

**First Regular Session
Seventy-third General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 21-0851.01 Thomas Morris x4218

HOUSE BILL 21-1242

HOUSE SPONSORSHIP

McLachlan,

SENATE SPONSORSHIP

Donovan,

House Committees

Agriculture, Livestock, & Water

Senate Committees

Agriculture & Natural Resources
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF AN AGRICULTURAL DROUGHT AND**
102 **CLIMATE RESILIENCE OFFICE IN THE DEPARTMENT OF**
103 **AGRICULTURE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill creates in the department of agriculture the agricultural drought and climate resilience office (office). The office may provide voluntary technical assistance, nonregulatory programs, and incentives that increase the ability to anticipate, prepare for, mitigate, adapt to, and respond to hazardous events, trends, or disturbances related

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

HOUSE
3rd Reading Unamended
April 21, 2021

HOUSE
Amended 2nd Reading
April 15, 2021

to drought or the climate. The office may accept gifts, grants, and donations for these purposes. On July 1, 2021, the state treasurer shall transfer all unobligated money in the agriculture value-added cash fund to the newly created agriculture drought and climate resiliency cash fund. The commissioner of agriculture shall appoint the head of the office and may promulgate rules necessary for the administration of the office's assistance, programs, and incentives.

Section 2 annually transfers \$500,000 from tier 2 of the severance tax operational fund to the new cash fund until July 1, 2029.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 35-1-114 as
3 follows:

4 **35-1-114. Agricultural drought and climate resilience office -**
5 **creation - rules - definition - repeal. (1) Legislative declaration.**

6 THE GENERAL ASSEMBLY HEREBY:

7 (a) FINDS THAT:

8 (I) SEVERE DROUGHTS, AS WELL AS UNADDRESSED WATER
9 DEMANDS ASSOCIATED WITH URBAN GROWTH, WILL ADD PRESSURE TO
10 COLORADO'S ALREADY STRAINED WATER SUPPLY IN ALL OF COLORADO'S
11 WATERSHEDS;

12 (II) MORE FREQUENT AND SEVERE DROUGHTS WILL ADD PRESSURE
13 TO COLORADO'S ALREADY STRAINED WATER SUPPLY; AND

14 (III) A STRONG, PROSPEROUS, DIVERSE, AND RESILIENT
15 AGRICULTURAL SECTOR IS FUNDAMENTAL TO THE FABRIC OF COLORADO;

16 (b) DETERMINES THAT:

17 (I) COLORADO'S AGRICULTURAL PRODUCERS ARE STEWARDS OF
18 OUR LANDS, WATERS, AND ECOSYSTEMS BUT THEY CANNOT SHOULDER THE
19 BURDEN OF WATER SCARCITY WITHOUT ADDRESSING WATER-SAVING
20 MEASURES BEING IMPLEMENTED AND SUSTAINED IN URBAN AREAS; AND

1 (II) COLORADO'S AGRICULTURAL SECTOR IS A LEADER IN
2 IMPLEMENTING PRACTICES THAT BUILD RESILIENCY, CONSERVE OUR
3 WATER SUPPLIES, PROVIDE AN ECONOMIC BASE FOR RURAL COMMUNITIES,
4 AND ENHANCE OUR ENVIRONMENT; AND

5 (c) DECLARES THAT:

6 (I) CREATING THE AGRICULTURAL DROUGHT AND CLIMATE
7 RESILIENCE OFFICE WILL SUPPORT AND ELEVATE PRODUCERS IN THEIR
8 RESILIENCY EFFORTS THROUGH NONREGULATORY, VOLUNTARY, AND
9 INCENTIVE-BASED PROGRAMS WITHOUT NEGATIVELY IMPACTING THE
10 OVERALL RURAL ECONOMIC VIABILITY OF AGRICULTURAL OPERATIONS
11 AND RURAL COMMUNITIES; AND

12 (II) THE AGRICULTURAL DROUGHT AND CLIMATE RESILIENCE
13 OFFICE CAN BEST ADDRESS AND MITIGATE AGRICULTURAL
14 CLIMATE-RELATED ISSUES ON A WIDE SCALE BY PROVIDING SUPPORT TO
15 AND ASSISTING BONA FIDE AGRICULTURAL PRODUCERS IN IMPLEMENTING
16 PRACTICES THAT MINIMIZE THE IMPACTS OF CLIMATE CHANGE.

17 (2) **Office created.** THERE IS HEREBY CREATED IN THE
18 DEPARTMENT THE AGRICULTURAL DROUGHT AND CLIMATE RESILIENCE
19 OFFICE, REFERRED TO IN THIS SECTION AS THE "OFFICE". THE OFFICE MAY
20 PROVIDE VOLUNTARY TECHNICAL ASSISTANCE, NONREGULATORY
21 PROGRAMS, AND INCENTIVES THAT INCREASE THE ABILITY TO ANTICIPATE,
22 PREPARE FOR, MITIGATE, ADAPT TO, AND RESPOND TO HAZARDOUS
23 EVENTS, TRENDS, OR DISTURBANCES RELATED TO DROUGHT OR THE
24 CLIMATE. THE OFFICE SHALL ADVISE THE COMMISSIONER, THE COLORADO
25 AGRICULTURAL VALUE-ADDED DEVELOPMENT BOARD CREATED IN SECTION
26 35-75-203, OTHER STATE AGENCIES, AND THE GOVERNOR ON THE IMPACT
27 TO AGRICULTURE OF DROUGHT AND CLIMATE POLICIES AND PROGRAMS.

1 THE COMMISSIONER SHALL APPOINT THE HEAD OF THE OFFICE.

2 (3) **Rules.** THE COMMISSIONER MAY PROMULGATE RULES
3 NECESSARY FOR THE ADMINISTRATION OF THE OFFICE'S ASSISTANCE,
4 PROGRAMS, AND INCENTIVES, INCLUDING GRANTS. BEFORE
5 PROMULGATING THE RULES, THE COMMISSIONER SHALL CONVENE A
6 STAKEHOLDER GROUP, INCLUDING REPRESENTATIVES OF ORGANIZATIONS
7 WHOSE MEMBERSHIP CONSISTS OF AGRICULTURAL PRODUCERS ENGAGED
8 IN THE PRODUCTION OF THE TOP TEN AGRICULTURAL COMMODITIES
9 PRODUCED IN COLORADO AND MEMBERS OF THE COLORADO WATER
10 CONSERVATION BOARD CREATED IN SECTION 37-60-102. THE
11 STAKEHOLDER GROUP SHALL ADVISE THE COMMISSIONER AS TO THE NEEDS
12 OF THE AGRICULTURE INDUSTRY TO RESPOND TO AND MITIGATE THE
13 IMPACTS OF CLIMATE CHANGE ON AGRICULTURAL PRODUCTION. FOR THE
14 PURPOSE OF THIS SECTION, "BONA FIDE AGRICULTURAL PRODUCER" MEANS
15 AN AGRICULTURAL PRODUCER THAT RECEIVES A MAJORITY OF THE
16 PRODUCER'S ANNUAL INCOME FROM AGRICULTURE, AN AGRICULTURAL
17 PRODUCER THAT SPENDS MORE THAN ONE THOUSAND FORTY HOURS PER
18 YEAR ENGAGED IN AGRICULTURAL PRODUCTION, OR A COLORADO
19 BUSINESS THAT PROCESSES AGRICULTURAL PRODUCTS. EXCEPT FOR A
20 PROGRAM OR SUPPORT ADMINISTERED BY THE OFFICE TO ADDRESS
21 IMMEDIATE NEEDS AS A RESULT OF DISASTER, INCLUDING WILDFIRE AND
22 DROUGHT, OR A PROGRAM THAT WAS IN EXISTENCE ON JANUARY 1, 2021:

23 (a) A PROGRAM ADMINISTERED BY THE OFFICE MUST BE DESIGNED
24 TO BENEFIT BONA FIDE AGRICULTURAL PRODUCERS ACTIVELY ENGAGED
25 IN AGRICULTURE. GRANTS AWARDED BY THE OFFICE MUST PAY FOR
26 IMPLEMENTATION OF PRACTICES TO ADDRESS AND MITIGATE THE IMPACTS
27 OF CLIMATE CHANGE OR DROUGHT OR TO PROVIDE DIRECT ADAPTATION

1 SUPPORT FOR IMPACTED AGRICULTURAL COMMUNITIES, INCLUDING
2 MENTAL HEALTH RESOURCES, CONFLICT RESOLUTION ASSISTANCE, AND
3 RISK-MANAGEMENT GUIDANCE. A GRANT AWARD MAY PAY NO MORE THAN
4 FIVE PERCENT OF ADMINISTRATIVE EXPENSES INCURRED BY A BONA FIDE
5 AGRICULTURAL PRODUCER TO IMPLEMENT THE PRACTICES.

6 (b) THE DEPARTMENT SHALL, AT LEAST THIRTY DAYS BEFORE
7 OPENING THE GRANT APPLICATION PROCESS, MAKE AVAILABLE ON ITS
8 WEBSITE INFORMATION RELATED TO THE GRANT PROGRAM AVAILABLE TO
9 BONE FIDE AGRICULTURAL PRODUCERS;

10 (c) A GRANT AUTHORIZED PURSUANT TO THIS SECTION MUST
11 RECEIVE FINAL APPROVAL BY THE COMMISSION BEFORE A FINAL AWARD
12 CAN BE ISSUED; AND

13 (d) THE DEPARTMENT SHALL POST ON ITS WEBSITE ALL
14 APPLICATIONS FOR GRANT AWARDS. WITHIN FIFTEEN DAYS AFTER
15 AWARDING A GRANT, THE DEPARTMENT SHALL POST ON ITS WEBSITE THE
16 NAME OF THE INDIVIDUAL OR ENTITY RECEIVING A GRANT, THE AMOUNT
17 OF THE GRANT AWARDED, THE PROJECT OR PROJECTS TO BE FUNDED BY
18 THE GRANT, AND THE DURATION OF THE GRANT AWARD.

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20 **SECTION 2. In Colorado Revised Statutes, 35-75-204, amend**
21 **(1) as follows:**

22 **35-75-204. Duties of board - agriculture value-added grants,**
23 **loans and loan guarantees, and equity investments. (1) The board has**
24 **the power to make grants, loans and loan guarantees, and equity**
25 **investments to any person, including eligible agricultural value-added**
26 **cooperatives, as defined in section 35-75-202 (4), for new or ongoing**
27 **agricultural projects and research that add value to Colorado agricultural**

1 products and aid the economy of rural Colorado communities AND FOR
2 AGRICULTURAL PROJECTS THAT WILL REDUCE ENERGY COSTS FOR
3 AGRICULTURAL PRODUCERS OR BUSINESSES. The board also has the power
4 to fund market promotion activities of the department pursuant to section
5 35-75-205 (2)(f).

6 **SECTION 3.** In Colorado Revised Statutes, 39-29-109.3, **add**
7 (2)(t) as follows:

8 **39-29-109.3. Severance tax operational fund - core reserve -**
9 **grant program reserve - definitions - repeal.** (2) Subject to the
10 requirements of subsections (3) and (3.5) of this section, if the general
11 assembly chooses not to spend up to one hundred percent of the money
12 in the operational fund on core departmental programs, the state treasurer
13 shall transfer the following amounts:

14 (t) FOR EACH STATE FISCAL YEAR COMMENCING ON OR AFTER JULY
15 1, 2021, THROUGH JULY 1, 2029, FIVE HUNDRED THOUSAND DOLLARS PER
16 YEAR TO THE AGRICULTURE VALUE-ADDED CASH FUND CREATED IN
17 SECTION 35-75-205 (1).

18 **SECTION 4. Safety clause.** The general assembly hereby finds,
19 determines, and declares that this act is necessary for the immediate
20 preservation of the public peace, health, or safety.