

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0114 **Date:** January 21, 2015
Prime Sponsor(s): Rep. Coram **Bill Status:** House Agriculture
 Sen. Sonnenberg; Hodge **Fiscal Analyst:** Clare Pramuk (303-866-2677)

BILL TOPIC: SOUTH PLATTE AQUIFER STUDY RECOMMENDATIONS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$1,800	\$1,100
Cash Funds	1,800	1,100
State Expenditures	\$48,846	\$44,440
Cash Funds	41,959	37,256
Centrally Appropriated Costs**	6,887	7,184
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: \$41,959 - Department of Natural Resources (FY 2015-16)		

* This summary shows changes from current law under the bill for each fiscal year.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

House Bill 12-1278 required the Colorado Water Conservation Board (CWCB), in consultation with the State Engineer and the Colorado Water Institute at Colorado State University, to conduct a comprehensive study to compile and evaluate available historic hydrologic data for the South Platte River Basin. This bill, **recommended by the Water Resources Review Committee (WRRC)** implements the two parts of recommendation number one from the HB 12-1278 study report for the mitigation of localized high water table conditions.

The first section of the bill requires the CWCB and the State Engineer to select two pilot projects to test alternative methods of lowering the water table in areas along the South Platte River that are experiencing damaging high groundwater levels. One pilot project must be located near either Gilcrest or LaSalle; the second project must be near Sterling. The bill identifies application and approval criteria for the pilot projects including topics subject to rulemaking by the CWCB. The CWCB and State Engineer will annually report their findings to the WRRC and submit a final report by September 1, 2020.

The second section of the bill requires the State Engineer to approve or propose changes to the operation and design of proposed recharge structures for augmentation plans that include construction of a recharge structure. Under current law, when a water court considers an application for an augmentation plan that includes a recharge structure, the court evaluates whether the plan will offset out-of-priority depletions but does not consider the effect of the increased groundwater on nearby property. To address this issue, the study recommended that the State Engineer determine whether the increase in groundwater from the proposed recharge structures are likely to cause injury.

State Revenue

This bill is expected to increase cash fund revenue from fees to the CWCB Construction Fund by \$1,800 in FY 2015-16 and \$1,100 in FY 2016-17 and annually through FY 2019-20.

Assumptions. Four pilot project applications will be submitted and reviewed by DNR staff in FY 2015-16. Two applications will be approved and reviewed thereafter annually.

Fee impact on pilot project applicants. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill. The actual application review and annual review fees will be set by the CWCB Board of Directors and may differ from the estimates below.

Table 1. Fee Impact on Pilot Project Applicants			
Type of Fee	Proposed Fee	Number Affected	Total Fee Impact
Application Fee (FY 2015-16)	\$450	4	\$1,800
Annual Review Fee (FY 2016-17 - FY 2019-20)	550	2	1,100
TOTAL (FY 2015-16)			\$1,800
TOTAL (FY 2016-17)			\$1,100

State Expenditures

This bill is expected to increase General Fund expenditures in the Department of Natural Resources (DNR) by \$48,846 and 0.5 FTE in FY 2015-16 and \$44,440 and 0.5 FTE annually beginning in FY 2016-17 until FY 2019-20. These costs are associated with Section 2 of the bill, shown in Table 2, and explained below.

Table 2. Expenditures Under HB15-1013		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$36,781	\$36,781
FTE	0.5	0.5
Operating Expenses and Capital Outlay Costs	5,178	475
Centrally Appropriated Costs*	6,887	7,184
TOTAL	\$48,846	\$44,440

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. Four pilot project applications will be submitted and reviewed by DNR staff in FY 2015-16. Two applications will be approved and reviewed thereafter annually.

Pilot project. The bill will increase the workload of the CWCB and the State Engineer's Office (SEO). DNR staff in these divisions will develop proposed criteria and guidelines for the pilot projects as well as selection criteria. Staff will review and either approve or deny pilot project applications and substitute water supply plans and conduct ongoing assessments of the approved

pilot projects. The total time associated with these tasks is estimated at 500 hours in FY 2015-16 and 350 hours per year beginning in FY 2016-17. Because the pilot project workload will be shared among a number of existing staff people from two divisions, no additional appropriations are required.

If an applicant appeals a pilot project denial, the water court will have a minimal increase in workload. Because the applications are subject to a defined study period, Water Division One would likely schedule trials as quickly as possible. This may delay cases already scheduled for trial on the Division One docket.

State Engineer approval of new recharge structures. To evaluate the impact of a new recharge structure on property, the State Engineer will examine the proposed location of the structure, the likely direction of the ground water gradient, the probable path from the recharge structure to the surface stream and determine if property, including structures and agricultural land, could be damaged from higher groundwater levels. This analysis by SEO staff is expected to require 20 hours per review of 50 applications per year beginning in FY 2015-16, indicating an increase of 0.5 FTE.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,036	\$4,036
Supplemental Employee Retirement Payments	2,851	3,147
TOTAL	\$6,887	\$7,183

*More information is available at: <http://colorado.gov/fiscalnotes>

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

TABOR Impact

This bill increases state revenue from fees, which will increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund in the year following the excess collections.

State Appropriations

For FY 2015-16, the Department of Natural Resources requires an appropriation of \$41,959 from the CWCB Construction Fund and 0.5 FTE.

State and Local Government Contacts

Judicial

Law

Natural Resources