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Final Fiscal Note

Drafting Number: LLS 21-0855 **Date:** September 27, 2021
Prime Sponsors: Sen. Donovan **Bill Status:** House Agriculture
Rep. Catlin; McCormick **Fiscal Analyst:** Max Nardo | 303-866-4776
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Bill Topic: **CO WATER CONSERVATION BOARD CONSTRUCTION FUND PROJECT**

Summary of Fiscal Impact:

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

The bill funds water projects in the Department of Natural Resources. It increases state expenditures beginning in the current FY 2021-22, and transfers funds from FY 2020-21 through FY 2029-30.

Appropriation Summary: In the Department of Natural Resources the bill establishes an annual continuous appropriation of \$150,000 beginning in the current FY 2020-21, and appropriates an additional \$4.25 million for FY 2021-22.

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

Table 1
State Fiscal Impacts Under SB 21-189

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-	-
Expenditures	CWCB Construction Fund	-	\$4,400,000	\$150,000
	Total	-	\$4,400,000	\$150,000
Transfers	Cash Funds	(\$219,803)	(up to \$2,000,000)	-
	Cash Funds	\$219,803	up to \$2,000,000	-
	Net Transfer	\$0	\$0	-
TABOR Refund		-	-	-

Summary of Legislation

The bill appropriates funds from the Colorado Water Conservation Board (CWCB) Construction Fund in the Department of Natural Resources (DNR) to the CWCB and the Division of Water Resources for specified water-related projects. For FY 2021-22, the bill transfers up to \$2.0 million from the CWCB Construction Fund to the Litigation Fund. In addition, the bill reinstates annual transfers of up to \$550,000 from the Severance Tax Operational Fund to the Water Efficiency Grant Program Cash Fund, which were repealed July 1, 2020. Lastly, the bill reinstates \$150,000 in annual funding from the CWCB Construction Fund for the Water Education Foundation, known as Water Education Colorado.

State Revenue

Revenue will be generated from the interest on water project loans authorized by the bill. This amount will depend on the terms of the loans and cannot be determined at this time.

State Transfers

This bill authorizes transfers of up to \$550,000 in the current FY 2020-21, up to \$2,550,000 in FY 2021-22, and up to \$550,000 per year from FY 2022-23 through FY 2029-30. As explained below, these transfers are expected to be less than these amounts in the near term.

The transfer from the CWCB Construction Fund to the Litigation Fund is to address legal issues associated with compact compliance or related issues. The amount transferred will be the amount necessary to bring the fund's balance to \$2.0 million on July 1, 2021.

For FY 2020-21, the bill transfers \$219,803 from the Severance Tax Operational Fund to the Water Efficiency Grant Program Cash Fund to support water conservation plans and promote water efficiency. This amount reflects that all transfers to all *natural resources and energy grant programs* are proportionally reduced by about 60 percent relative to their fully authorized amounts this year due to insufficient funds in the Severance Tax Operational Fund. The annual transfer is authorized from FY 2020-21 through FY 2029-30, when the program repeals. Due to a forecasted shortfall in severance tax revenue, future transfers are not expected to take place until at least FY 2024-25.

State Expenditures

The bill increases state expenditures in the Department of Natural Resources by an estimated \$4.4 million in FY 2021-22, and up to \$150,000 in subsequent years.

Water Education Foundation. Beginning in the current FY 2020-21, the bill reinstates an annual continuous appropriation of \$150,000 from the CWCB Construction Fund to the CWCB for the Water Education Foundation. Transfers to the foundation within this appropriation are made at the discretion of the CWCB. The fiscal note assumes no money will be provided to the foundation in the current FY 2020-21 due to timing constraints, \$150,000 will be provided in FY 2021-22, and up to \$150,000 in subsequent years.

Projects. For FY 2021-22, the bill appropriates \$4.25 million to the Department of Natural Resources for water-related projects paid from the CWCB Construction Fund. The funds are available for the designated purposes until fully expended. These projects are shown in Table 2.

Table 2
FY 2021-22 Appropriations for Water Projects in SB 21-189

Projects	FY 2021-22
Satellite Monitoring System Maintenance. To renovate existing gauging stations; replace outdated collection platforms; upgrade transmission components; fund stream gauge flood hardening projects; and fund flood-related data collection efforts.	\$100,000
Colorado Floodplain Map Modernization Program. To continue assistance to communities to revise and improve floodplain studies and maps.	\$500,000
Weather Modification Permitting Program. To assist water conservation and conservancy districts and water providers with the development of cloud seeding programs.	\$350,000
Technical Assistance for Federal Grants. For assistance to applicants seeking competitive water-related federal grants.	\$300,000
Colorado Rio Grande Restoration Foundation. To purchase a farm and water rights in order to reduce groundwater pumping to help bring the San Luis valley confined aquifer to sustainable levels.	\$3,000,000
Total Expenditures	\$4,250,000

Local Government

Some of the funding authorized in this bill will benefit local governments or local water providers.

Effective Date

The bill was signed into law by the Governor and took effect on June 24, 2021.

State Appropriations

Beginning in the current FY 2020-21, the bill establishes an annual continuous appropriation of \$150,000 to the Department of Natural Resources from the CWCB Construction Fund.

For FY 2021-22, the bill appropriates an additional \$4.25 million to the Department of Natural Resources from the CWCB Construction Fund.

State and Local Government Contacts

Natural Resources

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.