

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0843	Date: January 30, 2014
Prime Sponsor(s): Sen. Lambert Rep. Duran; Gerou	Bill Status: Senate Appropriations Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: STOP WATER CASH FUND TRANSFERS TO GENERAL FUND

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$0	\$0
<i>State Diversions</i>		
General Fund	(106,000)	(106,000)
Cash Funds	106,000	106,000
State Expenditures	Minimal workload increase.	
FTE Position Change		
Appropriation Required: None.**		

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

** The fiscal note assumes adequate cash fund spending authority is provided in the FY 2014-15 Long Bill. See State Appropriations section.

Summary of Legislation

Under current law, a portion of fee revenue deposited into the Water Resources Cash Fund in the Department of Natural Resources (DNR) is subject to diversion into the state General Fund. This bill, recommended by the **Joint Budget Committee**, eliminates the General Fund diversion and deposits all affected fee revenue to the Water Resources Cash Fund.

Background

The Division of Water Resources (DWR) in the DNR administers various statutes related to water rights, including permits for groundwater wells, substitute supply plans, and other reviews concerning the location and use of water rights. Fees from these regulatory activities constitute the majority of cashflow to the Water Resources Cash Fund. The DWR is also responsible for dam safety, geothermal drilling, and consultation on certain other extractive activities, though these duties generate a relatively small amount of fee revenue.

In FY 2012-13, approximately \$106,000 in fees otherwise accruing to the Water Resources Cash Fund were diverted to the General Fund. However, nearly 90 percent of the DWR's funding comes from the General Fund. The DWR's total budget for the current fiscal year (FY 2013-14) is \$20.4 million. Of this amount, \$19.2 million is from the General Fund.

State Revenue

The bill does not change total state revenue from fees or the amount collected for any individual fee. General Fund revenue is effectively reduced by \$106,000 each year as diversions from the Water Resources Cash Fund are discontinued.

Assumptions. Based on fixed statutory fees and stable economic conditions, the fiscal note assumes that FY 2012-13 data provide a reasonable estimate of caseload and fee collections affected by the bill.

State diversions. In FY 2014-15 and each future fiscal year, the bill directs approximately \$106,000 that is currently diverted to the General Fund to the Water Resources Cash Fund.

State Expenditures

The bill results in a one-time, minimal workload increase for affected agencies to implement accounting changes required by the bill in FY 2014-15. Statutory diversions will be eliminated as part of the routine workload of DNR and the Treasury and will not require new appropriations.

Effective Date

The bill takes effect July 1, 2014.

State Appropriations

The bill does not require an appropriation. However, additional revenue to the Water Resources Cash Fund may warrant adjustment of spending authority from the fund in DNR budget lines. The fiscal note assumes this adjustment will be reflected in the FY 2014-15 Long Bill.

State and Local Government Contacts

Natural Resources
Personnel and Administration
Treasury

Joint Budget Committee Staff
Office of State Planning and Budgeting