


 Colorado *Legislative Council Staff*
STATE and LOCAL
REVISED FISCAL IMPACT
 (replaces fiscal impact dated February 14, 2006)

Drafting Number: LLS 06-0855
Prime Sponsor(s): Sen. Isgar
 Rep. Penry

Date: February 27, 2006
Bill Status: Senate Appropriations
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING ADDITIONAL FINANCIAL SUPPORT FOR WATER PROJECTS.

Fiscal Impact Summary	FY 2005/06	FY 2006/07	FY 2007/08
State Revenues			
Cash Funds - Operational Account*	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
Cash Funds Exempt - Water Supply Reserve Account*	10,000,000	10,000,000	10,000,000
State Expenditures			
Cash Funds Exempt - Water Supply Reserve Account	\$10,000,000	\$10,000,000	\$10,000,000
FTE Position Change	0.0 FTE	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor.			
Appropriation Summary for FY 2006/07: None			
Local Government Impact: Increased spending on water projects and activities.			

**Both of these accounts are contained within the Severance Tax Trust Fund.*

Summary of Legislation

This bill, **as amended by the Senate Agriculture, Natural Resources and Energy Committee**, creates the Water Supply Reserve Account in the Severance Tax Trust Fund. The bill specifies that at the end of each fiscal year, as much as is available up to \$10 million of the unencumbered and unexpended balance of the Operational Account of the Severance Tax Trust Fund is to be transferred into this account. The bill specifies that moneys in the account are continuously appropriated to the Colorado Water Conservation Board (CWCB), to be allocated by grant or loan, for water activities approved by a basin roundtable. The approving roundtable is required to be the roundtable for the basin in which the proposed activity would occur. Eligible activities include, but are expressly not limited to:

- competitive grants for environmental compliance and feasibility studies;
- technical assistance regarding permitting, feasibility studies, and environmental compliance;
- studies or analyses of structural and nonstructural water projects or activities; and
- structural and nonstructural water projects or activities.

State Revenues

Severance Tax Trust Fund. At the end of each fiscal year beginning with FY 2006-07, the bill requires the transfer of up to \$10 million of all unencumbered and unexpended moneys from the operational account of the Severance Tax Trust Fund to the newly created Water Supply Reserve Account within the same fund. It is anticipated that this would result in \$10.0 million transferred in FY 2006-07 and \$10.0 million in FY 2007-08. (It should be noted that because the bill could be enacted before July 1, 2006, it is possible that a similar transfer could be made this fiscal year.) These estimates are based on current projections, and are independent of any other bill currently being considered by the General Assembly. The bill specifies that all interest, and any remaining balance at the end of the fiscal year shall remain in the account.

It should be noted that the bill does not account for the 1-year reserve requirement in current law resulting from enactment of HB06-1200, nor any other bill that makes appropriations or transfers money from the Severance Tax Trust Fund this year.

State Expenditures

Department of Natural Resources, Colorado Water Conservation Board. The bill continuously appropriates all moneys within the newly created Water Supply Reserve Account to the CWCB, and specifies the projects and activities on which it may be expended. This fiscal note presumes that the CWCB will spend whatever money is available.

Local Government Impact

The bill creates a new funding source for local water development projects. Local governments would see increased expenditures on such projects in a manner specified in the bill.

State Appropriations

No new appropriations are required in FY 2006-07.

Departments Contacted

Local Affairs

Natural Resources

Joint Budget Committee