

First Regular Session
Seventy-third General Assembly
STATE OF COLORADO

REVISED

*This Version Includes All Amendments Adopted
on Second Reading in the Second House*

LLS NO. 21-0851.01 Thomas Morris x4218

HOUSE BILL 21-1242

HOUSE SPONSORSHIP

McLachlan,

SENATE SPONSORSHIP

Donovan,

House Committees

Agriculture, Livestock, & Water

Senate Committees

Agriculture & Natural Resources
Appropriations

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF AN AGRICULTURAL DROUGHT AND
102 CLIMATE RESILIENCE OFFICE IN THE DEPARTMENT OF
103 AGRICULTURE, AND, IN CONNECTION THEREWITH, MAKING AN
104 APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Section 1 of the bill creates in the department of agriculture the agricultural drought and climate resilience office (office). The office may provide voluntary technical assistance, nonregulatory programs, and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

SENATE
Amended 2nd Reading
May 21, 2021

HOUSE
3rd Reading Unamended
April 21, 2021

HOUSE
Amended 2nd Reading
April 15, 2021

incentives that increase the ability to anticipate, prepare for, mitigate, adapt to, and respond to hazardous events, trends, or disturbances related to drought or the climate. The office may accept gifts, grants, and donations for these purposes. On July 1, 2021, the state treasurer shall transfer all unobligated money in the agriculture value-added cash fund to the newly created agriculture drought and climate resiliency cash fund. The commissioner of agriculture shall appoint the head of the office and may promulgate rules necessary for the administration of the office's assistance, programs, and incentives.

Section 2 annually transfers \$500,000 from tier 2 of the severance tax operational fund to the new cash fund until July 1, 2029.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 35-1-114 as
3 follows:

4 **35-1-114. Agricultural drought and climate resilience office -**
5 **creation - rules - definition - repeal. (1) Legislative declaration.**

6 THE GENERAL ASSEMBLY HEREBY:

7 (a) FINDS THAT:

8 (I) SEVERE DROUGHTS, AS WELL AS UNADDRESSED WATER
9 DEMANDS ASSOCIATED WITH URBAN GROWTH, WILL ADD PRESSURE TO
10 COLORADO'S ALREADY STRAINED WATER SUPPLY IN ALL OF COLORADO'S
11 WATERSHEDS;

12 (II) MORE FREQUENT AND SEVERE DROUGHTS WILL ADD PRESSURE
13 TO COLORADO'S ALREADY STRAINED WATER SUPPLY; AND

14 (III) A STRONG, PROSPEROUS, DIVERSE, AND RESILIENT
15 AGRICULTURAL SECTOR IS FUNDAMENTAL TO THE FABRIC OF COLORADO;

16 (b) DETERMINES THAT:

17 (I) COLORADO'S AGRICULTURAL PRODUCERS ARE STEWARDS OF
18 OUR LANDS, WATERS, AND ECOSYSTEMS BUT THEY CANNOT SHOULDERS THE
19 BURDEN OF WATER SCARCITY WITHOUT ADDRESSING WATER-SAVING

1 MEASURES BEING IMPLEMENTED AND SUSTAINED IN URBAN AREAS; AND

2 (II) COLORADO'S AGRICULTURAL SECTOR IS A LEADER IN
3 IMPLEMENTING PRACTICES THAT BUILD RESILIENCY, CONSERVE OUR
4 WATER SUPPLIES, PROVIDE AN ECONOMIC BASE FOR RURAL COMMUNITIES,
5 AND ENHANCE OUR ENVIRONMENT; AND

6 (c) DECLARES THAT:

7 (I) CREATING THE AGRICULTURAL DROUGHT AND CLIMATE
8 RESILIENCE OFFICE WILL SUPPORT AND ELEVATE PRODUCERS IN THEIR
9 RESILIENCY EFFORTS THROUGH NONREGULATORY, VOLUNTARY, AND
10 INCENTIVE-BASED PROGRAMS WITHOUT NEGATIVELY IMPACTING THE
11 OVERALL RURAL ECONOMIC VIABILITY OF AGRICULTURAL OPERATIONS
12 AND RURAL COMMUNITIES; AND

13 (II) THE AGRICULTURAL DROUGHT AND CLIMATE RESILIENCE
14 OFFICE CAN BEST ADDRESS AND MITIGATE AGRICULTURAL
15 CLIMATE-RELATED ISSUES ON A WIDE SCALE BY PROVIDING SUPPORT TO
16 AND ASSISTING BONA FIDE AGRICULTURAL PRODUCERS IN IMPLEMENTING
17 PRACTICES THAT MINIMIZE THE IMPACTS OF CLIMATE CHANGE.

18 (2) **Office created.** THERE IS HEREBY CREATED IN THE
19 DEPARTMENT THE AGRICULTURAL DROUGHT AND CLIMATE RESILIENCE
20 OFFICE, REFERRED TO IN THIS SECTION AS THE "OFFICE". THE OFFICE MAY
21 PROVIDE VOLUNTARY TECHNICAL ASSISTANCE, NONREGULATORY
22 PROGRAMS, AND INCENTIVES THAT INCREASE THE ABILITY TO ANTICIPATE,
23 PREPARE FOR, MITIGATE, ADAPT TO, AND RESPOND TO HAZARDOUS
24 EVENTS, TRENDS, OR DISTURBANCES RELATED TO DROUGHT OR THE
25 CLIMATE. THE OFFICE SHALL ADVISE THE COMMISSIONER, THE COLORADO
26 AGRICULTURAL VALUE-ADDED DEVELOPMENT BOARD CREATED IN SECTION
27 35-75-203, OTHER STATE AGENCIES, AND THE GOVERNOR ON THE IMPACT

1 TO AGRICULTURE OF DROUGHT AND CLIMATE POLICIES AND PROGRAMS.

2 THE COMMISSIONER SHALL APPOINT THE HEAD OF THE OFFICE.

3 (3) **Rules.** THE COMMISSIONER MAY PROMULGATE RULES
4 NECESSARY FOR THE ADMINISTRATION OF THE OFFICE'S ASSISTANCE,
5 PROGRAMS, AND INCENTIVES, INCLUDING GRANTS. BEFORE
6 PROMULGATING THE RULES, THE COMMISSIONER SHALL CONVENE A
7 STAKEHOLDER GROUP, INCLUDING REPRESENTATIVES OF ORGANIZATIONS
8 WHOSE MEMBERSHIP CONSISTS OF AGRICULTURAL PRODUCERS ENGAGED
9 IN THE PRODUCTION OF THE TOP TEN AGRICULTURAL COMMODITIES
10 PRODUCED IN COLORADO AND MEMBERS OF THE COLORADO WATER
11 CONSERVATION BOARD CREATED IN SECTION 37-60-102. THE
12 STAKEHOLDER GROUP SHALL ADVISE THE COMMISSIONER AS TO THE NEEDS
13 OF THE AGRICULTURE INDUSTRY TO RESPOND TO AND MITIGATE THE
14 IMPACTS OF CLIMATE CHANGE ON AGRICULTURAL PRODUCTION. FOR THE
15 PURPOSE OF THIS SECTION, "BONA FIDE AGRICULTURAL PRODUCER" MEANS
16 AN AGRICULTURAL PRODUCER THAT RECEIVES A MAJORITY OF THE
17 PRODUCER'S ANNUAL INCOME FROM AGRICULTURE, AN AGRICULTURAL
18 PRODUCER THAT SPENDS MORE THAN ONE THOUSAND FORTY HOURS PER
19 YEAR ENGAGED IN AGRICULTURAL PRODUCTION, OR A COLORADO
20 BUSINESS THAT PROCESSES AGRICULTURAL PRODUCTS. EXCEPT FOR A
21 PROGRAM OR SUPPORT ADMINISTERED BY THE OFFICE TO ADDRESS
22 IMMEDIATE NEEDS AS A RESULT OF DISASTER, INCLUDING WILDFIRE AND
23 DROUGHT, OR A PROGRAM THAT WAS IN EXISTENCE ON JANUARY 1, 2021:

24 (a) A PROGRAM ADMINISTERED BY THE OFFICE MUST BE DESIGNED
25 TO BENEFIT BONA FIDE AGRICULTURAL PRODUCERS ACTIVELY ENGAGED
26 IN AGRICULTURE. GRANTS AWARDED BY THE OFFICE MUST PAY FOR
27 IMPLEMENTATION OF PRACTICES TO ADDRESS AND MITIGATE THE IMPACTS

1 OF CLIMATE CHANGE OR DROUGHT OR TO PROVIDE DIRECT ADAPTATION
2 SUPPORT FOR IMPACTED AGRICULTURAL COMMUNITIES, INCLUDING
3 MENTAL HEALTH RESOURCES, CONFLICT RESOLUTION ASSISTANCE, AND
4 RISK-MANAGEMENT GUIDANCE. A GRANT AWARD MAY PAY NO MORE THAN
5 FIVE PERCENT OF ADMINISTRATIVE EXPENSES INCURRED BY A BONA FIDE
6 AGRICULTURAL PRODUCER TO IMPLEMENT THE PRACTICES.

7 (b) THE DEPARTMENT SHALL, AT LEAST THIRTY DAYS BEFORE
8 OPENING THE GRANT APPLICATION PROCESS, MAKE AVAILABLE ON ITS
9 WEBSITE INFORMATION RELATED TO THE GRANT PROGRAM AVAILABLE TO
10 BONE FIDE AGRICULTURAL PRODUCERS;

11 (c) A GRANT AUTHORIZED PURSUANT TO THIS SECTION MUST
12 RECEIVE FINAL APPROVAL BY THE COMMISSION BEFORE A FINAL AWARD
13 CAN BE ISSUED; AND

14 (d) THE DEPARTMENT SHALL POST ON ITS WEBSITE ALL
15 APPLICATIONS FOR GRANT AWARDS. WITHIN FIFTEEN DAYS AFTER
16 AWARDING A GRANT, THE DEPARTMENT SHALL POST ON ITS WEBSITE THE
17 NAME OF THE INDIVIDUAL OR ENTITY RECEIVING A GRANT, THE AMOUNT
18 OF THE GRANT AWARDED, THE PROJECT OR PROJECTS TO BE FUNDED BY
19 THE GRANT, AND THE DURATION OF THE GRANT AWARD.

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21 **SECTION 2.** In Colorado Revised Statutes, 35-75-204, **amend**
22 **(1) as follows:**

23 **35-75-204. Duties of board - agriculture value-added grants,**
24 **loans and loan guarantees, and equity investments.** (1) The board has
25 **the power to make grants, loans and loan guarantees, and equity**
26 **investments to any person, including eligible agricultural value-added**
27 **cooperatives, as defined in section 35-75-202 (4), for new or ongoing**

1 agricultural projects and research that add value to Colorado agricultural
2 products and aid the economy of rural Colorado communities AND FOR
3 AGRICULTURAL PROJECTS THAT WILL REDUCE ENERGY COSTS FOR
4 AGRICULTURAL PRODUCERS OR BUSINESSES. The board also has the power
5 to fund market promotion activities of the department pursuant to section
6 35-75-205 (2)(f).

7 **SECTION 3.** In Colorado Revised Statutes, 39-29-109.3, **add**
8 (2)(t) as follows:

9 **39-29-109.3. Severance tax operational fund - core reserve -**
10 **grant program reserve - definitions - repeal.** (2) Subject to the
11 requirements of subsections (3) and (3.5) of this section, if the general
12 assembly chooses not to spend up to one hundred percent of the money
13 in the operational fund on core departmental programs, the state treasurer
14 shall transfer the following amounts:

15 (t) FOR EACH STATE FISCAL YEAR COMMENCING ON OR AFTER JULY
16 1, 2021, THROUGH JULY 1, 2029, FIVE HUNDRED THOUSAND DOLLARS PER
17 YEAR TO THE AGRICULTURE VALUE-ADDED CASH FUND CREATED IN
18 SECTION 35-75-205 (1).

19 **SECTION 4. Appropriation.** (1) For the 2021-22 state fiscal
20 year, \$101,333 is appropriated to the department of agriculture for use by
21 the commissioner's office and administrative services This appropriation
22 is from the general fund. To implement this act, the office may use this
23 appropriation as follows:

24 (a) \$93,783 for personal services, which amount is based on an
25 assumption that the office will require an additional 0.9 FTE; and

26 (b) \$7,550 for operating expenses.

27 **SECTION 5. Safety clause.** The general assembly hereby finds,

- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, or safety.