

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A STUDY REGARDING THE CREATION OF ADDITIONAL WATER STORAGE IN THE SOUTH PLATTE RIVER BASIN.

Prime Sponsors: Representative Brown  
Senator Sonnenberg

JBC Analyst: Carly Jacobs  
Phone: 303-866-2061  
Date Prepared: April 1, 2016

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/24/16.

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
<b>XXX</b>	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The most recent LCS Revised Fiscal Note shows all expenditures for this bill occurring in FY 2016-17. However, according to provisions included in the bill, the Colorado Water Conservation Board (CWCB) has until October 31, 2017, to complete the study and until December 31, 2017, to submit a final report to the legislature. JBC Staff and Legislative Council Staff agree that, in addition to the initial appropriation for FY 2016-17, this deadline structure requires that the CWCB have the flexibility to spend the appropriation in FY 2017-18 as well.

Accordingly, JBC Staff included a provision in amendment **J.001** (described below) to appropriate any money unexpended in FY 2016-17 to the CWCB in FY 2017-18 to implement the bill. Please note that, based on other provisions in the bill, this appropriation is still contingent on the approval of the study and the subsequent transfer of funds from the Water Supply Reserve Fund to the CWCB Construction Fund.

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment
J.002	Bill sponsor amendment - changes fiscal impact but not appropriation

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$211,168 cash funds from the CWCB Construction Fund to the Department of Natural Resources for FY 2016-17. Any money not expended prior to July 1, 2017, is further appropriated to the CWCB for FY 2017-18.

**J.002** Bill sponsor amendment **J.002** (attached) reduces the \$250,000 transfer from the Water Supply Reserve Fund to the CWCB Construction Fund in FY 2016-17 to \$211,168, equal to the estimated cost of the study identified in the revised LCS Fiscal Note. This amendment does not change the appropriation required for the bill, but reduces the impact of the bill on the Water Supply Reserve Fund.

**The two amendments in this packet are independent. The Committee should adopt J.001, whether or not it adopts J.002.**

**Points to Consider***Technical Issues*

This bill transfers \$250,000 from the Water Supply Reserve Fund to the CWCB Construction Fund, but the Legislative Council Staff Fiscal Note indicates that the actual cost of the study will only be \$211,168 for FY 2016-17. Is it necessary to transfer the additional \$38,832 from the Water Supply Reserve Fund to the CWCB Construction Fund to implement this bill? Please note, bill sponsor amendment **J.002** would reduce the transfer to equal the estimated cost of the study and eliminate this technical issue.

*Related Budget Information*

Pursuant to Section 39-29-109.3 (2) (a) (I), C.R.S., the Water Supply Reserve Fund is authorized to receive a transfer of up to \$10.0 million from Tier II of the Severance Tax Operational Fund each year. However, this transfer is subject to proportional reductions if there is insufficient revenue for authorized distributions to Tier II programs. Based on the March 2016 Legislative Council Staff revenue forecast, the Water Supply Reserve Fund is projected to receive only \$1.0 million in the upcoming fiscal year assuming the proposed budget package for FY 2016-17 passes as introduced. This reflects projected proportional reductions of 89.8 percent to Tier II programs in FY 2016-17.