

Colorado Legislative Council Staff
STATE and LOCAL
and STATUTORY PUBLIC ENTITY
REVISED FISCAL IMPACT

No State General Fund Impact
 (replaces fiscal impact dated January 17, 2003)

Drafting Number: LLS 03-0218 **Date:** March 5, 2003
Prime Sponsor(s): Rep. Hoppe **Bill Status:** Senate SVMA
 Sen. Johnson S. **Fiscal Analyst:** Steve Tammus (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		
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: None		
Local Government Impact: Requires local governments, as water providers, to consider billing systems to encourage water use efficiency.		

Summary of Legislation

This re-engrossed 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 that do not share the same governing body.

The bill, with regard to exercising the laws of eminent domain, requires state agencies to cooperate with persons desiring a right-of-way for water conveyance structures, or desiring to acquire real property for water storage structures.

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 authorizes 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. The bill prohibits any new restrictive covenant that prohibits or limits installation or use of drought-tolerant vegetative landscapes.

The bill, with regard to applications for approval of a plan for augmentation or new water use plans involving out-of-priority diversions, authorizes the State Engineer to approve a temporary change of water right as a substitute water supply plan if an application has been filed with the water court and the court has not issued a decree, subject to certain conditions regarding procedures for providing written notice to certain parties in the affected water division. The bill specifies that the water supply plan may not approve the movement of water or water rights from one water division to another that are not decreed for use in the other division.

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.

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 department may 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, it is anticipated 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 may 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 authorizes 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 may 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

No new state appropriations will be required for FY 2003-04.

Departments Contacted

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