



**Colorado  
Legislative  
Council  
Staff**

**HB17-1219**

**FISCAL NOTE**

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

<b>Drafting Number:</b> LLS 17-0985	<b>Date:</b> March 16, 2017
<b>Prime Sponsor(s):</b> Rep. Arndt; McLachlan Sen. Crowder; Donovan	<b>Bill Status:</b> House Agriculture <b>Fiscal Analyst:</b> Josh Abram (303-866-3561)

**BILL TOPIC:** EXTEND COLORADO WATER CONSERVATION BOARD FOLLOWING & LEASING PILOT PROGRAM

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
<b>State Revenue</b> Cash Funds	Potential increase. See State Revenue section.	
<b>State Expenditures</b>	Minimal workload increase.	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Ongoing minimal workload and revenue increase through 2023.		

**Summary of Legislation**

Under current law, the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR) administers a pilot program to demonstrate the practice of fallowing irrigated agricultural land and temporarily leasing the associated water rights. Fallowing refers to the practice of leaving plowed agricultural land unseeded for one or more growing seasons.

Current law allows the CWCB to authorize up to ten projects with a duration of ten years each. Of these ten projects, the CWCB may authorize no more than three projects in any one of the four major river basins: the South Platte, the Arkansas, the Rio Grande, and the Colorado. Applications to sponsor a pilot project must be received by the CWCB no later than December 31, 2018. All pilot projects must be completed by 2029.

This bill makes the following changes to the program:

- The CWCB may authorize up to 15 pilot projects.
- No more than five pilot projects may be located in any one of the four major river basins.
- Applications to sponsor a project must be received by December 31, 2023.
- All projects must be completed by 2034.

**Background**

House Bill 13-1248 established a procedure for the CWCB to approve up to ten pilot projects that temporarily transfer agricultural water rights to municipal water users. No more than three projects can be located in any major river basin. The CWCB charges an initial application

fee of \$500 for program participation. To date, the CWCB has authorized one following and leasing project. This bill permits the CWCB to authorize 5 more projects than allowed for under current law, for a total of 15 projects.

## **State Revenue**

The bill may increase cash fund revenue for the Department of Natural Resources. Under current law, the CWCB charges pilot project applicants and owners an initial fee as well as ongoing annual fees to participate. Initial application fees are staggered over a five-year period. By authorizing additional projects, the bill potentially increases cash fund revenue from fees by up to \$2,500 (five additional projects X \$500 = \$2,500).

## **TABOR Impact**

This bill potentially increases state cash fund revenue from fees, which will increase the amount of money required to be refunded under TABOR for FY 2017-18 and FY 2018-19. TABOR refunds are paid out of the General Fund. Fund revenue, the amount of money available in the General Fund for the budget will decrease by an identical amount.

## **State Expenditures**

The bill increases the number of projects that can participate in a lease-following pilot program from ten to fifteen, and extends the project selection deadline by five years. The bill also adjusts geographic quotas for the projects. As such, the bill will minimally increase workload for the CWCB and the Division of Water Resources in the DNR. This increase can be accomplished with existing staff resources and within the scope of normal staff duties.

## **Effective Date**

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

## **State and Local Government Contacts**

Judicial            Natural Resources