



REVISED FISCAL IMPACT

(replaces fiscal impact dated March 27, 2006)

Drafting Number: LLS 06-0797
Prime Sponsor(s): Sen. Wiens
Rep. Harvey

Date: April 26, 2006
Bill Status: House Agriculture
Fiscal Analyst: David Porter (303-866-4375)

TITLE: CONCERNING THE DEVELOPMENT OF UNDERGROUND WATER STORAGE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2006/07	FY 2007/08
State Revenues		
Cash Funds		
Geological Survey Cash Fund - Fees	(\$21,000)	
State Expenditures*		
Cash Funds		
Operational Account of the Severance Tax Trust Fund	\$146,000	
Geological Survey Cash Fund - Fees	(21,000)	
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor.		
Appropriation Summary for FY 2006/07:		
Department of Natural Resources \$146,000 Operational Account of the Severance Tax Trust Fund (21,000) Fees		
Local Government Impact: None		

Summary of Legislation

This reengrossed bill, instructs the Colorado Water Conservation Board (CWCB) to conduct a study of underground water storage sites in the South Platte and Arkansas River basins. The CWCB may consult with the Interbasin Compact Committee, the State Engineer, and the State Geologist. The bill requires the study to:

- take into consideration a 2004 assessment entitled, "Artificial Recharge of Ground Water in Colorado - A Statewide Assessment" ;
- address the technical and economic issues of underground water storage; and
- analyze ownership issues.

By March 1, 2007, the board is required to submit a report of its findings to the General Assembly. The section is repealed July 1, 2008.

State Revenues

The reallocation of staff from fee generating activities will result in a revenue reduction of \$21,000 for the CGS in FY 2006-07.

State Expenditures

In FY 2006-07, total state expenditures under SB06-193 are anticipated to be at least \$146,000 from the Operational Account of the Severance Tax Trust Fund. The study is conducted by the CWCB with assistance from both the Division of Water Resources (DWR) and the Colorado Geological Survey (CGS). The DWR assistance will be in a support roll not requiring any additional expenditures. The CGS' involvement will be more significant with expenditures of \$21,000. Cost estimates assume that there will be no well drilling. Additionally, initial findings of this study may indicate the need for future research activities.

Colorado Water Conservation Board. The CWCB estimates costs of \$125,000 in FY 2006-07. The CWCB is charged with the oversight of this project. This bill's broad language will require the board to clarify the scope of the study. Currently, it is expected that the study will involve definition of the characteristics of a suitable underground storage site, identification of sites that have water available for recharge, and an investigation of legal issues with the proposed method of water storage. Conducting the study will involve the following steps:

- further examination of the study scope and determination of project deliverables;
- bidding out of study components to contract consultants;
- project management; and
- report generation.

CWCB costs for the study are as follows:

- \$25,000 - Project management; and
- \$100,000 - Consultant costs.

Colorado Geological Survey. The CGS estimates costs of at least \$21,000 in FY 2006-07. The CGS was responsible for the initial underground water storage report that is indicated within the bill and it has unique experience in understanding the geological components of underground water storage. Its participation in the project is expected to be significant enough to require the following cost:

- \$21,000 - Three months of physical science researcher time will be required to assist in determining project scope and analyzing geological components of the study.

The CGS costs will come from the Severance Tax Trust Fund. Additionally, in FY 2006-07 the CGS will experience a \$21,000 expenditure reduction due to the reallocation of staff from fee generating activities. This impact mirrors the revenue impact noted above.

State Appropriations

For FY 2006-07, the fiscal note indicates an appropriation of \$125,000 cash funds to the Department of Natural Resources, for the CWCB. Additionally, the Geological Survey will receive \$21,000 cash funds from the Operational Account of the Severance Tax Trust Fund, and a \$21,000 reduction in cash funds from fees.

Departments Contacted

Natural Resources