



## Legislative Council Staff

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# Revised Fiscal Note

(replaces fiscal note dated April 5, 2022)

**Drafting Number:** LLS 22-0573 **Date:** May 5, 2022  
**Prime Sponsors:** Rep. Catlin; Roberts **Bill Status:** Senate Appropriations  
 Sen. Bridges; Simpson **Fiscal Analyst:** Josh Abram | 303-866-3561  
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**Bill Topic:** TURF REPLACEMENT PROGRAM

**Summary of Fiscal Impact:**

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

The bill creates a turf replacement program in the Department of Natural Resources to assist with the replacement of nonessential irrigated turf on residential, commercial, institutional or industrial properties and transfers \$2 million from the General Fund to a newly created cash fund to implement the program. The bill increases state expenditures beginning in FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill includes an appropriation of \$2.0 million to the Department of Natural Resources.

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

**Table 1**  
**State Fiscal Impacts Under HB 22-1151**

		Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$968,853	\$1,067,929
	Centrally Appropriated	\$15,837	\$36,782
	<b>Total Expenditures</b>	<b>\$984,690</b>	<b>\$1,031,147</b>
	<b>Total FTE</b>	<b>0.8 FTE</b>	<b>1.8 FTE</b>
<b>Transfers</b>	General Fund	(\$2,000,000)	-
	Cash Funds	\$2,000,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>			-

## Summary of Legislation

Before July 1, 2023, the bill requires the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR) to develop a turf replacement program to incentivize the voluntary replacement of nonessential irrigated turf on residential, commercial, institutional or industrial properties. The CWCB is required to contract with one or more third parties to administer one or more turf replacement programs.

A local government, special district, Native American tribe or nonprofit organization that already administers or plans to administer a turf replacement program may apply for matching funds from the state program. An eligible applicant must provide up to 50 percent of the costs to develop and implement a local program, and must begin implementation within 12 months of receiving a grant. The CWCB may also contract with one or more third parties to administer turf replacement programs in areas of the state where local programs do not exist.

The CWCB must create rules for the program, including application forms and deadlines for eligible entities, and the responsibilities of any third party contractors. The bill creates the Turf Replacement Fund in the Treasury for administration by CWCB. The cash fund is annually appropriated and consists of a one-time transfer of \$2.0 million in FY 2022-23 from the General Fund. The cash fund may also receive other appropriations from the General Assembly, federal funds the DNR receives for the program, and any gifts, grants, or private donations. The CWCB may use money in the fund to cover their direct and indirect costs in developing and administering turf replacement programs.

## State Revenue

The bill authorizes the CWCB to accept and spend gifts, grants, or private donations to implement the turf replacement program, potentially increasing state revenue. No amount of funding from grants or private sources has been identified. Revenue from these sources is not subject to TABOR.

## State Transfers

On the effective date of this bill, the State Treasurer is required to transfer \$2.0 million from the General Fund to the Turf Replacement Cash Fund.

## State Expenditures

The bill increases state expenditures in the DNR by about \$2.0 million in FY 2022-23 and FY 2023-24 from the Turf Replacement Cash Fund.

This fiscal note assumes one half of available grant funding will be spent in FY 2022-23, and that the remaining funding will be spent in FY 2023-24, requiring an appropriation. Expenditures are shown in Table 2 and discussed below.

**Table 2  
Expenditures Under HB 22-1151**

	FY 2022-23	FY 2023-24
<b>Department of Natural Resources</b>		
Personal Services	\$56,236	\$134,780
Operating Expenses	\$1,080	\$2,430
Capital Outlay Costs	\$6,200	-
Computer Programming	\$11,400	-
Turf Replacement Grants / Third Party Contracts	\$893,937	\$893,937
Centrally Appropriated Costs <sup>1</sup>	\$15,837	\$36,782
<b>Total Cost</b>	0.8 FTE	1.8 FTE
<b>Total FTE</b>	<b>\$984,690</b>	<b>\$1,067,929</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Personal services.** Beginning in FY 2022-23, the DNR will have increased personal service costs for a research scientist to create rules, issue a request for proposals to select third party administrators, develop application procedures, write and review contracts, develop evaluation criteria, provide technical assistance, manage contractors, and prepare annual reports. Beginning in FY 2023-24, the DNR will add additional administrative support for contract management and to process invoices and payments to grantees. Personal services costs in FY 2022-23 are prorated for a September 1 start date.

**Information technology.** The DNR will have computer programming costs in FY 2022-23 for a grants portal reporting database. This cost is from purchased services and reappropriated to the Office of Information Technology.

**Turf replacement grants / third party contracts.** After administrative expenses, about \$1.8 million is available to make awards from the turf replacement program, and to contract with third party administrators to establish programs where none exist.

**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. These costs, which include employee insurance, supplemental employee retirement payments, and an indirect assessment on new personal service costs are shown in Table 2.

## Local Government

Local governments that already administer or plan to administer a turf replacement program will be eligible for matching grants from the state. Only those local governments, including cities, counties, and special districts that demonstrate the ability to provide matching funds and that can begin a program within 12 months of an award may receive funding from the CWCB.

## 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 2022-23, the bill includes an appropriation of \$2.0 million from the Turf Replacement Fund to the Department of Natural Resources, and 0.8 FTE. Of this amount, \$11,400 is reappropriated to the Office of Information Technology.

## State and Local Government Contacts

Counties

Natural Resources

Information Technology

Special Districts

Municipalities