

**First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 13-0855.01 Jennifer Berman x3286

SENATE BILL 13-181

SENATE SPONSORSHIP

Schwartz,

HOUSE SPONSORSHIP

Fischer,

Senate Committees

Agriculture, Natural Resources, & Energy

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE FUNDING OF COLORADO WATER CONSERVATION**
102 **BOARD PROJECTS, AND MAKING APPROPRIATIONS IN**
103 **CONNECTION THEREWITH.**

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://www.leg.state.co.us/billsummaries>.)

The bill appropriates the following amounts from the Colorado water conservation board (CWCB) construction fund for the following projects:

! \$300,000 for continuation of maintenance to the satellite

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

- ! monitoring system;
- ! \$175,000 for continuation of the weather modification program;
- ! \$500,000 for continuation of the Colorado floodplain map modernization program;
- ! \$250,000 for continuation of the watershed restoration program;
- ! \$300,000 for restoration of the balance of the flood and drought response fund;
- ! \$215,000 for implementation of the Rio Grande forecasting development project;
- ! \$100,000 for the operation and maintenance of Colorado's decision support systems;
- ! \$75,000 for continuation of the Colorado river basin study;
- ! \$250,000 for continuation of the Arkansas river decision support system;
- ! \$225,000 for continuation of the statewide water supply initiative;
- ! \$250,000 for continuation of the South Platte river basin groundwater level data collection and analysis;
- ! \$2,000,000 for the planning, design, and construction of the Windy Gap reservoir bypass channel project;
- ! \$28,000,000 for implementation of the Chatfield reservoir reallocation project.

Current law gives the CWCB continuous spending authority of up to \$1,000,000 per year to acquire instream flow water rights to preserve the natural environment; the bill allows the CWCB to also acquire these rights to improve the natural environment.

The bill authorizes the CWCB to loan an additional \$4,040,000 from the CWCB construction fund to the Tri-county Water Conservancy District for the construction of a hydropower project.

The bill changes the operational account of the severance tax trust fund into a separate fund and transfers the administration of that fund and the severance tax trust fund from the state treasury to the department of natural resources. The bill also changes the perpetual base account of the severance tax trust fund into a separate fund, the severance tax perpetual base fund, that is administered by the CWCB.

The bill also transfers an additional \$49,000,000 from the severance tax perpetual base fund to the CWCB construction fund for the Chatfield reservoir reallocation project and \$2,000,000 for the Windy Gap reservoir bypass channel project, which is part of the Windy Gap firming project.

The bill authorizes the CWCB to loan \$18,538,550 from the CWCB construction fund for the purchase of water rights for the Roxborough water and sanitation district water activity enterprise.

Finally, the bill makes conforming amendments.

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

2 **SECTION 1. Continuation of maintenance to the satellite**
3 **monitoring system - appropriation.** (1) In addition to any other
4 appropriation, there is hereby appropriated, out of any moneys in the
5 Colorado water conservation board construction fund not otherwise
6 appropriated, to the department of natural resources, for allocation to the
7 division of water resources, for the fiscal year beginning July 1, 2013, the
8 sum of \$300,000, or so much thereof as may be necessary, for renovation
9 of existing gauging stations; replacement of outdated collection
10 platforms; upgrading of transmission components of the satellite
11 monitoring system, established and operated pursuant to section
12 37-80-102 (10), Colorado Revised Statutes; implementation of stream
13 gauge flood hardening projects; and coordination of data collection
14 efforts related to flood forecasting and warning.

15 (2) The moneys appropriated in subsection (1) of this section
16 remain available for the designated purposes until they are fully
17 expended.

18 **SECTION 2. Continuation of the weather modification**
19 **program - appropriation.** (1) In addition to any other appropriation,
20 there is hereby appropriated, out of any moneys in the Colorado water
21 conservation board construction fund not otherwise appropriated, to the
22 department of natural resources, for allocation to the Colorado water
23 conservation board, for the fiscal year beginning July 1, 2013, the sum of
24 \$175,000, or so much thereof as may be necessary, for the board to
25 continue to assist water conservation districts, water conservancy

1 districts, and other water providers and their fiscal agents with the
2 development of cloud-seeding programs that provide benefits to
3 recreational areas, streams, and reservoirs through snowpack
4 enhancement.

5 (2) The moneys appropriated in subsection (1) of this section
6 remain available for the designated purposes until they are fully
7 expended.

8 **SECTION 3. Continuation of the Colorado floodplain map**
9 **modernization program - appropriation.** (1) In addition to any other
10 appropriation, there is hereby appropriated, out of any moneys in the
11 Colorado water conservation board construction fund not otherwise
12 appropriated, to the department of natural resources, for allocation to the
13 Colorado water conservation board, for the fiscal year beginning July 1,
14 2013, the sum of \$500,000, or so much thereof as may be necessary, for
15 the board to continue to assist with the preparation of revised and
16 improved floodplain studies and maps for communities throughout
17 Colorado and to participate in federally sponsored floodplain map
18 modernization activities.

19 (2) The moneys appropriated in subsection (1) of this section
20 remain available for the designated purposes until they are fully
21 expended.

22 **SECTION 4. Continuation of the watershed restoration**
23 **program - appropriation.** (1) In addition to any other appropriation,
24 there is hereby appropriated, out of any moneys in the Colorado water
25 conservation board construction fund not otherwise appropriated, to the
26 department of natural resources, for allocation to the Colorado water
27 conservation board, for the fiscal year beginning July 1, 2013, the sum of

1 \$250,000, or so much thereof as may be necessary, for the board to
2 continue to provide planning and engineering studies, including
3 implementation measures, to address technical needs for watershed
4 restoration and flood mitigation projects throughout the state.

5 (2) The moneys appropriated in subsection (1) of this section
6 remain available for the designated purposes until they are fully
7 expended.

8 **SECTION 5. Restoration of the balance of the flood and**
9 **drought response fund - transfer.** (1) The state treasurer shall transfer
10 the sum of \$300,000, or so much thereof as may be necessary, from the
11 unreserved cash in the Colorado water conservation board construction
12 fund to the flood and drought response fund created in section
13 37-60-123.2, Colorado Revised Statutes, for the board to provide
14 documentation, forecasting, mapping, aerial photography, mitigation, and
15 other efforts deemed necessary to quickly respond to flood and drought
16 events.

17 (2) The moneys transferred in subsection (1) of this section remain
18 available for the designated purposes until they are fully expended.

19 **SECTION 6. Implementation of the Rio Grande forecasting**
20 **development project - appropriation.** (1) In addition to any other
21 appropriation, there is hereby appropriated, out of any moneys in the
22 Colorado water conservation board construction fund not otherwise
23 appropriated, to the department of natural resources, for allocation to the
24 Colorado water conservation board, for the fiscal year beginning July 1,
25 2013, the sum of \$215,000, or so much thereof as may be necessary, for
26 the board to improve forecasting of water supplies in the Rio Grande river
27 basin.

1 (2) The moneys appropriated in subsection (1) of this section
2 remain available for the designated purposes until the project is
3 completed.

4 **SECTION 7. Operation and maintenance of Colorado's**
5 **decision support systems - appropriation.** (1) In addition to any other
6 appropriation, there is hereby appropriated, out of any moneys in the
7 Colorado water conservation board construction fund not otherwise
8 appropriated, to the department of natural resources, for allocation to the
9 Colorado water conservation board, for the fiscal year beginning July 1,
10 2013, the sum of \$100,000, or so much thereof as may be necessary, to
11 fund the operation and maintenance of the Colorado's decision support
12 systems.

13 (2) The moneys appropriated in subsection (1) of this section
14 remain available for the designated purposes until completion of the
15 project.

16 **SECTION 8. Continuation of the Colorado river basin study**
17 **- appropriation.** (1) In addition to any other appropriation, there is
18 hereby appropriated, out of any moneys in the Colorado water
19 conservation board construction fund not otherwise appropriated, to the
20 department of natural resources, for allocation to the Colorado water
21 conservation board, for the fiscal year beginning July 1, 2013, the sum of
22 \$75,000, or so much thereof as may be necessary, to support stakeholder
23 participation, negotiations, and other work required for implementation
24 of the Colorado river basin study.

25 (2) The moneys appropriated in subsection (1) of this section
26 remain available for the designated purposes until completion of the
27 project.

1 **SECTION 9. Continuation of the Arkansas river decision**
2 **support system - appropriation.** (1) In addition to any other
3 appropriation, there is hereby appropriated, out of any moneys in the
4 Colorado water conservation board construction fund not otherwise
5 appropriated, to the department of natural resources, for allocation to the
6 Colorado water conservation board, for the fiscal year beginning July 1,
7 2013, the sum of \$250,000, or so much thereof as may be necessary, to
8 begin implementation of the Arkansas river decision support efforts,
9 including the collection and compilation of data.

10 (2) The moneys appropriated in subsection (1) of this section
11 remain available for the designated purposes until completion of the
12 project.

13 **SECTION 10. Continuation of the statewide water supply**
14 **initiative - appropriation.** (1) In addition to any other appropriation,
15 there is hereby appropriated, out of any moneys in the Colorado water
16 conservation board construction fund not otherwise appropriated, to the
17 department of natural resources, for allocation to the Colorado water
18 conservation board, for the fiscal year beginning July 1, 2013, the sum of
19 \$225,000, or so much thereof as may be necessary, for the board to begin
20 work on the study's 2016 update that will include reexamining the
21 methodologies used to analyze the municipal, industrial, agricultural, and
22 nonconsumptive water demands, as well as considering varying
23 hydrologic analyses, climate change, and drought planning.

24 (2) The moneys appropriated in subsection (1) of this section
25 remain available for the designated purposes until they are fully
26 expended.

27 **SECTION 11. Continuation of the South Platte river basin**

1 **groundwater level data collection and analysis - appropriation.** (1) In
2 addition to any other appropriation, there is hereby appropriated, out of
3 any moneys in the Colorado water conservation board construction fund
4 not otherwise appropriated, to the department of natural resources, for
5 allocation to the Colorado water conservation board, for the fiscal year
6 beginning July 1, 2013, the sum of \$250,000, or so much thereof as may
7 be necessary, for the board to collect and analyze data, perform updates,
8 make enhancements, perform model runs to the South Platte decision
9 support system model, install and monitor various devices, conduct public
10 outreach, and perform other functions as necessary to assist with
11 determining the cause, and developing possible remediation, of high
12 groundwater levels in the South Platte river basin.

13 (2) The moneys appropriated in subsection (1) of this section
14 remain available for the designated purposes until completion of the
15 project.

16 **SECTION 12. Windy Gap reservoir bypass channel project**
17 **- appropriation.** (1) In addition to any other appropriation, there is
18 hereby appropriated, out of any moneys in the Colorado water
19 conservation board construction fund not otherwise appropriated, to the
20 department of natural resources, for allocation to the Colorado water
21 conservation board, for the fiscal year beginning July 1, 2013, the sum of
22 \$2,000,000, or so much thereof as may be necessary, for the board to
23 participate in the planning, design, and construction of the Windy Gap
24 reservoir bypass channel project.

25 (2) The moneys appropriated in subsection (1) of this section
26 remain available for the designated purposes until completion of the
27 project.

1 **SECTION 13. Chatfield reservoir reallocation project -**

2 **appropriation.** (1) In addition to any other appropriation, there is hereby
3 appropriated, out of any moneys in the Colorado water conservation
4 board construction fund not otherwise appropriated, to the department of
5 natural resources, for allocation to the Colorado water conservation
6 board, for the fiscal year beginning July 1, 2014, the sum of \$28,000,000,
7 or so much thereof as may be necessary, for the board to participate in the
8 implementation of the Chatfield reservoir reallocation project pursuant to
9 section 37-60-120.1, Colorado Revised Statutes, and to provide funding
10 for other project participants to purchase their allocated storage space in
11 the Chatfield reservoir reallocation project.

12 (2) The moneys appropriated in subsection (1) of this section
13 remain available for the designated purposes until completion of the
14 project.

15 **SECTION 14. Tri-county Water Conservancy District -**
16 **increased water project loan authorization from the Colorado water**
17 **conservation board construction fund.** Pursuant to section 37-60-122

18 (1) (b), Colorado Revised Statutes, the Colorado water conservation
19 board is hereby authorized to loan moneys from the Colorado water
20 conservation board construction fund to the Tri-county Water
21 Conservancy District to continue the construction of the tri-county water
22 hydropower project at the outlet works of Ridgway dam in Ouray county,
23 which the board previously authorized in September 2011. The previously
24 approved loan amount of \$9,090,000 is increased by \$4,040,000, for a
25 total of \$13,130,000.

26 **SECTION 15.** In Colorado Revised Statutes, 37-60-123.7,
27 **amend** (1) as follows:

1 **37-60-123.7. Acquisitions of water for instream flows.** (1) In
2 addition to any other moneys appropriated from the Colorado water
3 conservation board construction fund, up to one million dollars in the
4 fund are continuously appropriated to the board annually to pay for the
5 costs of acquiring water, water rights, and interests in water for instream
6 flow use. The total amount of ~~such~~ THE continuous appropriation that is
7 unencumbered in any fiscal year ~~shall~~ MUST not exceed one million
8 dollars. The primary priority for expenditures of these revenues ~~shall be~~
9 IS the costs of water acquisitions for existing or new instream flow water
10 rights to preserve AND IMPROVE the natural environment to a reasonable
11 degree. These revenues also may be used, in limited circumstances, for
12 the costs of water acquisitions to:

- 13 (a) Preserve AND IMPROVE the natural environment of species that
14 have been listed as threatened or endangered under state or federal law,
15 ~~or~~ are candidate species, or are likely to become candidate species;
- 16 (b) Support wild and scenic alternative management plans; or
- 17 (c) Provide federal regulatory certainty.

18 **SECTION 16.** In Colorado Revised Statutes, 39-29-109, **amend**
19 (1), (2) (a) (II), (2) (a) (III), (2) (a) (VIII) (D), (2) (a) (XI), (2) (b), and (2)
20 (c) (I) introductory portion; **repeal** (2) (a) (VII) and (2) (a) (IX); and **add**
21 (2) (a) (I.5) and (2) (a) (XII) as follows:

22 **39-29-109. Severance tax trust fund - created - administration**
23 **- distribution of moneys - repeal.** (1) There is hereby created in the
24 ~~office of the state treasurer~~ TREASURY the severance tax trust fund, also
25 referred to in this section as the "fund", WHICH THE DEPARTMENT OF
26 NATURAL RESOURCES SHALL ADMINISTER. The fund is to be perpetual and
27 held in trust as a replacement for depleted natural resources, for the

1 development and conservation of the state's water resources pursuant to
2 sections 37-60-106 (1) (j) and (1) (l), 37-60-119, and 37-60-122, C.R.S.,
3 for the use in funding programs that promote and encourage sound natural
4 resource planning, management, and development related to minerals,
5 energy, geology, and water and for the use in funding programs to reduce
6 the burden of increasing home energy costs on low-income households.

7 (2) State severance tax receipts shall be credited to the severance
8 tax trust fund as provided in section 39-29-108. Except as otherwise set
9 forth in section 39-29-109.5, all income derived from the deposit and
10 investment of the moneys in the fund shall be credited to the fund. At the
11 end of any fiscal year, all unexpended and unencumbered moneys in the
12 fund remain therein and shall not be credited or transferred to the general
13 fund or any other fund. All moneys in the fund are subject to
14 appropriation by the general assembly for the following purposes:

15 (a) **The severance tax perpetual base fund.** (I.5) THERE IS
16 HEREBY CREATED IN THE STATE TREASURY THE SEVERANCE TAX
17 PERPETUAL BASE FUND, ALSO REFERRED TO IN THIS PARAGRAPH (a) AS THE
18 "FUND", WHICH THE COLORADO WATER CONSERVATION BOARD, ALSO
19 REFERRED TO IN THIS PARAGRAPH (a) AS THE "BOARD", SHALL
20 ADMINISTER. THE STATE TREASURER SHALL TRANSFER MONEYS TO THE
21 FUND FROM THE SEVERANCE TAX TRUST FUND, AS SPECIFIED IN THIS
22 SECTION. THE MONEYS IN THE FUND ARE CONTINUOUSLY APPROPRIATED
23 TO THE BOARD FOR PURPOSES AUTHORIZED BY THIS PARAGRAPH (a).

24 (II) One-half of the severance tax receipts credited to the fund for
25 fiscal years commencing on or after July 1, 2009, shall be credited to the
26 SEVERANCE TAX perpetual base ~~account of the~~ fund and used for state
27 water projects pursuant to sections 37-60-119 and 37-60-122, C.R.S.;

1 except that the total amount of severance tax receipts credited to the
2 SEVERANCE TAX perpetual base ~~account~~ FUND during ~~said~~ THE fiscal year
3 shall not exceed fifty million dollars unless the cap established in
4 subparagraph (III) of this paragraph (a) is exceeded. The authorization
5 and contract for each ~~such~~ project ~~shall~~ MUST require repayment of
6 principal and interest to the fund, and moneys so repaid shall be credited
7 to the SEVERANCE TAX perpetual base ~~account~~ of the fund.

8 (III) For fiscal years commencing on or after July 1, 2009, the
9 state treasurer shall transfer the moneys credited to the fund that are not
10 credited to either the SEVERANCE TAX perpetual base ~~account~~ FUND or the
11 SEVERANCE TAX operational ~~account~~ FUND to the small communities
12 water and wastewater grant fund created in section 25-1.5-208 (4),
13 C.R.S.; except that the maximum amount of moneys annually credited to
14 the small communities water and wastewater grant fund shall not exceed
15 ten million dollars.

16 (VII) ~~Notwithstanding any provision of this paragraph (a) to the~~
17 ~~contrary, on June 30, 2011, the state treasurer shall deduct sixteen million~~
18 ~~dollars from the perpetual base account of the fund and transfer such sum~~
19 ~~to the general fund.~~

20 (VIII) (D) If, on June 30, 2015, any moneys appropriated under
21 sub-subparagraph (A) of this subparagraph (VIII) have not been fully
22 expended, the unexpended moneys are deauthorized and ~~shall~~ revert to
23 the SEVERANCE TAX perpetual base ~~account~~ FUND.

24 (IX) (A) ~~Notwithstanding any provision of this paragraph (a) to~~
25 ~~the contrary, on July 1, 2011, the state treasurer shall deduct twenty-five~~
26 ~~million dollars from the perpetual base account of the fund and transfer~~
27 ~~such sum to the general fund.~~

1 ~~(B) Notwithstanding any provision of this paragraph (a) to the~~
2 ~~contrary, on June 30, 2012, the state treasurer shall deduct twenty-three~~
3 ~~million one hundred thousand dollars from the perpetual base account of~~
4 ~~the fund and transfer such sum to the general fund.~~

5 (XI) (A) Notwithstanding any provision of this paragraph (a) to
6 the contrary, the state treasurer shall transfer to the Colorado water
7 conservation board construction fund, for use by the ~~Colorado water~~
8 ~~conservation board also referred to in this subparagraph (XI) as the~~
9 ~~"board", thirteen~~ SIXTY-TWO million dollars for the implementation of the
10 Chatfield reservoir reallocation project, pursuant to section 37-60-120.1,
11 C.R.S. The state treasurer shall transfer the moneys in ~~two~~ consecutive
12 installments of five million dollars on January 1, 2013, ~~and eight~~
13 TWENTY-EIGHT million dollars on July 1, 2014, AND TWENTY-NINE
14 MILLION DOLLARS ON JULY 1, 2015.

15 (B) This subparagraph (XI) is repealed, effective July 1, ~~2015~~
16 2016.

17 (XII) (A) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH
18 (a) TO THE CONTRARY, ON JULY 1, 2013, THE STATE TREASURER SHALL
19 TRANSFER TWO MILLION DOLLARS FROM THE FUND TO THE COLORADO
20 WATER CONSERVATION BOARD CONSTRUCTION FUND, FOR USE BY THE
21 BOARD TO MAKE A GRANT TO THE NORTHERN COLORADO WATER
22 CONSERVANCY DISTRICT FOR THE PLANNING, DESIGN, AND CONSTRUCTION
23 OF THE WINDY GAP RESERVOIR BYPASS CHANNEL PROJECT, AS PART OF
24 THE WINDY GAP FIRING PROJECT ON THE COLORADO RIVER.

25 (B) THIS SUBPARAGRAPH (XII) IS REPEALED, EFFECTIVE JULY 1,
26 2014.

27 (b) **The severance tax operational fund.** There is hereby created

1 IN THE STATE TREASURY the SEVERANCE TAX operational ~~account of the~~
2 ~~severance tax trust~~ fund, also referred to in this paragraph (b) as the
3 "~~account~~" "FUND", which THE DEPARTMENT OF NATURAL RESOURCES shall
4 ~~be administered by the state treasurer and shall consist of~~ ADMINISTER.
5 THE STATE TREASURER SHALL TRANSFER one-half of the severance tax
6 receipts credited to the SEVERANCE TAX TRUST fund for tax years
7 commencing on and after July 1, 1995, TO THE FUND. Moneys in the
8 ~~account~~ FUND shall be distributed as set forth in section 39-29-109.3.

9 (c) **The water supply reserve fund.** (I) There is hereby created
10 in the office of the state treasurer the water supply reserve fund, also
11 referred to in this paragraph (c) as the "fund", which shall be administered
12 by the Colorado water conservation board. The state treasurer shall
13 transfer moneys to the fund from the SEVERANCE TAX operational ~~account~~
14 ~~of the severance tax trust~~ fund as specified in section 39-29-109.3 (2) (a).
15 The moneys in the fund are hereby continuously appropriated, for
16 purposes authorized by this paragraph (c), to the Colorado water
17 conservation board, also referred to in this paragraph (c) as the "board".
18 All interest derived from the investment of moneys in the fund shall be
19 credited to the statewide account of the fund, which account is hereby
20 created. Repayments of both the principal and interest on loans from the
21 fund shall be credited to the fund. Any balance remaining in the fund at
22 the end of any fiscal year remains in the fund. The board shall allocate
23 moneys by grant or loan from the fund only for water activities approved
24 by a roundtable pursuant to article 75 of title 37, C.R.S. The approving
25 roundtable is the roundtable for the basin in which a proposed water
26 diversion or nonstructural activity would occur. If the applicant is a
27 covered entity, as defined in section 37-60-126, C.R.S., the board shall

1 allocate moneys by grant or loan from the fund only if the applicant has
2 adopted a water conservation plan, as defined in section 37-60-126,
3 C.R.S. The board, in consultation with the interbasin compact committee
4 created in section 37-75-105, C.R.S., shall establish criteria and
5 guidelines for allocating moneys from the fund, including criteria that
6 ensure that the allocations will assist in meeting water supply needs
7 identified under section 37-75-104 (2) (c), C.R.S., in a manner consistent
8 with section 37-75-102, C.R.S., and shall facilitate both structural and
9 nonstructural projects or methods. Eligible water activities include the
10 following:

11 **SECTION 17.** In Colorado Revised Statutes, 37-60-122, **amend**
12 (1) (b) as follows:

13 **37-60-122. General assembly approval.** (1) Moneys in the
14 Colorado water conservation board construction fund shall be expended
15 in the following manner and under the following circumstances:

16 (b) The general assembly may authorize ~~such~~ projects as it deems
17 to be to the advantage of the people of the state of Colorado and shall
18 direct the board to proceed with ~~said~~ THE projects in the priorities
19 established by the general assembly under terms approved by the general
20 assembly. The board is authorized to make loans without general
21 assembly approval in amounts not to exceed ten million dollars. The
22 unappropriated balance of moneys in the Colorado water conservation
23 board construction fund and the state severance tax ~~trust~~ PERPETUAL BASE
24 fund ~~perpetual base account~~ shall be available and continuously
25 appropriated for this purpose. The board shall submit a written
26 determination of the basis for ~~such~~ THE project loans to the general
27 assembly by January 15 of the year following the year in which the loan

1 was made.

2 **SECTION 18. Water project loan authorization from the**
3 **construction fund.** (1) Pursuant to section 37-60-122 (1) (b), Colorado
4 Revised Statutes, the Colorado water conservation board is hereby
5 authorized to loan moneys in the amount of \$18,538,550 from the
6 Colorado water conservation board construction fund to enable the
7 purchase of water rights for the Roxborough water and sanitation district
8 water activity enterprise.

9 (2) The Colorado water conservation board may make loans for
10 the project specified in subsection (1) of this section from moneys that are
11 or may become available to the Colorado water conservation board
12 construction fund. The amount of the loan listed in subsection (1) of this
13 section may vary based on the following:

14 (a) Ordinary fluctuations in construction costs, as indicated by the
15 engineering cost indices applicable to the types of construction required
16 for the project; and

17 (b) Changes in the plans for the project due to:

18 (I) Differing or unforeseen site conditions;

19 (II) Errors;

20 (III) Omissions in the plans and specifications;

21 (IV) Changes instituted by regulatory agencies; or

22 (V) Changes in material quantities beyond contract limits.

23 (3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes,
24 the board shall require terms and conditions in any contracts concerning
25 the project as will ensure repayment of funds made available by the
26 board. The board shall not disburse moneys for a loan authorized by
27 subsection (1) of this section unless it is satisfied, at its sole discretion,

1 that the recipient of the loan will be able to make repayment pursuant to
2 the terms and conditions established by the board and by subsection (1)
3 of this section.

4 **SECTION 19.** In Colorado Revised Statutes, 24-75-201.5,
5 **amend** (1) (g) (II) (F) and (1) (g) (II) (G) as follows:

6 **24-75-201.5. Revenue shortfalls - required actions by the**
7 **governor with respect to the reserve.** (1) (g) (II) The transfer or
8 transfers described in subparagraph (I) of this paragraph (g) shall be made
9 from one or more of the following funds:

10 (F) The SEVERANCE TAX perpetual base ~~account of the severance~~
11 ~~tax trust~~ fund created in section 39-29-109 (2) (a), C.R.S., not to exceed
12 seventy-five million dollars;

13 (G) The SEVERANCE TAX operational ~~account of the severance tax~~
14 ~~trust~~ fund created in section 39-29-109 (2) (b), C.R.S., not to exceed
15 twenty-one million three hundred thousand dollars;

16 **SECTION 20.** In Colorado Revised Statutes, 24-75-217, **amend**
17 (3) (d) as follows:

18 **24-75-217. Restoration of funds transferred to augment the**
19 **general fund for the 2001-02 fiscal year.** (3) The funds that shall be
20 restored pursuant to subsection (1) of this section include:

21 (d) The SEVERANCE TAX operational ~~account of the severance tax~~
22 ~~trust~~ fund created in section 39-29-109 (2) (b), C.R.S.;

23 **SECTION 21.** In Colorado Revised Statutes, 34-20-104, **amend**
24 (3) (j) as follows:

25 **34-20-104. Minerals, energy, and geology policy advisory**
26 **board - creation.** (3) The advisory board shall:

27 (j) Provide advice to the executive director on programs or

1 projects that should receive a grant of funds from the SEVERANCE TAX
2 operational ~~account of the severance tax trust fund~~, as set forth in section
3 39-29-109.3 (1), C.R.S.

4 **SECTION 22.** In Colorado Revised Statutes, **amend** 37-60-123.1
5 as follows:

6 **37-60-123.1. Loan foreclosure fund - created.** There is hereby
7 created in the state treasury the loan foreclosure fund, referred to in this
8 section as the "foreclosure fund". The state treasurer is hereby authorized
9 and directed to transfer one hundred thousand dollars from the Colorado
10 water conservation board construction fund to the foreclosure fund. The
11 Colorado water conservation board is authorized to provide funding to
12 cover the direct costs associated with completing foreclosure proceedings
13 against a delinquent borrower from either the Colorado water
14 conservation board construction fund or the severance tax ~~trust fund~~
15 perpetual base ~~account~~ FUND. The moneys in the foreclosure fund are
16 hereby continuously appropriated to the board for loan foreclosure
17 proceedings, including ~~but not limited to~~, property management costs,
18 appraisals, assessments, taxes, local government fees, insurance costs,
19 court costs, and legal fees. All interest derived from the investment of
20 moneys in the foreclosure fund shall be credited to the Colorado water
21 conservation board construction fund. Any balance remaining in the
22 foreclosure fund at the end of any fiscal year ~~shall remain~~ REMAINS in the
23 fund.

24 **SECTION 23.** In Colorado Revised Statutes, 37-60-123.5,
25 **amend** (1) as follows:

26 **37-60-123.5. Agricultural emergency drought response.** (1) If,
27 pursuant to federal or state law, any portion of Colorado has received

1 emergency drought designation or a disaster emergency has been
2 proclaimed due to drought, notwithstanding the provisions of section
3 39-29-109 (1), C.R.S., in addition to any other moneys appropriated from
4 the SEVERANCE TAX perpetual base ~~account of the severance tax trust~~
5 fund, created by section 39-29-109 (2) (a), C.R.S., up to one million
6 dollars in the SEVERANCE TAX perpetual base ~~account of the severance tax~~
7 ~~trust~~ fund are continuously appropriated annually to the director of the
8 Colorado water conservation board and the state engineer for ~~any such~~
9 USE, IN CONNECTION WITH THE designation or proclamation, to make loans
10 and grants to agricultural organizations for emergency drought-related
11 water augmentation purposes.

12 **SECTION 24.** In Colorado Revised Statutes, 37-60-126, **amend**
13 (6) and (12) (a) (IV) as follows:

14 **37-60-126. Water conservation and drought mitigation**
15 **planning - programs - relationship to state assistance for water**
16 **facilities - guidelines - water efficiency grant program - repeal.**

17 (6) The board is hereby authorized to recommend the appropriation and
18 expenditure of ~~such~~ revenues as are necessary from the unobligated
19 balance of the five percent share of the SEVERANCE TAX operational
20 ~~account of the severance tax trust~~ fund designated for use by the board for
21 the purpose of the office providing assistance to covered entities to
22 develop water conservation plans that meet the provisions of this section.

23 (12) (a) (IV) Any moneys remaining in the fund on June 30, 2020,
24 shall be transferred to the SEVERANCE TAX operational ~~account of the~~
25 ~~severance tax trust~~ fund described in section 39-29-109 (2) (b), C.R.S.

26 **SECTION 25.** In Colorado Revised Statutes, 37-60-126.5,
27 **amend** (3) as follows:

1 **37-60-126.5. Drought mitigation planning - programs -**
2 **relationship to state assistance.** (3) The board is hereby authorized to
3 expend revenues from the water efficiency grant program cash fund and
4 to recommend the appropriation and expenditure of ~~such~~ THE revenues as
5 is necessary from the unobligated balance of the five-percent share of the
6 SEVERANCE TAX operational ~~account of the severance tax trust~~ fund
7 designated for use by the board for the purpose of assisting covered
8 entities and other state or local governmental entities to develop drought
9 mitigation plans ~~identified~~ THAT THE OFFICE IDENTIFIES as sufficient. ~~by~~
10 ~~the office.~~

11 **SECTION 26.** In Colorado Revised Statutes, 39-29-109.3,
12 **amend** (1) introductory portion, (1) (a) (I), (1) (b), (1) (c), (1) (d), (1) (e),
13 (1) (f), (2), (3) (a), (4) (b), and (5); and **repeal** (6), as follows:

14 **39-29-109.3. Severance tax operational fund - repeal.** (1) For
15 fiscal years commencing on and after July 1, 1997, the executive director
16 of the department of natural resources shall submit with the department's
17 budget request for each fiscal year a list and description of the programs
18 the executive director recommends to be funded from the SEVERANCE TAX
19 operational ~~account of the severance tax trust~~ fund created in section
20 39-29-109 (2) (b), referred to in this section as the "operational ~~account~~
21 FUND". The minerals, energy, and geology policy advisory board
22 established pursuant to section 34-20-104, C.R.S., shall review the
23 executive director's recommendation before submittal. The general
24 assembly may appropriate moneys from the total moneys available in the
25 operational ~~account~~ FUND to fund recommended programs as follows:

26 (a) (I) For programs or projects within the Colorado oil and gas
27 conservation commission, up to thirty-five percent of the moneys in the

1 operational ~~account~~ FUND for fiscal years commencing on or after July 1,
2 2009.

3 (b) For programs within the Colorado geological survey, up to
4 twenty percent of the moneys in the operational ~~account~~ FUND;

5 (c) For programs within the division of reclamation, mining, and
6 safety, up to thirty percent of the moneys in the operational ~~account~~ FUND
7 for fiscal years commencing before July 1, 2008, and up to twenty-five
8 percent of the moneys in the operational ~~account~~ FUND for fiscal years
9 commencing on or after July 1, 2008. As part of any appropriation made,
10 five hundred thousand dollars, or so much as may be available, shall be
11 transferred to the abandoned mine reclamation fund created in section
12 34-34-102 (1), C.R.S.

13 (d) For programs within the Colorado water conservation board
14 and for purposes authorized by article 75 of title 37, C.R.S., up to five
15 percent of the moneys in the operational ~~account~~ FUND;

16 (e) For fiscal years commencing on or after July 1, 2008, only, for
17 programs within the division of parks and wildlife that monitor, manage,
18 or mitigate the impacts of mineral or mineral fuel production activities on
19 wildlife in any region of the state in which production activity is
20 occurring or, from any location in the state, research such impacts, up to
21 five percent of the moneys in the operational ~~account~~ FUND, which
22 moneys shall not supplant moneys that would otherwise be made
23 available for such programs;

24 (f) For fiscal years commencing on or after July 1, 2009, for
25 programs within the division of parks and wildlife that operate, maintain,
26 or improve state parks in any region of the state in which production
27 activity is occurring, up to ten percent of the moneys in the operational

1 ~~account~~ FUND.

2 (2) Subject to the requirements of subsections (3) and (4) of this
3 section, if the general assembly chooses not to spend up to one hundred
4 percent of the moneys in the operational ~~account~~ FUND as specified in
5 subsection (1) of this section, the state treasurer shall transfer the
6 following:

7 (3) (a) Except as provided in paragraph (b) of this subsection (3),
8 it is the intent of the general assembly that the operational ~~account~~ FUND
9 maintain a reserve equal to the current state fiscal year's operating
10 appropriations for the programs specified in subsection (1) of this section
11 plus fifteen percent of the current fiscal year's transfers specified in
12 subsection (2) of this section. Moneys may be transferred from the
13 reserve to offset temporary revenue reductions in the programs specified
14 in subsection (1) of this section and to offset reductions for programs
15 specified in subsection (2) of this section, up to fifteen percent of the
16 current fiscal year's transfers specified in subsection (2) of this section;
17 except that, if the general assembly determines that transfers of moneys
18 from the reserve are needed during a state revenue crisis, the transfers
19 shall be a loan from the reserve to be repaid as soon as moneys are
20 available. This provision is intended to mitigate the impact of fluctuations
21 in the amount of revenue credited to the fund from year to year so as to
22 maintain current levels of service for the programs specified in subsection
23 (1) of this section.

24 (4) (b) (I) If the revenue estimate prepared by the staff of the
25 legislative council in June of any fiscal year indicates that the amount of
26 severance tax revenues to be credited to the operational ~~account~~ FUND in
27 the next fiscal year as specified in section 39-29-109 (2) (b) is insufficient

1 for the state treasurer to make the transfers set forth in subsection (2) of
2 this section and to meet the reserve requirement specified in subsection
3 (3) of this section, all transfers scheduled to be made on July 1 shall be
4 proportionally reduced. The July 1 proportional reduction shall be
5 calculated based on the size of the annual transfers as specified in
6 subsection (2) of this section and shall be made to the extent necessary to
7 cover forty percent of the projected shortfall between total moneys
8 available in the operational ~~account~~ FUND and the sum of the total
9 operating appropriations for the programs specified in subsection (1) of
10 this section, the total fiscal year's transfers specified in subsection (2) of
11 this section, and the reserve requirement specified in subsection (3) of
12 this section; except that up to one-third of the fifteen percent of the
13 current fiscal year's transfers specified as part of the reserve set forth in
14 subsection (3) of this section shall be used to offset any proportional
15 reduction required by this subparagraph (I) in any fiscal year.

16 (II) If the revenue estimate prepared by the staff of the legislative
17 council in December of any fiscal year indicates that the amount of
18 severance tax revenues credited to the operational ~~account~~ FUND as
19 specified in section 39-29-109 (2) (b) is insufficient for the state treasurer
20 to make the transfers set forth in subsection (2) of this section and to meet
21 the reserve requirement specified in subsection (3) of this section, all
22 transfers scheduled to be made on January 4 of the fiscal year shall be
23 proportionally reduced. The January 4 proportional reduction shall be
24 calculated based on the size of the annual transfers as specified in
25 subsection (2) of this section and shall be made to the extent necessary to
26 cover seventy percent of the projected shortfall between total moneys
27 available in the operational ~~account~~ FUND and the sum of the total

1 operating appropriations for the programs specified in subsection (1) of
2 this section, the total fiscal year's transfers specified in subsection (2) of
3 this section, and the reserve requirement specified in subsection (3) of
4 this section; except that up to one-third of the fifteen percent of the
5 current fiscal year's transfers specified as part of the reserve set forth in
6 subsection (3) of this section shall be used to offset any proportional
7 reduction required by this subparagraph (II) in any fiscal year.

8 (III) If the revenue estimate prepared by the staff of the legislative
9 council in March of any fiscal year indicates that the amount of severance
10 tax revenues credited to the operational ~~account~~ FUND as specified in
11 section 39-29-109 (2) (b) is insufficient for the state treasurer to make the
12 transfers set forth in subsection (2) of this section and to meet the reserve
13 requirement specified in subsection (3) of this section, all transfers
14 scheduled to be made on April 1 of the fiscal year shall be proportionally
15 reduced. The April 1 proportional reduction shall be calculated based on
16 the size of the annual transfers as specified in subsection (2) of this
17 section and shall be made to the extent necessary to cover the projected
18 shortfall between total moneys available in the operational ~~account~~ FUND
19 and the sum of the total operating appropriations for the programs
20 specified in subsection (1) of this section, the total fiscal year's transfers
21 specified in subsection (2) of this section, and the reserve requirement
22 specified in subsection (3) of this section; except that any moneys
23 remaining of the fifteen percent of the current fiscal year's transfers
24 specified as part of the reserve set forth in subsection (3) of this section
25 shall be used to offset any proportional reduction required by this
26 subparagraph (III) in any fiscal year.

27 (IV) If proportional reductions are made to either the July 1 or

1 January 4 installments, the April 1 installment may be increased to offset
2 proportional reductions made earlier in the current fiscal year to the
3 maximum extent allowable under the revenue estimate prepared by the
4 staff of the legislative council in March of any fiscal year. The April 1
5 installment shall only be increased if the revenue estimate indicates that
6 the amount of severance tax revenues credited to the operational ~~account~~
7 FUND as specified in section 39-29-109 (2) (b) is sufficient to fund ~~such~~
8 THE increased installments and still meet the reserve requirement
9 specified in subsection (3) of this section.

10 (5) In addition to the distributions specified in paragraph (a) of
11 subsection (4) of this section, if there were any proportional reductions
12 required in a fiscal year as specified in paragraph (b) of said subsection
13 (4), after the reserve specified in subsection (3) of this section is made
14 whole if any portion of the reserve was used as specified in paragraph (b)
15 of subsection (4) of this section to offset any proportional reduction
16 required by said paragraph (b) of subsection (4), the state treasurer shall
17 make proportional distributions on August 20 of the following fiscal year
18 to the programs specified in subsection (2) of this section if the revenues
19 actually received in the operational ~~account of the severance tax trust~~
20 fund for the previous fiscal year were sufficient for the state treasurer to
21 more fully make the transfers set forth in subsection (2) of this section
22 and to fully meet the reserve requirement specified in subsection (3) of
23 this section.

24 (6) ~~(a) Notwithstanding any provision of this section to the~~
25 ~~contrary, on April 15, 2010, the state treasurer shall deduct eleven million~~
26 ~~dollars from the operational account and transfer such sum to the general~~
27 ~~fund.~~

1 ~~(b) Notwithstanding any provision of this section to the contrary,~~
2 ~~on June 30, 2012, the state treasurer shall deduct three million nine~~
3 ~~hundred fifty thousand dollars from the operational account and transfer~~
4 ~~such sum to the general fund.~~

5 **SECTION 27. Safety clause.** The general assembly hereby finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, and safety.