



**Colorado
Legislative
Council
Staff**

HB17-1248

**REVISED
FISCAL NOTE**

(replaces fiscal note dated March 17, 2017)

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

Drafting Number: LLS 17-0822
Prime Sponsor(s): Rep. Arndt
Sen. Cooke

Date: May 1, 2017
Bill Status: Senate Finance
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: CO WATER CONSERVATION BD CONSTRUCTION FUND PROJECT

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue	Potential increase	
Cash Funds		
State Transfers	\$0	\$0
Cash Funds	(63,860,000)	(up to 5,000,000)
Cash Funds	63,860,000	up to 5,000,000
State Expenditures	\$30,069,000	\$5,000,000
Cash Funds	30,069,000	5,000,000
TABOR Impact	Potential increase. See TABOR Impact section.	
Appropriation Required: \$30,069,000 - various agencies (FY 2017-18).		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

The **reengrossed** bill appropriates funds from the Colorado Water Conservation Board (CWCB) Construction Fund in the Department of Natural Resources (DNR) to the CWCB or the Division of Water Resources for specific water-related projects in FY 2017-18. This bill also:

- transfers \$3,860,000 from the CWCB Construction Fund to various funds;
- transfers \$60,000,000 from the Severance Tax Perpetual Base Fund to various funds;
- creates the continuously appropriated Loan Guarantee Fund;
- transfers up to \$30,000,000 from the Severance Tax Perpetual Base Fund to the Loan Guarantee Fund;
- authorizes the CWCB to make loans of up to \$90,000,000 for the Windy Gap Firming Project from the CWCB Construction Fund;
- authorizes the CWCB to determine the amount of loan, or loan-to-grant ratio for the Rio Grande Reservoir improvements;
- increases funding for the implementation of the Colorado Water Plan by \$5,000,000 per year; and
- appropriates \$260,000 to the Department of Public Health and Environment from the Public and Private Utilities Sector Cash Fund.

Background

The CWCB Construction Fund was created in 1971 to provide low-interest loans for water projects. Revenue for this revolving loan fund comes from interest earned on outstanding loans and the fund's cash balance and distribution of royalties from federal mineral leases.

State Revenue

Because this bill authorizes loan amounts, revenue from the interest generated on water project loans will increase, but that amount will depend on the terms of the loans and cannot be determined.

State transfers. The bill makes the following transfers in FY 2017-18.

\$3,860,000 from the CWCB Construction Fund:

- up to \$500,000 to the Flood and Drought Response Fund to restore a \$500,000 fund balance;
- \$1,300,000 to the Litigation Fund;
- \$300,000 to the Feasibility Study Small Grant Fund;
- \$1,500,000 to the Fish and Wildlife Resources Fund; and
- \$260,000 to the Public and Private Utilities Sector Cash Fund.

\$60,000,000 from the Severance Tax Perpetual Base Fund:

- \$20,000,000 to the CWCB Construction Fund
 - \$10,000,000 for the Rio Grand Cooperative Project;
 - \$5,000,000 for the Watershed Restoration Program; and
 - \$5,000,000 for implementation of the Colorado Water Plan (a total annual transfer of \$10,000,000 continues indefinitely).
- \$10,000,000 to the Water Supply Reserve Fund; and
- \$30,000,000 to the Loan Guarantee Fund, unless the CWCB directs the State Treasurer to transfer a lesser amount.

State transfers. The bill makes the following transfer in FY 2018-19.

- up to \$5,000,000 from the Severance Tax Perpetual Base Fund to the CWCB Construction Fund for implementation of the Colorado Water Plan.

TABOR Impact

This bill increases state cash fund revenue from interest payments, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Since the bill increases the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount. Payments of loan principal are not subject to TABOR.

State Expenditures

The bill increases expenditures by \$30,069,000 in FY 2017-18. Of this, \$29,809,000 is from the CWCB Construction Fund and \$260,000 is from the Public and Private Utilities Sector Cash Fund. The projects for which funds are appropriated in the bill are shown in Table 1. Funds remain available for the designated purposes until fully expended.

Table 1. FY 2017-18 Appropriations for Water-Related Projects in HB17-1248	
Cost Components	FY 2017-18
Satellite Monitoring System Maintenance – to renovate existing gauging stations, replace outdated collection platforms; upgrade transmission components of the satellite monitoring system; fund stream gauge flood hardening projects, and data collection efforts related to flood forecasting and warning.	\$380,000
Colorado Floodplain Map Modernization Program – to continue assistance to communities to revise and improve floodplain studies and maps.	500,000
Colorado Decision Support System - to continue to provide data and analytical tools to assist water resources planning and management projects throughout the state.	200,000
Weather Modification Program - to continue to provide assistance to water conservation and conservancy districts and water providers with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement.	175,000
Colorado Mesonet Project - to support the project at the Colorado Climate Center at Colorado State University.	154,000
Water Forecasting Partnership Project - to support the development of new ground and areal remote sensing data and equipment and hydrologic modeling, to provide reliable volumetric water supply forecasting.	800,000
Alternative Agricultural Transfer Methods Grant Program - to continue a competitive grant program to advance various agricultural transfer methods as alternatives to permanent dry-up of agricultural lands.	1,000,000
Technical Assistance for the Federal Irrigation Improvement Cost-sharing Program - to continue to provide technical assistance and leverage funds to increase the success rate of applicants for competitive federal grant funds for the improvement of irrigation infrastructure.	500,000
Colorado Water Loss Control Initiative - to create statewide training workshops on water loss control methodology, as well as to provide technical support to interested water providers in improving the management of their water systems.	1,100,000
Update Nonpotable Water Reuse Regulations - to allow the Water Quality Control Division to update regulations concerning nonpotable reuse of water and graywater usage.	260,000
Rio Grande Cooperative Project - to continue to rehabilitate the Rio Grande Reservoir.	10,000,000
Colorado Water Plan - to fund studies, programs, or projects that assist in implementing the state water plan.	10,000,000
Watershed Restoration Program – to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the state.	5,000,000
TOTAL	\$30,069,000

The Colorado Water Plan implementation will also have an increase of \$5,000,000 in expenditures for plan implementation in FY 2018-19 and thereafter, for a total of \$10,000,000 per year.

Local Government Impact

The majority of projects funded under this bill will benefit local water districts or water providers.

Effective Date

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

State Appropriations

For FY 2017-18, the bill includes the following appropriations:

- \$29,809,000 to the Department of Natural Resources from the CWCB Construction Fund; and
- \$260,000 to the Department of Public Health and Environment from the Public and Private Utilities Sector Cash Fund.

State and Local Government Contacts

Information Technology
Natural Resources

Law
Public Health and Environment