First Regular Session Seventy-first General Assembly STATE OF COLORADO

INTRODUCED

LLS NO. 17-0822.01 Jennifer Berman x3286

HOUSE BILL 17-1248

HOUSE SPONSORSHIP

Arndt,

SENATE SPONSORSHIP

Sonnenberg,

House Committees

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Senate Committees

Agriculture, Livestock, & Natural Resources

A BILL FOR AN ACT CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION BOARD PROJECTS, AND, IN CONNECTION THEREWITH, MAKING APPROPRIATIONS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

The bill appropriates the following amounts from the Colorado water conservation board (CWCB) construction fund (fund) to the CWCB or the division of water resources for the following projects:

! \$380,000 for continuation of the satellite monitoring system maintenance (**section 1**);

- ! \$500,000 for continuation of the Colorado floodplain map modernization program (section 2);
- ! \$200,000 for continuation of the Colorado decision support system operation and maintenance (**section 3**);
- ! \$175,000 for continuation of the weather modification program (section 4);
- ! \$154,000 for the support of the Colorado Mesonet, a spatially coherent network of weather stations reporting in near real-time via major data portals (section 5);
- ! \$800,000 for continuation of the water forecasting partnership project (section 6);
- ! \$1,000,000 for continuation of the alternative agricultural transfer methods grant program (section 7);
- ! \$500,000 for continuation of technical assistance for the federal irrigation improvement cost-sharing program (section 8);
- ! \$1,100,000 for implementation of the Colorado water loss control initiative (section 9);
- ! \$10,000,000 for continuation of the Rio Grande cooperative project (section 12);
- ! \$5,000,000 for continuation of the watershed restoration program (section 13); and
- ! \$10,000,000 for implementation of the Colorado water plan (section 14).

Section 10 appropriates \$260,000 from the public and private utilities sector fund to the water quality control division in the Colorado department of public health and environment for updating regulations related to nonpotable water reuse and graywater usage.

Section 11 authorizes the CWCB to make loans in the amount of up to \$90,000,000 from the fund for the Windy Gap firming project.

The bill directs the state treasurer to transfer the following amounts from the fund:

- ! Up to \$500,000 to the flood and drought response fund (section 15);
- ! \$1,300,000 to the litigation fund (**section 16**);
- ! \$300,000 to the feasibility study small grant fund (**section** 17);
- ! \$1,500,000 to the fish and wildlife resources fund (section 18);
- ! \$260,000 to the public and private utilities sector fund (section 19).

Section 21 transfers the following amounts from the severance tax perpetual base fund to the fund:

! On July 1, 2017, \$10,000,000 for the Rio Grande cooperative project;

- ! On July 1, 2017, \$5,000,000 for the watershed restoration program;
- ! On July 1, 2017, and each July 1 thereafter, \$10,000,000 for implementation of the state water plan; and
- ! On July 1, 2017, \$10,000,000 to supplement the water supply reserve fund.

Section 21 also transfers, on July 1, 2017, \$30,000,000 from the severance tax perpetual base fund to the loan guarantee fund, which fund is created in **section 20** for use by the CWCB for the purpose of guaranteeing the repayment of loans for water projects with multiple participants; except that, if, on or before June 30, 2017, the CWCB informs the state treasurer that an amount less than \$30,000,000 should be transferred from the severance tax perpetual base fund to the loan guarantee fund, the state treasurer is required to transfer that lesser amount on July 1, 2017.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Continuation of the satellite monitoring system maintenance - appropriation. (1) For the 2017-18 state fiscal year, \$380,000 is appropriated to the department of natural resources for use by the division of water resources. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the division of water resources may use this appropriation for renovation of existing gauging stations; replacement of outdated collection platforms; lysimeter support, data collection, and maintenance; upgrading of transmission components of the satellite monitoring system established and operated pursuant to section 37-80-102 (10), C.R.S.; stream gauge flood hardening projects; and data collection efforts related to flood forecasting and warning.

(2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.

SECTION 2. Continuation of the Colorado floodplain map modernization program - appropriation. (1) For the 2017-18 state

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fiscal year, \$500,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to continue to assist with the preparation of revised and improved floodplain studies and maps for communities throughout Colorado and participate in federally sponsored floodplain map modernization activities. (2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.

SECTION 3. Continuation of the decision support system operation and maintenance - appropriation. (1) For the 2017-18 state fiscal year, \$200,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to continue to operate and maintain the Colorado decision support system, which provides data and analytical tools to assist water resources planning and management projects throughout the state.

(2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.

SECTION 4. Continuation of the weather modification program - appropriation. (1) For the 2017-18 state fiscal year, \$175,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section

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37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to continue to assist water conservation districts, water conservancy districts, and other water providers and their fiscal agents with the development of cloud seeding programs that provide benefits to recreation, streams, and reservoirs through snowpack enhancement.

- (2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.
- SECTION 5. Colorado Mesonet appropriation. (1) For the 2017-18 state fiscal year, \$154,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to support the Colorado Mesonet, including for the following activities: Operation and maintenance, travel, communications, database and website management, and hazardous waste disposal.
- (2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.

SECTION 6. Water forecasting partnership project - appropriation. (1) For the 2017-18 state fiscal year, \$800,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to support the development of new ground and aerial remote sensing data and equipment and

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1	hydrologic modeling, to provide reliable volumetric water supply
2	forecasting.
3	(2) The money appropriated in subsection (1) of this section
4	remains available for the designated purposes until it is fully expended.
5	SECTION 7. Alternative agricultural transfer methods grant
6	program - appropriation. (1) For the 2017-18 state fiscal year,
7	\$1,000,000 is appropriated to the department of natural resources for use
8	by the Colorado water conservation board. This appropriation is from the
9	Colorado water conservation board construction fund created in section
10	37-60-121, C.R.S. To implement this section, the Colorado water
11	conservation board may use this appropriation for grant-making for
12	projects that advance various agricultural transfer methods as alternatives
13	to permanent dry-up of agricultural lands.
14	(2) The money appropriated in subsection (1) of this section
15	remains available for the designated purposes until it is fully expended.
16	SECTION 8. Technical assistance for federal irrigation
17	improvement cost-sharing program - appropriation. (1) For the
18	2017-18 state fiscal year, \$500,000 is appropriated to the department of
19	natural resources for use by the Colorado water conservation board. This
20	appropriation is from the Colorado water conservation board construction
21	fund created in section 37-60-121, C.R.S. To implement this section, the
22	Colorado water conservation board may use this appropriation to provide
23	technical assistance for applicants seeking competitive federal grant
24	funds.
25	(2) The money appropriated in subsection (1) of this section
26	remains available for the designated purposes until it is fully expended.
27	SECTION 9. Colorado water loss control initiative -

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1 **appropriation.** (1) For the 2017-18 state fiscal year, \$1,100,000 is 2 appropriated to the department of natural resources for use by the 3 Colorado water conservation board. This appropriation is from the 4 Colorado water conservation board construction fund created in section 5 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to create and conduct 6 7 statewide training workshops on a water loss control methodology and to 8 provide technical assistance to interested water providers on water system 9 management. 10 (2) The money appropriated in subsection (1) of this section 11 remains available for the designated purposes until it is fully expended. 12 SECTION 10. Updating regulation related to nonpotable 13 water reuse - appropriation. (1) For the 2017-18 state fiscal year, 14 \$260,000 is appropriated to the department of public health and 15 environment for use by the water quality control division. This 16 appropriation is from the public and private utilities sector fund created 17 in section 25-8-502 (1.5)(a)(V), C.R.S. To implement this section, the 18 water quality control division may use this appropriation to update 19 regulations concerning nonpotable reuse of water and graywater usage. 20 (2) The money appropriated in subsection (1) of this section 21 remains available for the designated purposes until it is fully expended. 22 **SECTION 11.** Windy Gap firming project - authorization. 23 (1) Pursuant to section 37-60-122 (1)(b), C.R.S., the Colorado water

conservation board is authorized to make loans in the amount of up to \$90,000,000 from the Colorado water conservation board construction fund for the Windy Gap firming project, a regional water supply project, for activities including the construction of a new reservoir.

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1	(2) The money authorized in subsection (1) of this section remains
2	available for the designated purposes until it is fully expended.
3	(3) The Colorado water conservation board may make loans for
4	the project specified in subsection (1) of this section from money that is
5	or may become available to the Colorado water conservation board
6	construction fund. The total amount of the loans will be in the amount
7	listed in subsection (1) of this section plus or minus the amount, if any,
8	as may be justified by reason of ordinary fluctuations in construction
9	costs as indicated by the engineering cost indices applicable to the types
10	of construction required for the project or as may be justified by reason
11	of changes in the plans for the project due to differing or unforeseen site
12	conditions, errors or omissions in the plans and specifications, changes
13	instituted by regulatory agencies, or changes in material quantities beyond
14	contract limits.
15	SECTION 12. Continuation of the Rio Grande cooperative
16	project - appropriation. (1) For the 2017-18 state fiscal year,
17	\$10,000,000 is appropriated to the department of natural resources for use
18	by the Colorado water conservation board. This appropriation is from the
19	Colorado water conservation board construction fund created in section
20	37-60-121, C.R.S. To implement this section, the Colorado water
21	conservation board may use this appropriation for rehabilitation of the
22	Rio Grande reservoir, owned and operated by the San Luis valley
23	irrigation district.
24	(2) The money appropriated in subsection (1) of this section
25	remains available for the designated purposes until it is fully expended.
26	SECTION 13. Continuation of the watershed restoration

program - appropriation. (1) For the 2017-18 state fiscal year,

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\$5,000,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the state; aquatic habitat protection; flexible operations for multiple uses; restoration work; quantification of environmental flow needs; and monitoring efforts to support watershed health goals outlined in the Colorado water plan.

(2) The money appropriated in subsection (1) of this section remains available for the designated purposes until it is fully expended.

SECTION 14. Implementation of the Colorado water plan - appropriation. (1) For the 2017-18 state fiscal year, \$10,000,000 is appropriated to the department of natural resources for use by the Colorado water conservation board. This appropriation is from the Colorado water conservation board construction fund created in section 37-60-121, C.R.S. To implement this section, the Colorado water conservation board may use this appropriation to fund studies, programs, or projects that assist in implementing the state water plan adopted pursuant to section 37-60-106 (1)(u), C.R.S., including the following:

- (a) Up to \$2,000,000 for grant-making for multi-beneficial projects and those projects identified in basin implementation plans to address the water supply and demand gap;
- (b) Up to \$1,000,000 to implement long-term strategies for conservation, land use, and drought planning;

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1	(c) Up to \$3,000,000 to facilitate the development of additional
2	storage, artificial recharge into aquifers, and dredging existing reservoirs
3	to restore the reservoirs' full decreed storage capacity;
4	(d) Up to \$1,000,000 for water education, outreach, and
5	innovation efforts;
6	(e) Up to \$1,000,000 to provide technical assistance and project
7	grants for agriculture;
8	(f) Up to \$1,000,000 for watershed health, environment, and
9	recreation; and
10	(g) Up to \$1,000,000 to complete an update to the statewide water
11	supply initiative.
12	(2) The money appropriated in subsection (1) of this section
13	remains available for the designated purposes until it is fully expended.
14	SECTION 15. Restoration of the balance of the flood and
15	drought response fund - transfer. On July 1, 2017, the state treasurer
16	shall transfer the sum of \$500,000, or so much thereof as may be
17	necessary, from the unreserved cash in the Colorado water conservation
18	board construction fund to the flood and drought response fund created
19	in section 37-60-123.2, C.R.S., in order to restore the unencumbered
20	balance in the flood and drought response fund to \$500,000 for the board
21	to provide documentation, forecasting, mapping, aerial photography,
22	mitigation, and other efforts deemed necessary to quickly respond to
23	flood and drought events.
24	SECTION 16. Restoration of litigation fund cash balance -
25	transfer. On July 1, 2017, the state treasurer shall transfer the sum of
26	\$1,300,000 from the unreserved cash in the Colorado water conservation
27	board construction fund to the litigation fund created in section 37-60-121

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1	(2.5), C.R.S., to continue litigation support for the board.
2	SECTION 17. Restoration of feasibility study small grant
3	fund balance - transfer. On July 1, 2017, the state treasurer shall transfer
4	the sum of \$300,000 from the unreserved cash in the Colorado water
5	conservation board construction fund to the feasibility study small grant
6	fund created in section 37-60-122.7, C.R.S., to continue grant-making to
7	assist local water providers with the costs of preparing water project
8	feasibility studies.
9	SECTION 18. Restoration of fish and wildlife resources fund
10	balance - transfer. On July 1, 2017, the state treasurer shall transfer the
11	sum of \$1,500,000 from the unreserved cash in the Colorado water
12	conservation board construction fund to the fish and wildlife resources
13	fund created in section 37-60-121, C.R.S., to continue grant-making to
14	assist with the mitigation of fish and wildlife resources affected by the
15	construction, operation, or maintenance of water diversion, delivery, or
16	storage facilities.
17	SECTION 19. Nonpotable water reuse regulation - transfer.
18	On July 1, 2017, the state treasurer shall transfer the sum of \$260,000
19	from the unreserved cash in the Colorado water conservation board
20	construction fund to the public and private utilities sector fund created in
21	section 25-8-502 (1.5)(a)(V), C.R.S., to allow the water quality control
22	commission to update regulations concerning nonpotable reuse of water
23	and graywater usage.
24	SECTION 20. In Colorado Revised Statutes, add 37-60-121.5 as
25	follows:
26	37-60-121.5. Loan guarantee fund - creation. THE LOAN
27	GUARANTEE FUND IS HEREBY CREATED IN THE STATE TREASURY AND IS

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1	REFERRED TO IN THIS SECTION AS THE "FUND". THE FUND CONSISTS OF
2	MONEY THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER
3	TO THE FUND. ALL INTEREST AND INCOME DERIVED FROM THE DEPOSIT
4	AND INVESTMENT OF MONEY IN THE FUND SHALL BE TRANSFERRED TO THE
5	SEVERANCE TAX PERPETUAL BASE FUND CREATED IN SECTION 39-29-109
6	(2)(a). Money in the fund is continuously appropriated to the
7	BOARD FOR THE PURPOSE OF GUARANTEEING THE REPAYMENT OF LOANS
8	MADE FOR WATER PROJECTS WITH MULTIPLE PARTICIPANTS.
9	SECTION 21. In Colorado Revised Statutes, 39-29-109, amend
10	(2)(a)(X)(A), (2)(a)(X)(B), (2)(a)(X)(C), (2)(a)(XV), and (2)(a)(XVI);
11	and $add(2)(a)(X)(E), (2)(a)(XVIII), and (2)(a)(XIX)$ as follows:
12	39-29-109. Severance tax trust fund - created - administration
13	- distribution of money - repeal. (2) State severance tax receipts shall
14	be credited to the severance tax trust fund as provided in section
15	39-29-108. Except as otherwise set forth in section 39-29-109.5, all
16	income derived from the deposit and investment of the money in the fund
17	shall be credited to the fund. At the end of any fiscal year, all unexpended
18	and unencumbered money in the fund remains in the fund and shall not
19	be credited or transferred to the general fund or any other fund. All
20	money in the fund is subject to appropriation by the general assembly for
21	the following purposes:
22	(a) The severance tax perpetual base fund.
23	$(X)(A)$ Notwithstanding any provision of this $\frac{paragraph(a)}{paragraph(a)}$ SUBSECTION
24	(2)(a) to the contrary, the state treasurer shall transfer to the Colorado
25	water conservation board construction fund, for use by the Colorado
26	water conservation board, also referred to in this subparagraph (X)
27	SUBSECTION (2)(a)(X) as the "board", thirty million dollars for the

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1	planning, design, and construction of the Rio Grande cooperative project.
2	Of this amount, the board shall allocate up to ten million dollars for
3	improvements associated with the Beaver Park reservoir, owned and
4	operated by the division of parks and wildlife, and up to twenty million
5	dollars for improvements to the Rio Grande reservoir, owned and
6	operated by the San Luis valley irrigation district. The state treasurer shall
7	transfer the moneys MONEY in two consecutive annual installments of
8	fifteen million dollars on July 1, 2012, and July 1, 2013. ON JULY 1, 2017,
9	THE STATE TREASURER SHALL TRANSFER AN ADDITIONAL TEN MILLION
10	DOLLARS FROM THE FUND TO THE COLORADO WATER CONSERVATION
11	BOARD CONSTRUCTION FUND FOR USE BY THE BOARD FOR IMPROVEMENTS
12	TO THE RIO GRANDE RESERVOIR, OWNED AND OPERATED BY THE SAN LUIS
13	VALLEY IRRIGATION DISTRICT.
14	(B) Pursuant to section 37-60-122 (1)(b), C.R.S., the board may
15	loan moneys MONEY in an amount up to ten million dollars to the division
16	of parks and wildlife and up to fifteen TWENTY-FIVE million dollars to the
17	San Luis valley irrigation district.
18	(C) Pursuant to section 37-60-121 (1)(b)(IV) C.R.S. AND FOR THE
19	INSTALLMENTS AUTHORIZED FOR IMPROVEMENTS TO THE RIO GRANDE
20	RESERVOIR PURSUANT TO SUBSECTION $(2)(a)(X)(A)$ OF THIS SECTION, the
21	board may determine the amount of loan, or loan-to-grant ratio, for the
22	second fifteen-million-dollar installment as set forth in sub-subparagraph
23	(A) of this subparagraph (X), commencing on July 1, 2013, AND THE
24	TEN-MILLION-DOLLAR INSTALLMENT COMMENCING ON JULY 1, 2017.
25	(E) This subsection $(2)(a)(X)$ is repealed, effective
26	SEPTEMBER 1, 2018.

(XV) (A) Notwithstanding any provision of this paragraph (a)

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1 SUBSECTION (2)(a) to the contrary, on July 1, 2016 2017, the state 2 treasurer shall transfer five million dollars from the fund to the Colorado 3 water conservation board construction fund, created in section 37-60-121 4 (1) (a), C.R.S., for use by the Colorado water conservation board, created 5 in section 37-60-102, C.R.S., in the amount of one million five hundred 6 thousand dollars to continue the watershed restoration program. two 7 million five hundred thousand dollars for the Bear Creek reservoir storage 8 reallocation study, and one million dollars for the statewide water supply 9 initiative update. 10 (B) THIS SUBSECTION (2)(a)(XV) IS REPEALED, EFFECTIVE 11 SEPTEMBER 1, 2018. 12 (XVI) Notwithstanding any provision of this paragraph (a) 13 SUBSECTION (2)(a) to the contrary, on July 1, 2016 2017, and each year 14 thereafter on July 1, the state treasurer shall transfer five TEN million 15 dollars from the fund to the Colorado water conservation board 16 construction fund, created in section 37-60-121 (1)(a), C.R.S., for use by 17 the Colorado water conservation board, created in section 37-60-102, 18 C.R.S., for the board to fund studies, programs, or projects that assist in 19 implementing the state water plan adopted pursuant to section 37-60-106 20 (1)(u). C.R.S. 21 NOTWITHSTANDING ANY PROVISION OF THIS (XVIII) (A) 22 SUBSECTION (2)(a) TO THE CONTRARY, ON JULY 1, 2017, THE STATE 23 TREASURER SHALL TRANSFER TEN MILLION DOLLARS FROM THE FUND TO 24 THE WATER SUPPLY RESERVE FUND CREATED IN SUBSECTION (2)(c) OF THIS 25 SECTION FOR USE BY THE COLORADO WATER CONSERVATION BOARD 26 CREATED IN SECTION 37-60-102.

(B) This subsection (2)(a)(XVIII) is repealed, effective

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1	SEPTEMBER 1, 2018.
2	(XIX) (A) NOTWITHSTANDING ANY PROVISION OF THIS
3	SUBSECTION (2)(a) TO THE CONTRARY, EXCEPT AS PROVIDED IN
4	SUBSECTION (2)(a)(XIX)(B) OF THIS SECTION, ON JULY 1, 2017, THE STATE
5	TREASURER SHALL TRANSFER THIRTY MILLION DOLLARS FROM THE FUND
6	TO THE LOAN GUARANTEE FUND CREATED IN SECTION 37-60-121.5 FOR USE
7	BY THE COLORADO WATER CONSERVATION BOARD FOR THE PURPOSE OF
8	GUARANTEEING THE REPAYMENT OF LOANS MADE FOR WATER PROJECTS
9	WITH MULTIPLE PARTICIPANTS.
10	(B) IF THE COLORADO WATER CONSERVATION BOARD, ON OR
11	BEFORE JUNE $30,2017$, NOTIFIES THE STATE TREASURER THAT AN AMOUNT
12	LESS THAN THIRTY MILLION DOLLARS SHOULD BE TRANSFERRED PURSUANT
13	TO SUBSECTION $(2)(a)(XIX)(A)$ of this section, the state treasurer
14	SHALL TRANSFER THAT LESSER AMOUNT FROM THE FUND TO THE LOAN
15	GUARANTEE FUND ON JULY 1, 2017.
16	(C) This subsection (2)(a)(XIX) is repealed, effective
17	SEPTEMBER 1, 2018.
18	SECTION 22. Safety clause. The general assembly hereby finds,
19	determines, and declares that this act is necessary for the immediate
20	preservation of the public peace, health, and safety.

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