



**Colorado  
Legislative  
Council  
Staff**

**HB16-1413**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0920  
**Prime Sponsor(s):** Rep. Rankin  
Sen. Grantham

**Date:** March 28, 2016  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**BILL TOPIC:** REFINANCE WATER POLLUTION CONTROL PROGRAM

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
<b>State Revenue</b>	<b><u>\$0</u></b>	
<i>State Transfers</i>		
Cash Funds	(1,208,007)	Potential transfers between cash funds.
General Fund	1,208,007	
<b>State Expenditures</b>	See state expenditures section.	
<b>Appropriation Required:</b> \$1,208,007 - Department of Public Health and Environment (FY 2016-17).		
<b>Future Year Impacts:</b> Potential ongoing transfers.		

**Summary of Legislation**

Under current law, all water pollution control fees are deposited into the Water Quality Control Fund in the Department of Public Health and Environment (DPHE). This bill, **recommended by the Joint Budget Committee**, repeals the Water Quality Control Fund and creates a separate cash fund for each of the six clean water sectors. Each cash fund will receive the fees specific to its sector. The new cash funds are:

- Commerce and Industry Cash Fund;
- Construction Cash Fund;
- Pesticides Cash Fund;
- Municipal Separate Storm Sewer System Cash Fund;
- Public and Private Utilities Cash Fund; and
- Water Quality Certifications Cash Fund.

The DPHE is required to conduct a stakeholder process regarding the appropriate and necessary fees that each subcategory of each sector should pay to enable each sector to be adequately funded. The DPHE must submit a legislative proposal to the Joint Budget Committee by November 1, 2016, concerning its conclusions regarding the fees.

For FY 2016-17 and FY 2017-18, if the revenue from a specific sector is inadequate to cover the direct and indirect costs of that sector, the General Assembly may appropriate money from another sector cash fund to pay for the costs.

The bill includes a transfer of \$1,208,007 from the excess uncommitted reserve of the Water Quality Improvement Fund to the General Fund to provide a one-time General Fund subsidy to the Commerce and Industry, Public and Private Utilities, and Municipal Separate Storm Sewer System sectors as shown in Table 1 below.

<b>Cash Fund</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
Commerce and Industry	\$362,402	
Municipal Separate Storm Sewer System	60,400	
Public and Private Utilities	785,205	
<b>TOTAL</b>	<b>\$1,208,007</b>	

### **Background**

The Water Quality Improvement Fund provides grant funds for water quality improvement projects using civil penalties from water quality violations. Grants may be used for storm water management training and best practices training to prevent or reduce the pollution of state waters.

### **State Revenue**

**State transfers.** The bill transfers \$1,208,007 from the excess uncommitted reserve of the Water Quality Improvement Fund to the General Fund.

### **State Expenditures**

This bill will increase the workload of the DPHE to conduct the stakeholder process required in the bill and to make annual reports to the Joint Budget Committee. This workload can be accomplished within existing appropriations.

While the bill appropriates \$1,208,007 to the DPHE in FY 2016-17, this funding addresses a revenue shortfall for those sectors rather than funding new expenditures.

### **Local Government Impact**

Because this bill reduces the balance of the Water Quality Improvement Fund, the amount of grant funding available for local governments is also reduced.

### **Effective Date**

The bill takes effect July 1, 2016.

## State Appropriations

For FY 2016-17, the bill includes a General Fund appropriation to the Department of Public Health and Environment of \$1,208,007.

## State and Local Government Contacts

Joint Budget Committee Staff  
Public Health and Environment

Information Technology