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Fiscal Note

Drafting Number:	LLS 21-0528	Date:	February 16, 2021
Prime Sponsors:	Rep. Holtorf Sen. Sonnenberg	Bill Status:	House Agriculture
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Bill Topic: **STUDY UNDERGROUND WATER STORAGE MAX BENEFICIAL USE**

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

The bill directs the Department of Natural Resources to contract with a Colorado institution of higher education to study underground water storage in Colorado. It increases state revenue and expenditures in FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$155,000 to the Department of Natural Resources.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 21-1043**

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	Cash Funds	\$155,000	-
Expenditures	Cash Funds	\$155,000	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill directs the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR), in consultation with the State Engineer, to contract with a Colorado institution of higher education to conduct a study on underground water storage. Specifically, the study must:

- evaluate ways to maximize beneficial use of water in Colorado by storing water in aquifers;
- maximize the beneficial use of water without risking noncompliance with interstate agreements or other water law;
- identify aquifers that are hydrologically and legally available for this purpose;
- identify sources of revenue that could be used;
- identify potential or existing projects that would meet the objectives of this bill;
- examine the role that the state and other institutional actors in Colorado water management might play in financing and implementing underground water storage projects; and
- recommend legislative changes needed to implement such projects.

The CWCB is directed to contract with a Colorado institution of higher education to conduct the study. The study should consider and rely on previous studies conducted on related subjects. The CWCB or the contractor must report on the results of the study to the Water Resources Review Committee by August 1, 2022. The committee is directed to either have legislation drafted to implement the study's recommendations or submit its recommendations to the House and Senate committees on agriculture.

Background

The CWCB has undertaken studies on some subjects addressed in this bill, which will be drawn on and used as a basis for this study. A selection of relevant prior work is shown in Table 2.

Table 2
Previous Studies Relevant to HB 21-1043

Study	Year Completed	Cost
SB 06-193 Underground Storage Potential: Arkansas, South Platte	2006	\$146,000
SB 16-1256 South Platte Storage	2017	\$211,168
SB 16-174 Pilot Projects: City of Aurora	2018	\$100,000
SB 16-174 Pilot Project: Upper Arkansas Water Conservancy District	In progress	\$100,000
Pikes Peak Regional Water Authority: Upper Black Squirrel Basin	In progress	\$225,000

State Revenue and Expenditures

The bill increases state cash fund expenditures in the DNR by an estimated \$155,000 in FY 2021-22, and increases revenue and workload in whichever Department of Higher Education institution conducts the study, as discussed below.

Department of Natural Resources. The CWCB will contract with a Colorado institution of higher education to conduct the study. Based on the average cost of related studies shown in the Table 2, the fiscal note assumes contracting for the study will cost \$155,000 beginning in FY 2021-22, and require two years of spending authority. No funding source is specified; the fiscal note further assumes that costs will be paid from the CWCB Construction Fund. Workload will be required of CWCB staff to hire the contractor, assist in the development of the study, and report findings to the General Assembly, and for the State Engineer's office to consult with the CWCB. This workload can be accomplished within existing appropriations.

Department of Higher Education. Whichever institution of higher education contracts to conduct the study will receive revenue according to the terms of the contract, which the fiscal note estimates to be \$155,000. This revenue is not subject to TABOR. Expenditures may increase up to the contracted amount as needed to conduct the study.

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 2021-22, the bill requires an appropriation of \$155,000 to the Department of Natural Resources from the Colorado Water Conservation Board Construction Fund.

State and Local Government Contacts

Higher Education

Natural Resources