

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0967	Date: March 27, 2014
Prime Sponsor(s): Rep. Fischer; Coram	Bill Status: House Agriculture
Sen. Schwartz; Harvey	Fiscal Analyst: Lauren Schreier (303-866-3523)

SHORT TITLE: WATER CONSERVATION BD CONSTRUCTION FUND PROJECTS

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$0	
State Transfers	(\$3,275,000)	
Cash Funds	(3,275,000)	
State Expenditures	\$136,579,000	
Cash Funds	up to 136,579,000	
FTE Position Change		
Appropriation Required: \$136,579,000 - Department of Natural Resources (FY 2014-15)		

* 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.

Summary of Legislation

The bill appropriates funds from the Colorado Water Conservation Board (CWCB) Construction Fund for specific water-related projects in FY 2014-15. The bill also authorizes:

- three state transfers in FY 2014-15;
- the CWCB to loan up to \$131,199,000 to certain special water districts;
- the CWCB's spending authority for the Windy Gap Reservoir Bypass Channel Project until July 1, 2016; and
- the CWCB to receive and expend proceeds from the Animas-La Plata Project and the Chatfield Reallocation Project.

Background

The CWCB Construction Fund was created in 1971 to provide low-interest loans for water projects. Revenues for this revolving loan fund come from interest earned on outstanding loans and the fund's cash balance and royalty distributions from federal mineral leases.

State Revenue

The bill authorizes the CWCB to sell or lease water, land and storage space, which creates a new revenue source. This will likely increase revenue for the CWCB, however, given that no lease or sale is in place, the amount of potential revenue is unknown at this time.

State transfers. The bill transfers \$3,275,000 as follows:

- \$500,000 from the CWCB Construction Fund to the Flood and Drought Response Fund;
- \$1,200,000 from the CWCB Construction Fund to the Litigation Fund; and
- \$1,575,000 from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund.

The bill allows the Department of Natural Resources (DNR) to loan up to \$131,199,000 in FY 2014-15 to various district projects, as discussed below. Although these loans will ultimately be repaid to the CWCB Construction Fund or the Severance Tax Perpetual Base Fund, the timing of each loan repayment cannot be estimated at this time.

State Expenditures

The bill spends \$5,380,000 in FY 2014-15 from the CWCB Construction Fund. The projects for which moneys are appropriated are shown in Table 1.

Table 1. FY 2014-15 Appropriations for Water-Related Projects in HB 14-1333	
Project	Amount
Satellite Monitoring System Maintenance - for Division of Water Resources activities related to installing, maintaining, and operating satellite monitored stream gauges for water rights administration.	\$330,000
Weather Modification Program - provides assistance to water conservation and conservancy districts with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement.	\$175,00
Floodplain Map Modernization Program - provides assistance to communities to revise and improve flood plain studies and maps.	\$500,000
Watershed Restoration Program - provides planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the state.	\$500,000
Decision Support System Operation and Maintenance - to fund the operations and maintenance of existing water management systems and those that are being developed for each major water basin.	\$200,000

Table 1. FY 2014-15 Appropriations for Water-Related Projects in HB 14-1333	
Project	Amount
Arkansas River Decision Support System - to continue implementing Arkansas River Decision Support System, including data collection and compilation.	\$500,000
South Platte Basin Groundwater Level Data Collection and Analysis - to continue the collection and analysis of groundwater data along the South Platte River, to update the South Platte Decision Support System model, and to evaluate the cause and possible remediation of high groundwater levels in the South Platte Basin.	\$500,000
Gunnison Basin Irrigation System Planning and Organization - to provide grants for engineering services to evaluate and design enhancements to nonfederal irrigation systems in a portion of the Gunnison basin and to allow applicants to more effectively participate in the Colorado River Basin Salinity Control Program.	\$250,000
Drought Mitigation Strategies - to implement drought strategies or actions identified in the 2013 Colorado Drought Response and Mitigation Plan.	\$100,000
Alternative Agriculture Water Transfer Sustainability Grant Program - to continue developing and implementing a statewide competitive grant program to advance various agricultural transfer methods as alternatives to permanent agricultural dry-up.	\$750,000
Long Hollow Reservoir Project - to allow the board to assist with the project's implementation.	\$1,575,000
Windy Gap Reservoir Bypass Channel Project - spending authority extended until July 1, 2016.	
TOTAL	\$5,380,000

The bill authorizes the DNR to loan up to \$131,199,000 in FY 2014-15 from either the CWCB Construction Fund or the Severance Tax Perpetual Base Fund to certain water districts. The loans may be provided to districts for the Chatfield Reallocation Project or the Water Infrastructure Supply Efficiency (WISE) Project, as outlined in Table 2.

Table 2. Authorized Loan Appropriations in HB 14-1333	
Chatfield Reallocation Project	FY 2014-15
Centennial Water and Sanitation District	\$45,450,000
Central Colorado Water Conservancy Project	\$28,280,000
Castle Pines Metropolitan District	\$5,050,000
Castle Pines North Metropolitan District	\$5,858,000
Center of Colorado Water Conservancy District	\$606,000
Mount Carbon Water and Sewer District	\$2,525,000
Water Infrastructure Supply Efficiency Project	
Cottonwood Water and Sanitation District	\$4,040,000
Inverness Water and Sanitation District	\$5,050,000
Parker Water and Sanitation District	\$12,120,000
Pinery Water and Wastewater District	\$10,100,000
Rangeview Metropolitan District	\$6,060,000
Stonegate Village Metropolitan District	\$6,060,000
TOTAL	up to \$131,199,000

Local Government Impact

The majority of the projects funded under the bill will benefit local water districts.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Natural Resources