

**First Regular Session
Sixty-fourth General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 03-0647.02 Thomas Morris

SENATE BILL 03-236

SENATE SPONSORSHIP

Dyer, Andrews, Hagedorn, and Hillman

HOUSE SPONSORSHIP

Hoppe, Briggs, Brophy, Cadman, Clapp, Decker, Fritz, Hall, Harvey, Hefley, Johnson R., King, McCluskey, Sinclair, Stengel, and Weddig

Senate Committees

State Veterans & Military Affairs

House Committees

Agriculture, Livestock, & Natural Resources

Finance

Appropriations

HOUSE
3rd Reading Unamended
May 2, 2003

A BILL FOR AN ACT

101 **CONCERNING AN AUTHORIZATION OF THE ISSUANCE OF**
102 **VOTER-APPROVED REVENUE BONDS FOR THE PURPOSE OF**
103 **FINANCING WATER INFRASTRUCTURE PROJECTS BY THE STATE,**
104 **AND, IN CONNECTION THEREWITH, EXCLUDING REVENUES**
105 **DERIVED FROM BOND PROCEEDS AND PROJECTS FINANCED BY**
106 **BONDS FROM STATE FISCAL YEAR SPENDING.**

HOUSE
Amended 2nd Reading
May 1, 2003

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

SENATE
3rd Reading Unamended
April 29, 2003

Requires the submission of a ballot question to the registered electors of the state at the November 2003 election seeking their approval

SENATE
Amended 2nd Reading
April 28, 2003

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

to allow the Colorado water conservation board (board) to issue up to \$10 billion of water infrastructure revenue bonds (bonds) for the purpose of financing water infrastructure projects that have been reviewed by the board and approved by the governor and to exclude revenues derived from bond proceeds and projects financed by bonds from state fiscal year spending. If the voters of the state approve the ballot question, requires the board to issue bonds for such projects. Requires a minimum of \$ _____ of such bonds to be available to finance approved water infrastructure projects that augment or improve existing water infrastructure facilities or conserve existing water supplies without creating new water storage facilities.

Sets forth procedures and requirements for issuing bonds. Specifies that the principal and interest on bonds shall be paid solely from:

- Revenues and receipts derived from the sale of water or power or other assets from a water infrastructure project whose construction, development, or improvement was financed in whole or in part by bonds;
- Bond proceeds; and
- Earnings from the investment of bond proceeds.

Further specifies that holders of bonds may not look to any other revenues of the state for payment of the bonds.

Authorizes the board to refund bonds, to engage the services required or advantageous in connection with bonds, and to enter into interest rate exchange agreements for bonds. Requires bonds to include specified terms. Requires the board to delegate certain authority needed for the efficient issuance of bonds to the state treasurer and requires the state treasurer to exercise such authority in consultation with the board.

Creates the water infrastructure development fund (fund) in the state treasury. Requires unpledged bond proceeds and revenues and receipts derived from the sale of water, power, or other assets from a water infrastructure project whose construction, development, or improvement was financed in whole or in part by bonds to be credited to the fund. Requires interest and income earned on the deposit and investment of fund moneys to be credited to the fund and continuously appropriates all moneys in the fund to the board to finance approved water infrastructure projects, to pay any unpledged costs of issuing and administering bonds, and to pay other expenses related to bonds or the financing of approved water infrastructure projects. Specifies that bond proceeds, earnings on bond proceeds, and revenues and receipts derived from the sale of water, power, or other assets by the board from water infrastructure projects financed by the bonds and earnings on such revenues and receipts are not to be included in state fiscal year spending.

Grants specified powers to political subdivisions of the state for the purpose of aiding and cooperating in the financing, construction,

operation, and maintenance of approved water infrastructure projects. Specifies that bonds are legal investments and that bonds are tax-exempt unless the board waives the exemption. Specifies a 30-day statute of limitations for legal actions questioning the validity of or seeking to enjoin any action taken pursuant to the provisions of this legislation. Requires the board to make annual reports to the general assembly regarding bonds and specifies information to be included in such reports.

Specifies that the powers conferred by this legislation are in addition and supplemental to, and not in substitution for, and the limitations imposed by the bill do not directly or indirectly modify, limit, or affect, the powers conferred to the board, the state treasurer, the department of natural resources, or the Colorado water resources and power development authority by any other law.

Makes legislative findings and declarations. Defines terms. Makes a conforming amendment. Provides for the repeal of the provisions of the bill if the ballot question to be submitted at the November 2003 election is rejected by the voters.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2

3 **SECTION 1.** Article 60 of title 37, Colorado Revised Statutes,
4 is amended BY THE ADDITION OF A NEW PART to read:

5

PART 2

6

WATER INFRASTRUCTURE REVENUE BONDS

7 **37-60-201. Legislative declaration.** (1) THE GENERAL
8 ASSEMBLY HEREBY DECLARES THAT 2003 MARKS COLORADO'S FOURTH
9 CONSECUTIVE YEAR OF DROUGHT CONDITIONS AND THAT COLORADO IS
10 LIKELY TO CONTINUE TO EXPERIENCE CYCLES OF DROUGHT IN THE FUTURE
11 THAT WILL REDUCE THE AMOUNT OF WATER RESOURCES AVAILABLE TO
12 MEET THE STATE'S GROWING NEEDS FOR GOOD-QUALITY, AFFORDABLE
13 WATER SUPPLIES.

14 (2) IN ORDER TO PROVIDE FOR DROUGHT RELIEF, THE GENERAL
15 ASSEMBLY FINDS THAT:

16 (a) COLORADO'S EXISTING WATER INFRASTRUCTURE IS

1 INSUFFICIENT TO ENABLE THE STATE TO FULLY EXERCISE ALL OF ITS
2 COMPACT ENTITLEMENTS TO WATER, INCLUDING BUT NOT LIMITED TO PEAK
3 FLOWS, AND IT IS IN THE BEST INTEREST OF THE PEOPLE OF THIS STATE FOR
4 THE STATE TO FURTHER DEVELOP AND IMPROVE THE STATE'S WATER
5 INFRASTRUCTURE SO THAT THE STATE CAN RESERVE AS MUCH AS POSSIBLE
6 OF THE WATER TO WHICH IT IS ENTITLED UNDER COMPACTS AND INCREASE
7 ITS AVAILABLE WATER RESOURCES;

8 (b) IT IS NECESSARY AND APPROPRIATE TO EXPEDITE THE
9 DEVELOPMENT AND IMPROVEMENT OF COLORADO'S WATER
10 INFRASTRUCTURE BY AUTHORIZING THE BOARD TO ISSUE VOTER-APPROVED
11 WATER INFRASTRUCTURE REVENUE BONDS FOR THE PURPOSE OF FUNDING
12 WATER INFRASTRUCTURE PROJECTS APPROVED BY THE GOVERNOR;

13 (c) IT IS NECESSARY AND APPROPRIATE THAT THESE BOND
14 PROCEEDS BE UTILIZED BY 2005 TO BEGIN CONSTRUCTION OF WATER
15 PROJECTS TO EASE COLORADO'S VULNERABILITY TO DROUGHT;

16 (d) IT IS ALSO NECESSARY AND APPROPRIATE TO REQUIRE A
17 PORTION OF ANY BOND PROCEEDS, AS DETERMINED BY THE COLORADO
18 WATER CONSERVATION BOARD, TO BE EXPENDED FOR APPROVED WATER
19 INFRASTRUCTURE PROJECTS OR PORTIONS THEREOF THAT:

20 (I) AUGMENT OR IMPROVE EXISTING WATER INFRASTRUCTURE
21 FACILITIES;

22 (II) CONSERVE EXISTING WATER SUPPLIES;

23 (III) PROTECT AND ENHANCE AGRICULTURAL USES;

24 (IV) PROVIDE MITIGATION FOR FISH AND WILDLIFE IN ACCORDANCE
25 WITH THE STANDARDS SET FORTH IN SECTION 37-60-122.2;

26 (V) PROVIDE OTHER ENVIRONMENTAL AND RECREATIONAL
27 BENEFITS; OR

1 (VI) PROVIDE FAIR MITIGATION TO THE AFFECTED BASIN OF ORIGIN.

2 (3) THE GENERAL ASSEMBLY FURTHER FINDS AND DECLARES THAT,
3 BY ENACTMENT OF THIS PART 2:

4 (a) WATER INFRASTRUCTURE REVENUE BONDS ISSUED PURSUANT
5 TO THIS PART 2 DO NOT CONSTITUTE "A DEBT BY LOAN IN ANY FORM"
6 UNDER SECTION 3 OF ARTICLE XI OF THE STATE CONSTITUTION BECAUSE:

7 (I) PAYMENTS OF PRINCIPAL, INTEREST, AND OTHER COSTS ON
8 SUCH BONDS SHALL BE MADE SOLELY FROM REVENUE AND RECEIPTS
9 DERIVED FROM THE SALE OF WATER, POWER, OR OTHER ASSETS BY THE
10 BOARD FROM A WATER INFRASTRUCTURE PROJECT WHOSE CONSTRUCTION,
11 DEVELOPMENT, OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY
12 THE BONDS, BOND PROCEEDS, AND INTEREST OR INCOME EARNED ON THE
13 DEPOSIT AND INVESTMENT OF SUCH REVENUES AND RECEIPTS AND BOND
14 PROCEEDS; AND

15 (II) THE OWNERS OR HOLDERS OF BONDS MAY NOT LOOK TO ANY
16 OTHER REVENUES OF THE STATE FOR THE PAYMENT OF THE BONDS;

17 (b) THE PROCEEDS OF BONDS, REVENUES, AND RECEIPTS DERIVED
18 FROM THE SALE OF WATER, POWER, OR OTHER ASSETS BY THE BOARD FROM
19 A WATER INFRASTRUCTURE PROJECT WHOSE CONSTRUCTION,
20 DEVELOPMENT, OR IMPROVEMENT WAS FINANCED IN WHOLE OR IN PART BY
21 THE BONDS, AND INTEREST AND INCOME EARNED ON THE DEPOSIT AND
22 INVESTMENT OF SUCH PROCEEDS AND REVENUES AND RECEIPTS, ARE NOT
23 INCLUDED IN STATE FISCAL YEAR SPENDING FOR PURPOSES OF SECTION 20
24 OF ARTICLE X OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24,
25 C.R.S.

26 **37-60-202. Definitions.** AS USED IN THIS PART 2, UNLESS THE
27 CONTEXT OTHERWISE REQUIRES:

1 (1) "APPROVED WATER INFRASTRUCTURE PROJECT" OR "APPROVED
2 PROJECT" MEANS A WATER INFRASTRUCTURE PROJECT THAT HAS BEEN
3 RECOMMENDED BY THE BOARD AND APPROVED BY THE GOVERNOR
4 PURSUANT TO SECTION 37-60-203.

5 (2) "REVENUE BONDS" OR "BONDS" MEANS WATER
6 INFRASTRUCTURE REVENUE BONDS AUTHORIZED BY AND ISSUED IN
7 ACCORDANCE WITH THIS PART 2.

8 (3) "WATER INFRASTRUCTURE PROJECT" OR "PROJECT" MEANS A
9 PROJECT SPONSORED BY A GOVERNMENTAL ENTITY, A PRIVATE ENTITY, OR
10 JOINTLY BY GOVERNMENTAL AND PRIVATE ENTITIES, THAT INVOLVES THE
11 ACQUISITION OF WATER RIGHTS, THE CONSTRUCTION, DEVELOPMENT, OR
12 IMPROVEMENT, INCLUDING REHABILITATION OR ENLARGEMENT, OF A DAM,
13 RESERVOIR, FLOOD CONTROL, OR OTHER WATER DIVERSION, CONVEYANCE,
14 OR STORAGE FACILITY, EXCLUDING A DOMESTIC WATER TREATMENT AND
15 DISTRIBUTION SYSTEM OR WASTEWATER TREATMENT AND COLLECTION
16 SYSTEM, TOGETHER WITH RELATED HYDROELECTRICAL OR RECREATIONAL
17 FACILITIES THAT WILL ENHANCE THE ABILITY OF THE STATE TO FULLY
18 EXERCISE ALL OF ITS COMPACT ENTITLEMENTS TO WATER FOR ANY
19 BENEFICIAL USE, INCLUDING BUT NOT LIMITED TO PEAK FLOWS, AND
20 REDUCE THE STATE'S VULNERABILITY TO DROUGHT OR THE LIKELIHOOD OF
21 WATER SHORTAGES. "WATER INFRASTRUCTURE PROJECT" SHALL NOT
22 INCLUDE ANY WATER RESOURCES PROJECT WITH A TOTAL PROJECT COST OF
23 LESS THAN FIVE MILLION DOLLARS OR ANY PROJECT ELIGIBLE FOR
24 FINANCING PURSUANT TO SECTION 37-95-107.6 OR 37-95-107.8, BUT
25 SHALL INCLUDE SUCH ADDITIONAL PROJECTS AS DESCRIBED IN SECTION
26 37-60-201 (2) (d) WHEN APPROVED BY THE BOARD.

27 **37-60-203. Submission of ballot question regarding issuance of**

1 **water infrastructure revenue bonds - approval of water infrastructure**
2 **projects.** (1) (a) THE SECRETARY OF STATE SHALL SUBMIT A BALLOT
3 QUESTION TO A VOTE OF THE REGISTERED ELECTORS OF THE STATE OF
4 COLORADO AT AN ELECTION TO BE HELD IN NOVEMBER 2003 FOR THEIR
5 APPROVAL OR REJECTION. EACH ELECTOR VOTING AT THE ELECTION SHALL
6 CAST A VOTE AS PROVIDED BY LAW EITHER "YES" OR "NO" ON THE
7 PROPOSITION: "SHALL THE STATE OF COLORADO DEBT BE INCREASED \$2
8 BILLION, WITH A REPAYMENT COST OF \$4 BILLION, MAXIMUM TOTAL STATE
9 COST, BY AN AMENDMENT TO THE COLORADO REVISED STATUTES
10 PROVIDING FOR DROUGHT RELIEF BY THE FINANCING OF IMPROVEMENTS TO
11 WATER INFRASTRUCTURE IN COLORADO, AND, IN CONNECTION THEREWITH,
12 AUTHORIZING THE COLORADO WATER CONSERVATION BOARD TO ISSUE
13 REVENUE BONDS FOR THE CONSTRUCTION OF PRIVATE OR PUBLIC WATER
14 INFRASTRUCTURE PROJECTS COSTING \$5 MILLION OR MORE THAT HAVE
15 BEEN APPROVED BY THE GOVERNOR; AUTHORIZING THE WATER
16 CONSERVATION BOARD TO RECOMMEND PROJECTS, INCLUDING AT LEAST
17 TWO PROJECTS FROM DIFFERENT RIVER BASINS WITH A START DATE OF
18 2005, AND REQUIRING THE GOVERNOR TO APPROVE AT LEAST ONE SUCH
19 PROJECT; SETTING ASIDE \$100 MILLION OF BOND PROCEEDS TO FINANCE
20 PROJECTS, OR PORTIONS OF PROJECTS, THAT AUGMENT OR IMPROVE
21 EXISTING FACILITIES OR CONSERVE EXISTING WATER SUPPLIES WITHOUT
22 CREATING NEW STORAGE FACILITIES; EXEMPTING THE BOND PROCEEDS,
23 THE PROCEEDS OF SALES BY THE BOARD OF WATER, POWER, OR OTHER
24 ASSETS FROM FACILITIES FINANCED BY THE BONDS, AND ANY SECTION 20
25 OF THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, COLORADO
26 REVISED STATUTES; AND REQUIRING THE GENERAL ASSEMBLY AND
27 EXECUTIVE BRANCH AGENCIES TO ADOPT BY JULY 1, 2004, ANY

1 NECESSARY STATUTES AND RULES, RESPECTIVELY, TO ENSURE THE
2 MARKETABILITY OF THE BONDS AUTHORIZED BY THIS MEASURE?"

3 (b) THE VOTES CAST FOR THE ADOPTION OR REJECTION OF THE
4 QUESTION SUBMITTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION
5 (1) SHALL BE CANVASSED AND THE RESULT DETERMINED IN THE MANNER
6 PROVIDED BY LAW FOR THE CANVASSING OF VOTES FOR REPRESENTATIVES
7 IN CONGRESS.

8 (2) IF THE REGISTERED ELECTORS OF THE STATE VOTING ON THE
9 QUESTION APPROVE THE BALLOT QUESTION SUBMITTED PURSUANT TO
10 SUBSECTION (1) OF THIS SECTION, THE BOARD SHALL IDENTIFY
11 OPPORTUNITIES FOR WATER INFRASTRUCTURE PROJECTS AND STORAGE
12 STATEWIDE AND MAY RECOMMEND TO THE GOVERNOR WATER
13 INFRASTRUCTURE PROJECTS TO BE FUNDED, IN WHOLE OR IN PART,
14 THROUGH THE ISSUANCE OF NO MORE THAN TWO BILLION DOLLARS OF
15 BONDS IN THE AGGREGATE. THE RECOMMENDATION SHALL INCLUDE, AT
16 A MINIMUM:

17 (a) A DESCRIPTION OF THE RECOMMENDED PROJECTS WITH A
18 MINIMUM OF TWO SUCH PROJECTS IN DIFFERENT RIVER BASINS, THAT HAVE
19 A START DATE OF 2005;

20 (b) A FEASIBILITY REPORT THAT EVALUATES THE ECONOMIC AND
21 ENGINEERING FEASIBILITY OF THE PROJECTS;

22 (c) RECOMMENDED COMPLETION SCHEDULES FOR THE PROJECTS;

23 (d) A STATEMENT THAT LISTS THE PROJECTED COST OF EACH
24 PROJECT AND THE AMOUNT OF REVENUE BOND PROCEEDS TO BE EXPENDED
25 ON EACH PROJECT AND IDENTIFIES THE SOURCE AND AMOUNT OF ANY
26 MONEYS OTHER THAN BOND PROCEEDS TO BE EXPENDED ON EACH
27 PROJECT.

1 (3) OF THE BONDS AUTHORIZED TO BE ISSUED PURSUANT TO THIS
2 SECTION FOR THE PURPOSE OF FINANCING APPROVED WATER
3 INFRASTRUCTURE PROJECTS, A MINIMUM OF ONE HUNDRED MILLION
4 DOLLARS OF BOND PROCEEDS SHALL BE AVAILABLE TO FINANCE APPROVED
5 WATER INFRASTRUCTURE PROJECTS OR PORTIONS THEREOF THAT AUGMENT
6 OR IMPROVE EXISTING WATER INFRASTRUCTURE FACILITIES OR CONSERVE
7 EXISTING WATER SUPPLIES WITHOUT CREATING NEW WATER STORAGE
8 FACILITIES.

9 (4) THE GOVERNOR MAY APPROVE ANY OR ALL OF THE WATER
10 INFRASTRUCTURE PROJECTS RECOMMENDED BY THE BOARD PURSUANT TO
11 SUBSECTION (2) OF THIS SECTION. HOWEVER, THE GOVERNOR SHALL
12 APPROVE AT A MINIMUM AT LEAST ONE PROJECT THAT HAS A START DATE
13 OF 2005. THE BOARD SHALL ISSUE REVENUE BONDS ONLY FOR THE
14 PURPOSE OF FINANCING APPROVED PROJECTS.

15 **37-60-204. Water infrastructure revenue bonds - rules.**

16 (1) SUBJECT TO THE APPROVAL BY THE GOVERNOR, AND ALL OTHER
17 REQUIREMENTS OF THIS PART 2, THE BOARD, FROM TIME TO TIME, MAY
18 ISSUE REVENUE BONDS FOR THE PURPOSE OF FINANCING APPROVED WATER
19 INFRASTRUCTURE PROJECTS.

20 (2) THE BOARD SHALL PROMULGATE SUCH RULES AS NECESSARY
21 TO ENSURE THE MARKETABILITY OF THE BONDS AUTHORIZED BY THIS PART
22 2 NO LATER THAN JULY 1, 2004.

23 **37-60-205. Bonds as contracts - agreement of state not to limit**
24 **or alter rights of obligees.** (1) ANY REVENUE BONDS ISSUED SHALL
25 CONSTITUTE A CONTRACT BETWEEN THE BOARD AND THE OWNER OR
26 HOLDER THEREOF. THE STATE HEREBY PLEDGES AND AGREES WITH THE
27 HOLDERS OF ANY BONDS ISSUED UNDER THIS PART 2 AND WITH THOSE

1 PARTIES WHO ENTER INTO CONTRACTS WITH THE BOARD PURSUANT TO THIS
2 PART 2 THAT THE STATE WILL NOT LIMIT, ALTER, RESTRICT, OR, IMPAIR THE
3 RIGHTS VESTED IN THE BOARD OR THE RIGHTS OR OBLIGATIONS OF ANY
4 PERSON WITH WHICH IT CONTRACTS TO FULFILL THE TERMS OF ANY
5 AGREEMENTS MADE PURSUANT TO THIS PART 2. THE STATE FURTHER
6 AGREES THAT IT WILL NOT IN ANY WAY IMPAIR THE RIGHTS OR REMEDIES
7 OF THE HOLDERS OF ANY BONDS OF THE BOARD UNTIL SUCH BONDS HAVE
8 BEEN PAID OR UNTIL ADEQUATE PROVISION FOR PAYMENT HAS BEEN MADE.
9 THE BOARD MAY INCLUDE THIS PROVISION AND UNDERTAKING FOR THE
10 STATE IN BONDS.

11 (2) NEITHER THE MEMBERS OF THE BOARD, THE STATE TREASURER,
12 THE DIRECTOR OF THE BOARD, NOR ANY PERSON EXECUTING BONDS SHALL
13 BE LIABLE PERSONALLY ON THE BONDS OR BE SUBJECT TO ANY PERSONAL
14 LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE THEREOF.

15 **37-60-206. Bond proceeds and revenues and receipts from**
16 **approved water infrastructure projects - water infrastructure**
17 **development fund.** (1) THE RESOLUTION OR OTHER INSTRUMENT
18 AUTHORIZING THE ISSUANCE OF REVENUE BONDS MAY PLEDGE ALL OR ANY
19 PORTION OF THE PROCEEDS FROM THE ISSUANCE OF THE BONDS TO THE
20 PAYMENT OF THE BONDS AND ANY COSTS ASSOCIATED WITH THE ISSUANCE
21 AND ADMINISTRATION OF THE BONDS.

22 (2) ALL PROCEEDS FROM THE ISSUANCE OF BONDS THAT ARE NOT
23 PLEDGED FOR THE PAYMENT OF THE BONDS, ANY COSTS ASSOCIATED WITH
24 THE ISSUANCE AND ADMINISTRATION OF THE BONDS, ANY REVENUES AND
25 RECEIPTS THAT ARE DERIVED FROM THE SALE OF WATER, POWER, OR OTHER
26 ASSETS BY THE BOARD FROM WATER INFRASTRUCTURE PROJECTS
27 FINANCED BY THE BONDS, AND ANY PAYMENTS MADE OR REVENUES

1 PLEDGED TO THE BOARD BY ANY POLITICAL SUBDIVISION SHALL BE
2 CREDITED TO THE WATER INFRASTRUCTURE DEVELOPMENT FUND, WHICH
3 FUND IS HEREBY CREATED IN THE STATE TREASURY. ALL INTEREST AND
4 INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF MONEYS IN THE
5 FUND SHALL BE CREDITED TO THE FUND AND BECOME PART THEREOF, AND
6 MONEYS REMAINING IN THE FUND AT THE END OF ANY FISCAL YEAR SHALL
7 REMAIN IN THE FUND AND SHALL NOT REVERT TO THE GENERAL FUND OF
8 THIS STATE OR TO ANY OTHER FUND. ALL MONEYS IN THE FUND SHALL BE
9 CONTINUOUSLY APPROPRIATED TO THE BOARD AND SHALL BE USED TO
10 FINANCE APPROVED WATER INFRASTRUCTURE PROJECTS, TO PAY ANY
11 UNPLEDGED COSTS OF ISSUING AND ADMINISTERING BONDS, INCLUDING
12 REIMBURSEMENT OF COSTS INCURRED BY THE TREASURER IN ASSISTING
13 THE BOARD IN ACCORDANCE WITH THIS PART 2, AND TO PAY ANY OTHER
14 EXPENSE OR CHARGE INCURRED IN CONNECTION WITH THE ONGOING
15 OPERATION OR MAINTENANCE OF APPROVED WATER INFRASTRUCTURE
16 PROJECTS OR OTHER ACTIONS OF THE BOARD AUTHORIZED BY THIS PART 2.

17 (3) PROCEEDS FROM THE ISSUANCE OF BONDS, EARNING ON SUCH
18 PROCEEDS, AND REVENUES AND RECEIPTS DERIVED FROM THE SALE BY THE
19 BOARD OF WATER, POWER, OR OTHER ASSETS FROM WATER
20 INFRASTRUCTURE PROJECTS FINANCED BY THE BONDS AND EARNINGS ON
21 SUCH REVENUES AND RECEIPTS SHALL NOT BE INCLUDED IN STATE FISCAL
22 YEAR SPENDING, AS DEFINED BY SECTION 24-77-102 (17) (a), C.R.S., FOR
23 ANY GIVEN FISCAL YEAR FOR PURPOSES OF SECTION 20 OF ARTICLE X OF
24 THE STATE CONSTITUTION AND ARTICLE 77 OF TITLE 24, C.R.S.

25 **37-60-207. Exemption from taxation.** EXCEPT AS OTHERWISE
26 PROVIDED IN THIS SECTION, THE INCOME FROM REVENUE BONDS IS EXEMPT
27 FROM ALL TAXATION AND ASSESSMENTS IN THIS STATE. IN THE

1 RESOLUTION, CERTIFICATE, INDENTURE OF TRUST, OR OTHER INSTRUMENT
2 AUTHORIZING THE ISSUANCE OF SUCH BONDS, THE BOARD MAY WAIVE THE
3 EXEMPTION FROM FEDERAL OR STATE INCOME TAXATION FOR INTEREST ON
4 THE BONDS.

5 **37-60-208. Annual reports.** (1) IF THE BOARD ISSUES REVENUE
6 BONDS, THEN NO LATER THAN FEBRUARY 15 OF THE FIRST CALENDAR YEAR
7 FOLLOWING THE CALENDAR YEAR IN WHICH THE BOARD FIRST ISSUES
8 BONDS, AND NO LATER THAN FEBRUARY 15 OF EACH YEAR THEREAFTER,
9 THE BOARD SHALL SUBMIT A REPORT TO THE MEMBERS OF THE JOINT
10 BUDGET COMMITTEE OF THE GENERAL ASSEMBLY, THE MEMBERS OF THE
11 LEGISLATIVE AUDIT COMMITTEE OF THE GENERAL ASSEMBLY, THE CHAIR
12 OF THE AGRICULTURE, LIVESTOCK, AND NATURAL RESOURCES COMMITTEE
13 OF THE HOUSE OF REPRESENTATIVES, AND THE CHAIR OF THE
14 AGRICULTURE, NATURAL RESOURCES, AND ENERGY COMMITTEE OF THE
15 SENATE. SUCH REPORT SHALL INCLUDE, AT A MINIMUM, THE FOLLOWING
16 INFORMATION:

17 (a) THE TOTAL AMOUNT OF BONDS ISSUED BY THE BOARD IN
18 ACCORDANCE WITH THIS PART 2;

19 (b) THE APPROVED WATER INFRASTRUCTURE PROJECTS FOR WHICH
20 THE PROCEEDS FROM THE BONDS HAVE BEEN EXPENDED, THE AMOUNT OF
21 NOTE PROCEEDS EXPENDED ON EACH PROJECT, THE STATUS OF EACH
22 PROJECT, AND THE ESTIMATED DATE OF COMPLETION FOR EACH PROJECT
23 NOT YET COMPLETED; AND

24 (c) THE TOTAL AMOUNT OF PROCEEDS FROM THE ISSUANCE OF
25 BONDS AND REVENUES AND RECEIPTS DERIVED FROM THE SALE OF WATER,
26 POWER, OR OTHER ASSETS BY THE BOARD FROM A WATER
27 INFRASTRUCTURE FACILITY WHOSE DEVELOPMENT OR IMPROVEMENT WAS

1 FINANCED IN WHOLE OR IN PART BY BONDS IN EACH STATE FISCAL YEAR
2 AND THE COSTS ASSOCIATED WITH THE ISSUANCE AND ADMINISTRATION OF
3 THE BONDS.

4 **37-60-209. Construction of part.** THE POWERS CONFERRED BY
5 THIS PART 2 SHALL BE IN ADDITION AND SUPPLEMENTAL TO, AND NOT IN
6 SUBSTITUTION FOR, AND THE LIMITATIONS IMPOSED BY THIS PART 2 SHALL
7 NOT DIRECTLY OR INDIRECTLY MODIFY, LIMIT, OR AFFECT, THE POWERS
8 CONFERRED BY ANY OTHER LAW TO THE BOARD, THE STATE TREASURER,
9 THE DEPARTMENT OF NATURAL RESOURCES, OR THE COLORADO WATER
10 RESOURCES AND POWER DEVELOPMENT AUTHORITY CREATED BY ARTICLE
11 95 OF TITLE 37, C.R.S.

12 **37-60-210. Repeal of part.** THIS PART 2 IS REPEALED, EFFECTIVE
13 UPON THE REJECTION BY THE REGISTERED ELECTORS OF THE STATE VOTING
14 ON THE QUESTION OF THE BALLOT QUESTION SUBMITTED PURSUANT TO
15 SECTION 37-60-203 (1) (a).

16 **SECTION 2.** 37-60-106 (1), Colorado Revised Statutes, is
17 amended BY THE ADDITION OF THE FOLLOWING NEW
18 PARAGRAPHS to read:

19 **37-60-106. Duties of the board - repeal.** (1) It is the duty of the
20 board to promote the conservation of the waters of the state of Colorado
21 in order to secure the greatest utilization of such waters and the utmost
22 prevention of floods; and in particular, and without limiting the general
23 character of this section, the board has the power and it is its duty:

24 (s) (I) TO RECOMMEND WATER INFRASTRUCTURE PROJECTS, AS
25 DEFINED IN SECTION 37-60-202 (3), TO THE GOVERNOR __ IN ACCORDANCE
26 WITH SECTION 37-60-203 AND TO ISSUE WATER INFRASTRUCTURE REVENUE
27 BONDS IN ACCORDANCE WITH THE PROVISIONS OF PART 2 OF THIS ARTICLE.

1 (II) THIS PARAGRAPH (s) IS REPEALED, EFFECTIVE UPON THE
2 REJECTION BY THE REGISTERED ELECTORS OF THE STATE VOTING ON THE
3 QUESTION OF THE BALLOT QUESTION SUBMITTED PURSUANT TO SECTION
4 37-60-203 (1) (a).

5 (t) TO ENTER INTO ONE OR MORE AGREEMENTS WITH THE
6 COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
7 AND ANY OTHER ENTITIES TO ASSIST IN THE DEVELOPMENT OF THE WATER
8 RESOURCES OF THE STATE.

9 **SECTION 3.** 37-95-106 (1), Colorado Revised Statutes, is
10 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

11 **37-95-106. Authority - powers.** (1) Except as otherwise limited
12 by this article, the authority, acting through the board, has the power:

13 (hh) TO ENTER INTO ONE OR MORE AGREEMENTS WITH THE
14 COLORADO WATER CONSERVATION BOARD AND ANY OTHER
15 GOVERNMENTAL AGENCIES TO ASSIST IN THE DEVELOPMENT OF THE WATER
16 RESOURCES OF THE STATE.

17 **SECTION 4.** [REDACTED] 37-95-103 (4.7) and (12.5) (a) (I),
18 Colorado Revised Statutes, are amended to read:

19 **37-95-103. Definitions.** As used in this article:

20 (4.7) "Domestic water supply project" means any facility that
21 provides water supply for domestic or municipal uses, including but not
22 limited to all uses made of water in and through municipal water supply
23 systems.

24 (12.5) (a) (I) "Small water resources project" means any water
25 management facility or hydroelectric facility that is or will be financed
26 in whole or in part by the authority and in which the total amount of
27 financing provided by the authority to any participating governmental

1 agency does not exceed ~~one~~ FIVE hundred million dollars.

2 SECTION 5. 37-95-107, Colorado Revised Statutes, is
3 REPEALED AND REENACTED, WITH AMENDMENTS to read:

4 37-95-107. Feasibility studies - repayment of costs.

5 (1) (a) (I) BEFORE ANY PROPOSED PROJECT CAN RECEIVE CONSIDERATION
6 FOR CONSTRUCTION FUNDING BY THE AUTHORITY, THE COLORADO WATER
7 CONSERVATION BOARD MUST FIRST REVIEW THE FEASIBILITY STUDY OF
8 ANY SUCH PROPOSED PROJECT, AND THE GENERAL ASSEMBLY MUST
9 AUTHORIZE THE AUTHORITY TO PROCEED TO CONSIDER THE CONSTRUCTION
10 OF ANY PROPOSED PROJECT.

11 (II) (A) UPON RECEIPT OF A FEASIBILITY STUDY BY THE COLORADO
12 WATER CONSERVATION BOARD, SAID BOARD SHALL REVIEW SUCH STUDY
13 AND FORWARD THE STUDY TO THE GENERAL ASSEMBLY TOGETHER WITH
14 ITS RECOMMENDATION AS TO WHETHER OR NOT THE PROPOSED PROJECT
15 SHOULD BE AUTHORIZED BY THE GENERAL ASSEMBLY.

16 (B) UPON RECEIPT OF A FEASIBILITY STUDY FROM THE COLORADO
17 WATER CONSERVATION BOARD, THE GENERAL ASSEMBLY MAY AUTHORIZE
18 THE AUTHORITY, BY MEANS OF A JOINT RESOLUTION SIGNED BY THE
19 GOVERNOR, TO PROCEED WITH THE CONSIDERATION OF ANY PROJECT THAT
20 THE GENERAL ASSEMBLY DEEMS TO BE IN THE INTERESTS OF AND TO THE
21 ADVANTAGE OF THE PEOPLE OF THIS STATE. HOWEVER, SUCH JOINT
22 RESOLUTION SHALL IN NO WAY REQUIRE OR COMPEL THE AUTHORITY TO
23 FUND OR IN ANY WAY FINANCE AND PROCEED WITH THE DEVELOPMENT,
24 ACQUISITION, CONSTRUCTION, RECONSTRUCTION, ENLARGEMENT,
25 EXTENSION, IMPROVEMENT, FURNISHING, EQUIPPING, MAINTENANCE,
26 REPAIR, MANAGEMENT, OPERATION, OR DISPOSITION OF, OR PARTICIPATION
27 IN ANY PROPOSED PROJECT. A DECISION TO PROCEED, WHEN MADE

1 SUBSEQUENT TO SUCH JOINT RESOLUTION, SHALL BE ENTIRELY WITHIN THE
2 DISCRETION OF THE AUTHORITY.

3 (C) SHOULD THE AUTHORITY CHOOSE TO PROCEED WITH A
4 PROJECT, THEN THE AUTHORITY SHALL MAKE, OR CAUSE TO BE MADE, THE
5 NECESSARY FINAL DESIGNS AND SPECIFICATIONS FOR SUCH PROJECT;
6 EXCEPT THAT THE FINAL PROJECT LOCATION, OPERATION, AND PURPOSES
7 MUST BE IN SUBSTANTIAL COMPLIANCE WITH THE FEASIBILITY STUDY FOR
8 A PROJECT THAT WAS REVIEWED BY THE COLORADO WATER
9 CONSERVATION BOARD. THE AUTHORITY SHALL ALSO DEVELOP AND
10 IMPLEMENT DETAILED PLANS FOR THE FINANCING OF PROJECTS WITH
11 WHICH IT CHOOSES TO PROCEED. THE TERMS AND CONDITIONS OF SUCH
12 FINANCING SHALL BE AT THE SOLE DISCRETION OF THE AUTHORITY.

13 (III) THE PROVISIONS OF THIS SUBSECTION (1) SHALL NOT APPLY TO
14 ANY SMALL WATER RESOURCES PROJECT; EXCEPT THAT, IN THE CASE OF
15 ANY SMALL WATER RESOURCES PROJECT THAT CONSISTS OF OR INCLUDES
16 RAW WATER DIVERSION OR STORAGE FACILITIES, THE BOARD SHALL
17 PROMPTLY FORWARD A COPY OF THE PROJECT LOAN APPLICATION TO THE
18 COLORADO WATER CONSERVATION BOARD FOR INFORMATIONAL
19 PURPOSES.

20 (b) THE STATE ENGINEER SHALL NOT ISSUE A PERMIT OR LICENSE
21 OR APPROVE PLANS, PURSUANT TO ANY LAW OR RULE GOVERNING SUCH
22 ACTIONS, FOR CONSTRUCTION OF ANY WATER MANAGEMENT FACILITY OR
23 HYDROELECTRIC POWER FACILITY FOR WHICH THE AUTHORITY HAS PAID
24 IN WHOLE OR IN PART FOR A FEASIBILITY STUDY OR AN ENVIRONMENTAL
25 ASSESSMENT OR ENVIRONMENTAL IMPACT STUDY WITHOUT A WRITTEN
26 RESOLUTION OR WRITTEN STATEMENT BY THE AUTHORITY NOTIFYING THE
27 STATE ENGINEER THAT THE APPLICANT HAS REIMBURSED THE AUTHORITY

1 FOR ITS EXPENDITURES FOR THE CONDUCT OF SUCH STUDIES.

2 (2) IF THE COLORADO WATER CONSERVATION BOARD ENTERS INTO
3 A CONTRACT FOR THE PERFORMANCE OF A FEASIBILITY STUDY FOR A
4 PROPOSED RAW WATER PROJECT WITH A GOVERNMENTAL AGENCY AND
5 INCURS EXPENSES IN PERFORMING SUCH FEASIBILITY STUDY, THEN THE
6 AUTHORITY SHALL PROVIDE FOR THE REIMBURSEMENT OF SUCH EXPENSES
7 OUT OF ITS FINANCING CONTRACT WITH THE GOVERNMENTAL AGENCY FOR
8 SUCH PROJECT PRIOR TO THE START OF CONSTRUCTION ONLY WHEN:

9 (a) THE COLORADO WATER CONSERVATION BOARD'S CONTRACT
10 WITH THE GOVERNMENTAL AGENCY SPONSORING THE PROJECT
11 UNCONDITIONALLY REQUIRES THE REPAYMENT OF ALL OF THE EXPENSES
12 ASSOCIATED WITH THE FEASIBILITY STUDY PRIOR TO THE START OF
13 CONSTRUCTION, REGARDLESS OF THE FUNDING SOURCE FOR SUCH
14 CONSTRUCTION; AND

15 (b) SUCH GOVERNMENTAL AGENCY OBTAINS FINANCING FROM THE
16 AUTHORITY.

17 (3) THE REIMBURSEMENT OBLIGATION OF THE AUTHORITY
18 PURSUANT TO SUBSECTION (2) OF THIS SECTION SHALL NOT APPLY:

19 (a) TO THE EXPENSES OF ANY FEASIBILITY STUDY COMMENCED OR
20 INITIATED BY THE COLORADO WATER CONSERVATION BOARD PRIOR TO THE
21 EFFECTIVE DATE OF THIS SECTION;

22 (b) TO THE EXPENSES OF ANY FULL OR PARTIAL STREAM-WIDE,
23 BASIN-WIDE, OR STATEWIDE FEASIBILITY STUDY THAT IS NOT FOCUSED ON
24 A SINGLE DISCRETE RAW WATER SUPPLY PROJECT;

25 (c) TO THE EXPENSES OF ANY FEASIBILITY STUDY IDENTIFIED AND
26 AUTHORIZED OR DIRECTED BY LAW TO BE PERFORMED BY THE COLORADO
27 WATER CONSERVATION BOARD WITHOUT A CONTRACT WITH ANOTHER

1 GOVERNMENTAL AGENCY FOR SUCH STUDY;

2 (d) TO THE STUDY OF ANY DOMESTIC WATER SUPPLY PROJECT;

3 (e) IF THE COLORADO WATER CONSERVATION BOARD WAIVES THE
4 OBLIGATION OF THE GOVERNMENTAL AGENCY TO MAKE SUCH REPAYMENT
5 OR IF THE COLORADO WATER CONSERVATION BOARD RELEASES, IN WHOLE
6 OR IN PART, SUCH GOVERNMENTAL AGENCY FROM ITS OBLIGATION TO
7 MAKE SUCH REPAYMENT; AND

8 (f) IF OTHERWISE AGREED TO BY THE AUTHORITY AND THE
9 COLORADO WATER CONSERVATION BOARD IN AN AGREEMENT ENTERED
10 INTO PURSUANT TO SECTION 37-60-106 (1) (t).

11 **SECTION 6.** 37-95-107.5 (2), (3), and (4), Colorado Revised
12 Statutes, are amended to read:

13 **37-95-107.5. Legislative declaration - specific project**
14 **authorizations.** (2) It is the recognition and intent of the general
15 assembly that investment in the state's water resources for future
16 generations must be made from state funds, FROM PRIVATE CAPITAL, OR
17 FROM OTHER MONEYS AVAILABLE TO THE AUTHORITY. Major Colorado
18 water projects should be developed as soon as possible in anticipation of
19 demand and revenues.

20 (3) Several compacts relating to interstate streams have been
21 entered into by the state on behalf of the people of the state of Colorado
22 to reserve for the people the right to the use of such waters under the
23 appropriation doctrine. It is hereby declared to be the policy of the
24 general assembly to fully utilize, for the maximum benefit of all the
25 people, said natural stream resources. To achieve such utilization, it is
26 further declared to be the policy of the general assembly that certain
27 major projects, using decreed water rights, should be developed.

1 Therefore, in addition to any project authorization previously made by
2 joint resolution, the general assembly hereby authorizes DIRECTS the
3 authority to proceed with the simultaneous consideration of the following
4 PROJECT DEVELOPMENT AND FINANCING IN ACCORDANCE WITH
5 AGREEMENTS BETWEEN THE PROJECT SPONSOR AND THE AUTHORITY, AND
6 CONSISTENT WITH THE PROVISIONS OF THIS ARTICLE, SUCH PROJECTS AS
7 THE COLORADO WATER CONSERVATION BOARD IDENTIFIES IN STATEWIDE
8 WATER SUPPLY INITIATIVES AND ASSOCIATED FEASIBILITY STUDIES AND
9 OTHER PROJECTS IDENTIFIED BY THE AUTHORITY.

10 (a) A major multipurpose water project in western Colorado to
11 store water for the development of western Colorado; to be constructed
12 simultaneously with the facility described in paragraph (b) of this
13 subsection (3);

14 (b) A major multipurpose water project for the benefit of the
15 Denver metropolitan area on the South Platte river upstream from the
16 Chatfield reservoir;

17 (c) A major multipurpose water project to regulate and store the
18 waters of the South Platte river or its tributaries located on the South
19 Platte river or its tributaries which enter downstream of the Henderson
20 gauging station northerly of Denver.

21 (4) Any decision by the authority for construction funding by the
22 authority of any one of the projects specified in paragraph (a), (b), or (c)
23 of subsection (3) of this section shall include construction funding for the
24 other two projects. The authority shall hold construction funds in an
25 escrow account until construction of a project commences.

26 _____
27 SECTION 7. 37-95-116 (1), Colorado Revised Statutes, is

1 amended to read:

2 **37-95-116. Annual report - annual audit - annual budget.**

3 (1) On or before April 30 of each year, the authority shall make an
4 annual report of its activities for the preceding fiscal year to the governor
5 the Colorado water conservation board, and the joint agriculture and
6 natural resource committee of the house of representatives and the senate.
7 Each such report shall set forth a complete operating and financial
8 statement covering its operations during the year. Included within such
9 report shall be detailed financial data setting forth the manner in which
10 any previously appropriated state funds have been used. The authority,
11 no later than November 30 of each year, shall report to the governor any
12 requests for state funds for the upcoming state fiscal year, detailing the
13 purposes for which said funds are to be utilized.

14 **SECTION 8. Safety clause.** The general assembly hereby finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, and safety.