



Fiscal Note

Legislative Council Staff

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BILL 10: TRANSPARENCY IN WATER RIGHT TRANSACTIONS

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Fiscal note status: The fiscal note reflects the bill draft requested by the Water Resources and Agriculture Review Committee.

Summary Information

Overview. The bill requires the Department of Natural Resources to maintain a publicly accessible online database of the sale and purchase of all water rights.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- State Revenue
- TABOR Refunds
- Local Government

Appropriations. The bill requires an appropriation of \$359,430 to the Department of Natural Resources.

Table 1
State Fiscal Impacts

Type of Impact ¹	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	\$66,268	\$132,536
State Expenditures	\$373,742	\$151,793
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$66,268	\$132,536
Change in State FTE	0.7 FTE	1.0 FTE

¹ Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$0	\$0
Cash Funds	\$66,268	\$132,536
Total Revenue	\$66,268	\$132,536

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	\$315,692	\$0
Cash Funds	\$43,738	\$132,536
Federal Funds	\$0	\$0
Centrally Appropriated	\$14,312	\$19,257
Total Expenditures	\$373,742	\$151,793
Total FTE	0.7 FTE	1.0 FTE

Summary of Legislation

The bill requires the Division of Water Resources in the Department of Natural Resources (DNR) to create an online database of information detailing the sale and purchase of all water rights in the state. The division must create an online form and instructions for buyers and sellers of a water right to submit information to the division. The bill details specific information that buyers and sellers must file. The requirement to file water rights purchase information begins January 1, 2026.

The State Engineer in the division may adopt any rules necessary to implement the online database, and create a fee schedule to cover the direct and indirect costs of maintaining the database, including costs to support the public's use of all forms and displays. Fee revenue is deposited in the Water Resources Cash Fund.

Current law exempts the transfer of ownership of company stock constituting a water right from the general procedures required of real estate transactions. The bill removes this exemption, and requires that these water right transfers follow the same procedures and formalities that are required for other real estate transactions.

State Revenue

The bill is expected to increase fee revenue in the DNR by about \$66,000 in FY 2025-26, and by about \$132,500 annually, beginning FY 2026-27. Fee revenue in FY 2025-26 represents a half-year impact. State revenue from fees is estimated in amounts needed to cover the costs of managing and maintaining the database beginning January 1, 2026, as discussed in the State Expenditures section. The actual schedule of fee amounts and payees must be determined in rules by the State Engineer. All fee revenue is deposited in the Water Resources Cash Fund, and is subject to TABOR.

State Expenditures

The bill is expected to increase expenditures in the DNR by about \$687,000 in FY 2025-26, and by about \$93,000 in FY 2026-27 and subsequent years. Expenditures in FY 2025-26 are for database development costs, and are from the General Fund. Beginning FY 2026-27, ongoing support and maintenance costs are paid from the Water Resources Cash Fund. New state costs are displayed in Table 2 and described below.

Table 2
State Expenditures
Department of Natural Resources

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	\$59,864	\$72,856
Operating Expenses	\$896	\$1,280
Capital Outlay Costs	\$6,670	\$0
Information Technology Costs	\$292,000	\$58,400
Centrally Appropriated Costs	\$14,312	\$19,257
Total Costs	\$373,742	\$151,793
Total FTE	0.7 FTE	1.0 FTE

Staff and Information Technology Costs

In FY 2025-26, the DNR will contract with the Governor's Office of Information Technology (OIT) to develop the forms, database, user interface, and the support tools and public instructions needed to receive data submissions and display water right sales information online. Development and testing of the OIT forms and database also requires 0.2 FTE Temporary Aide in the department, and approximately 136 hours of other administrative support.

Beginning January 2026, OIT will continue to provide technical maintenance on the new database, and the DNR will add 1.0 FTE Engineer Physical Sciences Technician to provide ongoing support to the public use of submission forms and database features, and to verify public data entry. This additional staff represents a half-year expense in FY 2025-26, and a full year expense beginning in FY 2026-27.

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. These costs, which may include employee insurance, supplemental employee retirement payments, leased space, and indirect cost assessments, are shown in the expenditure table above.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the June 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save.

Local Government

Beginning January 2026, the cost and administrative effort of local governments transacting water rights sales or purchases will increase. Counties, municipalities, special districts, and other local governments selling or purchasing water rights will be required to submit online information to the DNR using the public interface, and pay the associated fees.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and applies to the sale or purchase of water rights on or after January 1, 2026.

State Appropriations

For FY 2025-26, the bill requires the following appropriations:

- \$315,692 from the General Fund appropriation to the Department of Natural Resources, and 0.7 FTE. Of this amount, \$292,000 is reappropriated to the Governor's Office of Information Technology; and
- \$43,738 from the Water Resources Cash Fund to the Department of Natural Resources.

State and Local Government Contacts

Agriculture

Judicial

Municipalities

Counties

Law

Natural Resources

Information Technology

Local Affairs