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FISCAL NOTE

Drafting Number: LLS 20-1072
Prime Sponsors: Rep. Holtorf

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Bill Status: House Rural Affairs
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Bill Topic: STUDY ARTIFICIAL RECHARGE MAX BENEFICIAL USE WATER

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

The bill directs the Department of Natural Resources to conduct a study on the artificial recharge of aquifers in Colorado. It increases state expenditures in FY 2020-21 only.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$155,000 to the Department of Natural Resources

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

Table 1
State Fiscal Impacts Under HB 20-1344

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (Cash Funds), Transfers, and TABOR Refund.

## Summary of Legislation

The bill directs the Colorado Water Conservation Board (CWCB) in the Department of Natural Resources (DNR) to conduct a study on the artificial recharge of aquifers in Colorado. The study must be done in consultation with the State Engineer in the DNR and the Colorado Water Institute at Colorado State University. Specifically, the study must:

- evaluate ways to maximize beneficial use of water within Colorado by recharging aquifers when surplus or excess water is available;
- evaluate ways to minimize the amount of water flowing out of Colorado to downstream states while maintaining compliance with interstate compacts and agreements;
- identify aquifers that are hydrologically and legally available for this purpose and conveniently located for recharge and subsequent release;
- identify sources of revenue that could be used to pay for artificial recharge;
- identify potential or existing projects that would meet the objectives of this bill;
- examine the role that specified entities in Colorado water management might play in financing and implementing artificial recharge projects; and
- recommend legislative or regulatory changes needed to implement the identified projects.

The CWCB may contract with the Colorado Water Institute or another party to conduct the study. The study should consider and rely on previous studies conducted on these subjects. The CWCB must report on the results of the study to the General Assembly by January 1, 2022. The requirements are repealed September 1, 2022.

## Background

The CWCB has undertaken studies that address some subjects addressed in this bill, which will be drawn on and used as a basis for this study. A selection of relevant prior work is shown in Table 2.

**Table 2**  
**Previous Studies Relevant to HB 20-1334**

<b>Study</b>	<b>Year Completed</b>	<b>Cost</b>
SB 06-193 Underground Storage Potential: Arkansas, South Platte	2,006	\$146,000
SB 16-1256 South Platte Storage	2017	\$211,168
SB 16-174 Pilot Project: City of Aurora	2018	\$100,000
SB 16-174 Pilot Project: Upper Arkansas Water Conservancy Dist.	in progress	\$100,000
Pikes Peak Regional Water Authority: Upper Black Squirrel Basin	in progress	\$225,000

## State Revenue

The bill may increase revenue to the Colorado Water Institute by up to \$155,000 if it is selected by the CWCB to conduct the study. This revenue is not subject to TABOR.

## **State Expenditures**

The bill increases state cash fund expenditures in the DNR by an estimated \$155,000 in FY 2020-21, and increases workload in the Department of Higher Education as discussed below

**Department of Natural Resources.** The CWCB will hire a contractor to conduct the study. Based on recent studies of related subjects shown in the Background section, the fiscal note assumes contracting for the study will cost \$155,000 beginning in FY 2020-21, and require two years of spending authority. No funding source is specified, and the fiscal note further assumes that costs will be paid from the Colorado Water Conservation Board Construction Fund. Workload will be required of CWCB staff to hire a contractor, assist in the development of the study, and report findings to the General Assembly, and for the State Engineer's office to consult with the CWCB. This workload can be accomplished within existing appropriations.

**Department of Higher Education.** The Colorado Water Institute is directed to consult with the CWCB on the study and is eligible to be the entity that conducts the study, at the discretion of the CWCB. Workload will increase for the institute to participate in the study, which will be accomplished within existing appropriations. If the institute is selected to conduct the study, expenditures will increase by up to \$155,000 in an amount agreed upon by the two parties.

## **Effective Date**

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

## **State Appropriations**

For FY 2020-21, the bill requires an appropriation of \$155,000 to the Department of Natural Resources from the Colorado Water Conservation Board Construction Fund.

## **State and Local Government Contacts**

Natural Resources

Higher Education