



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0262 Date: September 16, 2021
Prime Sponsors: Rep. Arndt; Catlin Bill Status: Signed into Law
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Bill Topic: WATER SHARE RIGHT MUTUAL DITCH CORPORATION

Summary of Fiscal Impact: [] State Revenue [] TABOR Refund
[X] State Expenditure [] Local Government
[] State Transfer [] Statutory Public Entity

The bill clarifies certain operational practices for mutual ditch corporations. It will minimally affect state agency workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

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

Summary of Legislation

Mutual ditch corporations are private, non-profit organizations that hold water rights, allocate water to shareholders, and maintain ditches. The bill clarifies the following, subject to the articles of incorporation and bylaws of the corporation:

- when shareholder demand exceeds supply, the corporation may limit or otherwise rotate delivery of water among the shareholders; and
when a shareholder is not using some of their available water, they do not inherently have the right to prevent other shareholders from using any portion of the corporation's water rights.

In addition, the bill establishes that the statutes governing ditch and reservoir companies do not prevent stockholders from changing the use of their water rights or change the standards for water court approval to change a water right.

State Expenditures

The bill is expected to have a minimal impact on state agency workload. Staff time required in Judicial Department water courts for changes to mutual ditch shares is significant, and the bill does not appreciably change this. Department of Natural Resources staff participate in water court cases to

obtain decrees consistent with law and that will not result in injury to other water rights; likewise, the change in workload is expected to be minimal.

Effective Date

The bill was signed into law by the Governor on May 20, 2021, and it took effect on September 7, 2021.

State and Local Government Contacts

Agriculture

Judicial

Natural Resources