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Revised Fiscal Note

(replaces fiscal note dated March 18, 2024)

Drafting Number: LLS 24-0365 Date: April 18, 2024
Prime Sponsors: Sen. Simpson; Bridges Bill Status: House Ag., Water & Natural Res.
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Bill Topic: STUDY GREEN INFRASTRUCTURE FOR WATER QUALITY MANAGEMENT

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

The bill requires that the Colorado Department of Public Health and Environment, in collaboration with institutions of higher education, conduct a feasibility study and create demonstration projects of green infrastructure as an alternative compliance mechanism for water quality compliance. The bill increases state expenditures beginning FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$50,651 to the Colorado Department of Public Health and Environment.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under SB 24-037

Table with 5 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires that the University of Colorado and Colorado State University collaborate with the Colorado Department of Public Health and Environment (CDPHE) to study the feasibility of substituting green infrastructure, a planned and managed network of natural green spaces, for traditional centralized wastewater and drinking water treatment mechanisms. The study must determine if green infrastructure:

- is feasible as an alternative compliance mechanism for water providers that can be aligned with other state and local interests, including wildfire mitigation;
- attracts new sources of environmental-focused funding for water quality compliance and for water infrastructure projects; and
- creates cost savings for the CDPHE and local water providers.

The feasibility study must begin by October 1, 2024. The universities and CDPHE must complete the study by July 1, 2025, and report findings to the Water Resources and Agriculture Review Committee. Following the study, and with approval of CDPHE, the universities may establish up to three pilot projects to demonstrate the use of green infrastructure as an alternative compliance program supported with environmental-focused funding.

State Expenditures

The bill increases state expenditures in the CDPHE by about \$59,000 in FY 2024-25, about \$81,000 in FY 2025-26, and about \$66,000 in FY 2026-27, paid from the General Fund. Expenditures in FY 2024-25 are primarily to conduct the feasibility study. Costs in future fiscal years are for oversight and management of pilot and demonstration projects. New costs are displayed in Table 2 and discussed below.

**Table 2
 Expenditures Under SB 24-037**

	FY 2024-25	FY 2025-26	FY 2026-27
Department of Public Health and Environment			
Personal Services	\$34,777	\$47,404	\$47,404
Operating Expenses	\$512	\$640	\$640
Capital Outlay Costs	-	\$6,670	-
Legal Services	\$15,362	\$15,362	-
Site Visit Travel & Per Diem	-	\$508	\$508
Centrally Appropriated Costs ¹	\$7,873	\$10,209	\$10,209
FTE – Personal Services	0.4 FTE	0.5 FTE	0.5 FTE
FTE – Legal Services	0.1 FTE	0.1 FTE	-
Total Cost	\$58,524	\$80,793	\$58,761
Total FTE	0.5 FTE	0.6 FTE	0.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Public Health and Environment. The CDPHE requires additional staff and will contract outside vendor(s) for additional specialized and technical support beginning FY 2024-25. Staff and contractor(s) are necessary to complete the feasibility study and prepare a final report and recommendations for pilot programs by July 2025. Staff is also necessary to launch and manage pilot projects beginning sometime after the feasibility study is completed.

- **Personal services.** In FY 2024-25, 0.5 FTE Environmental Specialist will work with the universities to analyze existing federal, state and local policies, investigate green infrastructure funding options and potential investors, evaluate community interests and goals, assess alternative legislative and administrative actions necessary for alternative compliance mechanisms, coordinate and manage technical assistance from outside vendor(s), and prepare and present reports.
- **Legal services.** The CDPHE requires additional legal services provided by the Department of Law to conduct the feasibility study, and to implement the pilot programs, estimated at 120 hours in FY 2024-25 and FY 2025-26, and decreasing thereafter to 60 hours annually.
- **Contracted technical and specialized assistance.** The CDPHE will contract with state institutions of higher education to prepare the feasibility study and manage pilot projects. This assistance is provided by the institutions using existing research funds available to the schools, and requires no additional state appropriations.
- **Site visit travel and per diem.** Beginning FY 2025-26, staff will require mileage reimbursement and hotel and per diem costs for statewide site visits to pilot projects.
- **Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Institutions of Higher Education. The CDPHE will collaborate with existing projects and research activities occurring at the University of Colorado, and at Colorado State University. These efforts are currently funded and require no additional appropriations.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$50,651 to the Colorado Department of Public Health and Environment, and 0.4 FTE. Of this amount, \$15,362 is reappropriated to the Department of Law, with an additional 0.1 FTE.

State and Local Government Contacts

Public Health and Environment Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.