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# Fiscal Note

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**Drafting Number:** LLS 21-0855 **Date:** March 30, 2021  
**Prime Sponsors:** Sen. Donovan **Bill Status:** Senate Agriculture  
Rep. Arndt **Fiscal Analyst:** Max Nardo | 303-866-4776  
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**Bill Topic:** **CO WATER CONSERVATION BOARD CONSTRUCTION FUND PROJECT**

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**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 checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill funds water projects in the Department of Natural Resources. It increases state expenditures in FY 2021-22 only, and transfers funds through FY 2029-30.

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**Appropriation Summary:** For FY 2021-22, the bill appropriates \$1.25 million to the Department of Natural Resources.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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**Table 1**  
**State Fiscal Impacts Under SB 21-189**

		<b>Budget Year FY 2021-22</b>	<b>Out Year FY 2022-23</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	CWCB Construction Fund	\$1,250,000	-
	<b>Total</b>	<b>\$1,250,000</b>	-
<b>Transfers</b>	CWCB Construction Fund	(up to \$2,000,000)	-
	Litigation Fund	up to \$2,000,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>TABOR Refund</b>		-	-

## **Summary of Legislation**

The bill appropriates funds from the Colorado Water Conservation Board (CWCB) Construction Fund in the Department of Natural Resources (DNR) to the CWCB and the Division of Water Resources for specified water-related projects. For FY 2021-22, the bill transfers up to \$2.0 million from the CWCB Construction Fund to the Litigation Fund. In addition, the bill reinstates annual transfers of up to \$550,000 from the Severance Tax Operational Fund to the Water Efficiency Grant Program Cash Fund. This transfer was repealed July 1, 2020. These transfers and projects are described below.

In addition, the bill authorizes the CWCB to loan \$3.0 million from the CWCB Construction Fund to the Rio Grande Restoration Foundation to purchase a farm and water rights.

## **State Revenue**

Revenue will be generated from the interest on water project loans authorized by the bill. This amount will depend on the terms of the loans and cannot be determined at this time.

## **State Transfers**

This bill authorizes transfers of up to \$2,550,000 per year beginning in FY 2021-22. As explained below, these transfers are expected to be less than this amount in the near term.

The transfer from the CWCB Construction Fund to the Litigation Fund are to address legal issues associated with compact compliance or related issues. The amount transferred will be the amount necessary to bring the fund's balance to \$2.0 million on July 1, 2021.

The transfers from the Severance Tax Operational Fund to the Water Efficiency Grant Program Cash Fund are to support water conservation plans and promote water efficiency. The transfer is authorized from FY 2021-22 through FY 2029-30, when the program repeals, as a "natural resources and energy grant program", and will take place conditioned upon the availability of funds each year. Natural resource and energy grant programs receive proportional shares of the funds that remain in the Severance Tax Operational Fund after core departmental programs are funded. Due to a forecasted shortfall in severance tax revenue, these transfers are not expected to take place until at least FY 2024-25, so are not included in Table 1.

## **State Expenditures**

For FY 2020-21, the bill appropriates \$1.25 million to the Department of Natural Resources for water-related projects paid from the CWCB Construction Fund. The funds are available for the designated purposes until fully expended. These projects are shown in Table 2.

**Table 2**  
**Appropriations for Water Projects in SB 21-189**

<b>Projects</b>	<b>FY 2021-22</b>
<b>Satellite Monitoring System Maintenance.</b> To renovate existing gauging stations; replace outdated collection platforms; upgrade transmission components; fund stream gauge flood hardening projects; and fund flood-related data collection efforts.	\$100,000
<b>Colorado Floodplain Map Modernization Program.</b> To continue assistance to communities to revise and improve floodplain studies and maps.	\$500,000
<b>Weather Modification Permitting Program.</b> To assist water conservation and conservancy districts and water providers with the development of cloud seeding programs.	\$350,000
<b>Technical Assistance for Federal Grants.</b> For assistance to applicants seeking competitive water-related federal grants.	\$300,000
<b>Total Cost</b>	<b>\$1,250,000</b>

## Local Government

Some of the funding authorized in this bill will benefit local governments or local water providers.

## Effective Date

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

## State Appropriations

For FY 2021-22, the bill appropriates \$1.25 million to the Department of Natural Resources from the CWCB Construction Fund.

## State and Local Government Contacts

Natural Resources