

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE ADDITION OF THE DIVISION OF WATER RESOURCES IN THE DEPARTMENT OF NATURAL RESOURCES TO THE LIST OF ENTITIES ELIGIBLE TO RECEIVE FIRST TIER FUNDING FROM THE OPERATIONAL ACCOUNT OF THE SEVERANCE TAX TRUST FUND, AND, IN CONNECTION THEREWITH, MODIFYING APPROPRIATIONS MADE TO THE DIVISION OF WATER RESOURCES IN THE GENERAL APPROPRIATION ACTS FOR THE 2008-09 AND 2009-10 FISCAL YEARS.

Prime Sponsors: Representative Curry
Senator Isgar

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Summary of Amendments Made to the Bill After the 3/16/08 Legislative Council Staff Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

The bill includes an appropriation clause that reduces \$500,000 General Fund in FY 2008-09 for the Division of Water Resources, Department of Natural Resources and increases the appropriation by \$537,757 cash funds (Operational Account of the Severance Tax Trust Fund).

For FY 2009-10, the bill includes an appropriation clause that reduces \$2,375,175 General Fund to the Division of Water Resources, Department of Natural Resources and increases the appropriation by \$2,493,730 cash funds (Operational Account of the Severance Tax Trust Fund) and \$126,566 reappropriated funds (indirect cost recoveries). Staff notes that the appropriation in the bill differs from the Legislative Council staff fiscal impact because Legislative Council staff is not reflecting the impact to the indirect costs in the Department as a result of the refinance.

Bill Sponsor Amendments

Staff is not aware of any sponsor amendments to be offered.

Points to Consider

The Joint Budget Committee staff projects that the balance in the Operational Account of the Severance Tax Trust Fund will be \$26.0 million less than the expenditures and reserve requirements in FY 2009-10. There will also be a shortfall of \$36.0 million in FY 2010-11 and \$5.7 million in FY 2011-12. These shortfalls will trigger a statutory provision that requires proportional reductions in expenditures by Tier 2 programs to match the projected revenues.

This bill proposes funding a portion of the expenses in the Division of Water Resources with moneys from the Tier 1 funding within the Operational Account of the Severance Tax Trust Fund. This bill will increase the proportional cuts to Tier 2 programs.