



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0262	Date:	February 16, 2021
Prime Sponsors:	Rep. Arndt; Catlin Sen. Fields; Sonnenberg	Bill Status:	House Agriculture
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Bill Topic: WATER SHARE RIGHT MUTUAL DITCH CORPORATION

Summary of Fiscal Impact:

<input 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 establishes statutory presumptions concerning the operations of mutual ditch corporations. It will minimally affect state agency workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

Mutual ditch corporations are private, non-profit organizations that hold water rights, allocate water to shareholders, and keep ditches in good condition. The bill creates the following statutory presumptions concerning mutual ditch corporations:

- shares of stock in a mutual ditch corporation represent the right to beneficially use the corporation's water rights and to divert and deliver a shareholder's water;
- these water rights may be proportionally reduced when shareholder demand exceeds available supply;
- a mutual ditch corporation may operate using traditional ditch operating practices; and
- when a shareholder is not using some of their available water, they do not inherently have the right to prevent other shareholders from using any portion of the corporation's water rights.

In addition, the bill establishes that the statutes governing ditch and reservoir companies do not prevent stockholders from changing the use of their water rights or change the standards for water court approval to change a water right.

State Expenditures

The bill is expected to have a minimal workload impact on state agency workload. Staff time required in Judicial Department water courts for changes to mutual ditch shares is significant, and the bill does not appreciably change this. Department of Natural Resources staff participate in water court cases to obtain decrees consistent with law and that will not result in injury to other water rights; likewise, the change in workload is expected to be minimal.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Agriculture

Judicial

Natural Resources