



**Colorado
Legislative
Council
Staff**

Bill 6

FISCAL NOTE

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

Drafting Number: LLS 18-0227
Prime Sponsor(s):

Date: October 27, 2017
Bill Status: Water Resources Review
Committee Bill Request

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BILL TOPIC: RECLAIMED WATER USE FOR MARIJUANA CULTIVATION

Fiscal Impact Summary	FY 2018-2019	FY 2019-2020
State Revenue	Potential increase. See State Revenue section.	
State Expenditures	\$57,062	\$66,870
General Fund	40,602	47,008
Centrally Appropriated Costs	16,460	19,862
FTE Position Change	0.4 FTE	0.5 FTE
Appropriation Required: \$40,602 - Public Health and Environment (FY 2018-19).		
Future Year Impacts: Ongoing state revenue and expenditure increase.		

Summary of Legislation

This bill, **requested by the Water Resources Review Committee**, codifies in statute rules promulgated by the Water Quality Control Commission (WQCC) within the Colorado Department of Public Health and Environment (CDPHE) related to the allowable uses of reclaimed domestic wastewater, and expands allowable uses to include marijuana cultivation. In addition, the bill defines three categories of water quality standards.

The WQCC is required to promulgate new rules related to reclaimed wastewater no later than December 31, 2019. The WQCC is also authorized to:

- create new categories of water quality standards;
- recategorize any of the allowable uses to a less stringent category; and
- authorize additional uses.

Variances may be granted from the standards if the proposed usage will sufficiently protect public health and the environment.

Background

Under current law, reclaimed domestic wastewater is wastewater that has received treatment for subsequent reuses other than drinking. The Colorado Water Quality Control Act authorized the WQCC to promulgate control regulations to describe requirements, prohibitions, standards, and concentration limitations on the reuse of reclaimed domestic wastewater that will protect public health and encourage reuse. Regulation 84, also known as the Reclaimed Water Control Regulation, was adopted by the WQCC in October 2000, and was amended in 2004, 2005, 2007, and 2013.

Regulation 84 establishes treatment requirements for the use of reclaimed wastewater for irrigation, fire protection, industrial uses, and certain other commercial uses. CDPHE reviews applications from reclaimed wastewater systems and user plans to determine whether they meet the requirements of the regulation. If the requirements are met, CDPHE issues notices of authorization. CDPHE also reviews annual reports, considers requests for variances, conducts inspections, and enforces the requirements of Regulation 84. Existing department resources for the program are approximately 1.2 FTE.

State Revenue

State law allows the Water Quality Control Division to collect fees for regulated reclaimed wastewater systems. Beginning July 1, 2018, the fees range from \$450 to \$6,300 per year, depending on the capacity of the treatment facility. Individual end users of reclaimed wastewater systems are not currently charged fees by the division. While this bill does not change the existing fee structure to offset expenditures, state revenue will increase if and when new reclaimed wastewater treatment plants are constructed as a result of this bill. Existing reclaimed wastewater systems may also have existing capacity to allow for the expanded uses in this bill.

State Expenditures

This bill increases expenditures for CDPHE by \$57,062 and 0.4 FTE in FY 2018-19, and by \$66,870 and 0.5 FTE in FY 2019-20 and beyond.

CDPHE will utilize one half-time Environmental Protection Specialist II (0.5 FTE) to regulate the expanded uses, prorated to 0.4 to account for the General Fund paydate shift in FY 2018-19. The additional workload includes providing guidance to regulated entities, reviewing letters of intent and user plans, data entry, record keeping, drafting notices of authorization, developing forms and guidance documents, conducting inspections, drafting inspection reports, identifying noncompliance issues, reviewing noncompliance responses, responding to complaints, providing information to the public, and training. The fiscal note includes \$4,000 in travel costs annually based on 10 trips averaging two nights each at a rate of \$400 per trip for compliance oversight and compliant response, technical assistance and training, and framework and coordination meetings. Program costs are shown in Table 1 and explained below.

Table 1. Expenditures Under Bill 6.		
Cost Components	FY 2018-19	FY 2019-20
Personal Services	\$31,899	\$42,533
FTE	0.4 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	4,703	475
Travel	4,000	4,000
Centrally Appropriated Costs*	16,460	19,862
TOTAL	\$57,062	\$66,870

* Centrally appropriated costs are not included in the bill's appropriation.

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. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under Bill 6.		
Cost Components	FY 2018-19	FY 2019-20
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,248	\$3,248
Supplemental Employee Retirement Payments	2,858	3,811
Indirect Costs	10,354	11,987
TOTAL	\$16,460	\$19,862

Local Government Impact

The expanded reclaimed wastewater uses in the bill may allow local governments to increase water sales to new or existing customers, thereby increasing the potential revenue from existing, new, or expanded reclaimed wastewater systems. However, potential increases in revenue could be partially offset by increased operating costs or legal fees.

Effective Date

The bill takes effect August 8, 2018, if the General Assembly adjourns on May 9, 2018, as scheduled, and no referendum petition is filed.

State Appropriations

For FY 2018-19, the bill requires a General Fund appropriation of \$40,602 to CDPHE and an allocation of 0.4 FTE.

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