



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated February 16, 2021)

Drafting Number:	LLS 21-0528	Date:	March 02, 2021
Prime Sponsors:	Rep. Holtorf Sen. Sonnenberg	Bill Status:	House Finance
		Fiscal Analyst:	Max Nardo 303-866-4776 Max.Nardo@state.co.us

Bill Topic: STUDY UNDERGROUND WATER STORAGE MAX BENEFICIAL USE

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill directs the Department of Natural Resources to contract with a Colorado institution of higher education to study underground water storage in Colorado. It increases state expenditures in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$155,000 to the Department of Natural Resources.

Fiscal Note Status: The fiscal note reflects the introduced bill, as amended by the House Agriculture, Livestock, and Water Committee.

Table 1
State Fiscal Impacts Under HB 21-1043

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Cash Funds	\$155,000	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill directs the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR), in consultation with the State Engineer, to contract with a Colorado institution of higher education to conduct a study on underground water storage. Specifically, the study must:

- evaluate ways to maximize beneficial use of water in Colorado by storing water in aquifers;
- maximize the beneficial use of water without risking noncompliance with interstate agreements or other water law;
- identify aquifers that are hydrologically and legally available for this purpose;
- identify sources of revenue that could be used;
- identify potential or existing projects that would meet the objectives of this bill;
- examine the role that the state and other institutional actors in Colorado water management might play in financing and implementing underground water storage projects; and
- recommend legislative changes needed to implement such projects.

The CWCB is directed to contract with a Colorado institution of higher education to conduct the study. The study should consider and rely on previous studies conducted on related subjects. The CWCB or the contractor must report on the results of the study to the Water Resources Review Committee by August 1, 2022. The committee is directed to either have legislation drafted to implement the study's recommendations or submit its recommendations to the House and Senate committees on agriculture.

Background

The CWCB has undertaken studies on some subjects addressed in this bill, which will be drawn on and used as a basis for the study, and also for estimating the study's costs. A selection of relevant prior work is shown in Table 2.

Table 2
Previous Studies Relevant to HB 21-1043

Study	Year Completed	Cost
SB 06-193 Underground Storage Potential: Arkansas, South Platte	2006	\$146,000
SB 16-1256 South Platte Storage	2017	\$211,168
SB 16-174 Pilot Projects: City of Aurora	2018	\$100,000
SB 16-174 Pilot Project: Upper Arkansas Water Conservancy District	In progress	\$100,000
Pikes Peak Regional Water Authority: Upper Black Squirrel Basin	In progress	\$225,000

State Expenditures

The bill increases expenditures in the DNR by an estimated \$155,000 in FY 2021-22 from the Water Plan Implementation Cash Fund. The DNR will contract with a Colorado institution of higher education to conduct the study. This cost is based on the average cost of related studies shown in the Table 2. It is assumed that the study and associated spending will span two fiscal years. Workload will be required for CWCB staff to hire the contractor, assist in developing the study, and report findings to the General Assembly, and for the State Engineer's office to consult with the CWCB. This workload can be accomplished within existing appropriations. Workload will also increase for whichever institute of higher education is contracted to conduct the study, paid with funding from the DNR.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$155,000 to the Department of Natural Resources from the Water Plan Implementation Cash Fund.

State and Local Government Contacts

Higher Education

Natural Resources