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Fiscal Note

Drafting Number: LLS 23-0333 **Date:** March 15, 2023
Prime Sponsors: Rep. Holtorf; McCormick **Bill Status:** House Agriculture
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Bill Topic: **STUDY REPUBLICAN RIVER GROUNDWATER ECONOMIC IMPACT**

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 requires the Colorado Water Center to complete an economic analysis in the Republican River Basin based on water usage. It will increase state expenditures from FY 2023-24 through FY 2025-26.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$146,238 to Colorado State University.

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

Table 1
State Fiscal Impacts Under HB 23-1220

		Budget Year FY 2023-24	Out Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-	-
Expenditures	General Fund	\$146,238	\$138,104	\$66,983
Transfers		-	-	-
Other Budget Impacts	General Fund Reserve	\$21,936	\$20,716	\$10,047

Summary of Legislation

The bill requires the Colorado Water Center, located within Colorado State University, to complete a study of the economic impact to the areas of Colorado, Kansas, and Nebraska affected by the Republican River basin of Colorado not meeting its obligation under the terms of the South Fork Focus Zone Resolution to retire 25,000 acres of irrigated land in the zone. The center must update the General Assembly on its progress in 2025, and deliver and post online the final report of the findings and conclusions of the study by January 1, 2026. The bill repeals January 1, 2027.

Background

Colorado, Kansas, and Nebraska entered into an interstate compact on water usage for the Republican River Basin in 1943. In 2016, a resolution was adopted from the three states that water flow in the South Fork of the river should be improved. To improve flow, Colorado agreed in 2016 to reduce the amount of irrigated acres from the river by 25,000 acres. In the event that Colorado does not reduce its irrigated acres by 2027, it may submit a plan to reduce consumption in Colorado by other means, according to the 2016 resolution. In 2018, Colorado agreed to pay Nebraska \$4 million to settle claims involving the overuse of water in the Basin in exchange for Nebraska agreeing not to sue Colorado for compact violations that may have occurred prior to 2014.

State Expenditures

The bill increases state General Fund expenditures to Colorado State University by \$146,286 in FY 2023-24, \$138,104 in FY 2024-25, and \$66,983 in FY 2025-26 paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1220

	FY 2023-24	FY 2024-25	FY 2025-26
Colorado State University			
Personal Services	\$92,122	\$94,268	\$35,460
Graduate Student Tuition	\$12,116	\$13,086	-
Travel Expenses	\$5,000	\$5,000	\$5,000
Data fees	\$37,000	\$25,570	\$26,523
Total	\$146,286	\$138,104	\$66,983

Colorado State University. The university will have costs to conduct the economic impact study, including staff, tuition reimbursement, travel, and data fees, as outlined below.

- **Staff.** One professor and one lecturer of Agricultural and Resource Economics will support the study in the summer months. The Director of the Colorado Water Center will also work on the study year-round.

- **Graduate student tuition.** Staff above will be assisted by two graduate students in agricultural economics, devoting approximately 0.75 FTE to the project, with tuition support. These research associates will work on economic analysis and stakeholder engagement.
- **Travel expenses.** These staff and students will conduct approximately 5 trips per year to meet with stakeholders in the Republican River Basin. Each trip is estimated to cost roughly \$545 per person, including 350 miles of travel at \$0.66 per mile, hotel and per diem. Additionally, there is estimated to be four trips to the capitol for legislative updates, which will include only mileage charges.
- **Data fees.** The Colorado Water Center will purchase economic data from a private vendor to conduct economic analysis. These expenses are estimated based on similar economic data that has been purchased by the Colorado Water Center.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2023-24, the bill requires General Fund appropriation of \$146,286 to the Department of Higher Education for allocation to the governing board of Colorado State University.

State and Local Government Contacts

Higher Education

Colorado State University