anticipates to be able to administer the provisions of this bill within existing resources.

Local Government Impact

The bill requires municipalities, when developing a Water Use Efficiency Plan, to consider billing systems designed to encourage water efficiency. As a result municipal water providers may incur additional operating and programming costs to revise and administer water billing systems. The bill requires the Department of Local Affairs to provide technical assistance to local governments to implement water billing systems that show customer water usage and that implement tiered billing systems.

Colorado Water Resources and Power Development Authority Impact

This bill requires the Authority to subsidize some or all of the costs in connection with the issuance of revenue bonds for certain water projects jointly sponsored by two or more governmental entities. The Authority anticipates to be able to absorb any associated costs within existing budgetary resources, based upon the following assumptions:

- projects which would require subsidization may not occur every year;
- the likely maximum bond issue for such project(s) in any one year would be \$100 million;
- the costs of issuance would likely not exceed two percent of the bond issue, or \$2 million; and
- during 2001, the Authority dedicated \$20 million to assist in the development of water resources through leveraged financing, including subsidization of the costs of issuance.

State Appropriations

The Department of Natural Resources will require a Colorado Water Conservation Board Construction Fund appropriation of \$3,000,000 for FY 2003-04.

Departments Contacted

Judicial Law Local Affairs Natural Resources
Colorado Water Resources and Power Development Authority