

  
 Colorado *Legislative Council Staff*  
**STATE and LOCAL**  
**FISCAL IMPACT**

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

**Date:** February 14, 2006  
**Bill Status:** Senate Agriculture  
**Fiscal Analyst:** Marc Carey (303-866-4102)

**TITLE:** CONCERNING ADDITIONAL FINANCIAL SUPPORT FOR WATER PROJECTS.

Fiscal Impact Summary	FY 2006/07	FY 2007/08
<b>State Revenues</b>		
Cash Funds - Operational Account*	(\$69,784,109)	(\$25,432,139)
Cash Funds Exempt - Water Supply Reserve Account*	69,784,109	25,432,139
<b>State Expenditures</b>		
Cash Funds - transfer from Operational Account	\$69,784,109	\$25,432,139
Cash Funds Exempt - Water Supply Reserve Account	69,784,109	25,432,139
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> Upon signature of the Governor.		
<b>Appropriation Summary for FY 2006/07:</b> None		
<b>Local Government Impact:</b> Increased spending on water projects and activities.		

*\*Both of these accounts would be contained within the Severance tax Trust Fund.*

**Summary of Legislation**

This bill creates the Water Supply Reserve Account in the Severance Tax Trust Fund. The bill specifies that at the end of each fiscal year, 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) for water activities approved by a basin roundtable, including:

- 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 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 \$69.8 million transferred in FY 2006-07 and \$25.4 million in FY 2007-08. 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 the passage and signing of HB06-1200, nor any other bill that has an appropriation that might pass this year. This omission adds \$12.0 million in FY 2006-07 and \$13.0 million in FY 2007-08 in additional revenue to be transferred to the Water Supply Reserve Account.

## **State Expenditures**

***Department of Natural Resources, Colorado Water Conservation Board.*** The bill continuously appropriates all money's within the newly created Water Supply Reserve Account to the CWCB, and specifies the types of 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