



**Colorado
Legislative
Council
Staff**

Bill 1

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 18-0223
Prime Sponsor(s):

Date: October 26, 2017
Bill Status: Water Resources Review
Committee Bill Request

Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: CONNECTED MUN USE NOT CHANGE IF ALREADY QUANTIFIED

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
State Revenue		
State Expenditures	Minimal workload increase. See State Expenditures section.	
Appropriation Required: None.		
Future Year Impacts: Ongoing workload impact.		

Summary of Legislation

Current law limits the place of use for water that has been decreed for use in a treated domestic or municipal water supply system. This bill, **requested by the Water Resources Review Committee**, specifies certain requirements by which water may be used in a interconnected system.

A person who is entitled to claim injury to a water right may argue in water court that the water use in the interconnected system injures his or her water right. Other than the place of use, all of the terms and conditions of the previous change of water right decree continue to apply to the water right. A claim to any return flows from the use of the water right in the interconnected system must be approved by the water judge.

State Expenditures

The bill is anticipated to minimally change workload efforts in the Department of Natural Resources and the Judicial branch as described below. No additional appropriations are required.

Department of Natural Resources. Under current law, the location and use of decreed water in a treated domestic or municipal water supply system is limited to that system only. This bill authorizes use of water in interconnected systems under certain conditions. For example that of a neighboring municipality or water district, without changing the existing water right, and using the existing quantified history of consumptive use in the systems. The owner or operator of the water right provides written notice to the division engineer for approval of this accounting. The

Division of Water Resources in the DNR reviews all water court applications and substitute water supply plans. Expanding the allowable locations for which the decreed water right can be used does not significantly alter the workload for the division.

Judicial. The bill may have an initial workload impact on the trial courts, particularly in water divisions along the Front Range where numerous municipalities are concentrated. The anticipated impact is based on the right of other, non-municipal water users to request a re-hearing of the original water decree, if they believe their water rights will be injured by use of the water in a new location (a de novo hearing). The injury claims will likely focus on increased water use in excess of an original decree, and quantifying the return flows that can be claimed by the municipality holding that decree. These issues must be determined by the water judge.

The degree of impact is dependent on unknown variables, including which municipalities already have or will create the infrastructure required to connect their municipal water systems. For example, if half of the municipalities in the metro area combined their systems, this would create five to ten new cases that could have a significant number of opposing parties. However, once the operations are approved by water court, interconnected, and running, the number of new cases is anticipated to drop significantly. Although the initial impact will cause additional work, this increase can be accomplished with existing appropriations.

Local Government

The bill may allow local governments to increase water sales to other interconnected water providers, thereby increasing potential revenue. However, increases in revenue could be partially offset by increased operating costs and/or legal fees.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 09, 2018, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology
Municipalities

Judicial
Natural Resources