

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

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 13-0855.01 Jennifer Berman x3286

SENATE BILL 13-181

SENATE SPONSORSHIP

Schwartz,

HOUSE SPONSORSHIP

Fischer,

Senate Committees

Agriculture, Natural Resources, & Energy
Appropriations

House Committees

Agriculture, Livestock, & Natural Resources
Appropriations

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.*

SENATE
3rd Reading Unamended
March 13, 2013

SENATE
Amended 2nd Reading
March 12, 2013

- ! 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, in
15 order to restore the unencumbered balance in the Colorado floodplain
16 map modernization program to \$500,000, for the board to continue to
17 assist with the preparation of revised and improved floodplain studies and
18 maps for communities throughout Colorado and to participate in federally
19 sponsored floodplain map modernization activities.

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

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

1 conservation board, for the fiscal year beginning July 1, 2013, the sum of
2 \$250,000, or so much thereof as may be necessary, for the board to
3 continue to provide planning and engineering studies, including
4 implementation measures, to address technical needs for watershed
5 restoration and flood mitigation projects throughout the state.

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

9 **SECTION 5. Restoration of the balance of the flood and**
10 **drought response fund - transfer.** (1) The state treasurer shall transfer
11 the sum of \$300,000, or so much thereof as may be necessary, from the
12 unreserved cash in the Colorado water conservation board construction
13 fund to the flood and drought response fund created in section
14 37-60-123.2, Colorado Revised Statutes, for the fiscal year beginning July
15 1, 2013, in order to restore the unencumbered balance in the flood and
16 drought response fund to \$300,000, for the board to provide
17 documentation, forecasting, mapping, aerial photography, mitigation, and
18 other efforts deemed necessary to quickly respond to flood and drought
19 events.

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

22 **SECTION 6. Implementation of the Rio Grande forecasting**
23 **development project - appropriation.** (1) In addition to any other
24 appropriation, there is hereby appropriated, out of any moneys in the
25 Colorado water conservation board construction fund not otherwise
26 appropriated, to the department of natural resources, for allocation to the
27 Colorado water conservation board, for the fiscal year beginning July 1,

1 2013, the sum of \$215,000, or so much thereof as may be necessary, for
2 the board to improve forecasting of water supplies in the Rio Grande river
3 basin.

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

7 **SECTION 7. Operation and maintenance of Colorado's**
8 **decision support systems - appropriation.** (1) In addition to any other
9 appropriation, there is hereby appropriated, out of any moneys in the
10 Colorado water conservation board construction fund not otherwise
11 appropriated, to the department of natural resources, for allocation to the
12 Colorado water conservation board, for the fiscal year beginning July 1,
13 2013, the sum of \$100,000, or so much thereof as may be necessary, to
14 fund the operation and maintenance of the Colorado's decision support
15 systems.

16 (2) The moneys appropriated in subsection (1) of this section
17 remain available for the designated purposes until completion of the
18 project.

19 **SECTION 8. Continuation of the Colorado river basin study**
20 **- appropriation.** (1) In addition to any other appropriation, there is
21 hereby appropriated, out of any moneys in the Colorado water
22 conservation board construction fund not otherwise appropriated, to the
23 department of natural resources, for allocation to the Colorado water
24 conservation board, for the fiscal year beginning July 1, 2013, the sum of
25 \$75,000, or so much thereof as may be necessary, to support stakeholder
26 participation, negotiations, and other work required for implementation
27 of the Colorado river basin study.

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

4 **SECTION 9. Continuation of the Arkansas river decision**
5 **support system - 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 \$250,000, or so much thereof as may be necessary, to
11 begin implementation of the Arkansas river decision support efforts,
12 including the collection and compilation of data.

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 10. Continuation of the statewide water supply**
17 **initiative - appropriation.** (1) In addition to any other appropriation,
18 there is 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 \$225,000, or so much thereof as may be necessary, for the board to begin
23 work on the study's 2016 update that will include reexamining the
24 methodologies used to analyze the municipal, industrial, agricultural, and
25 nonconsumptive water demands, as well as considering varying
26 hydrologic analyses, climate change, and drought planning.

27 (2) The moneys appropriated in subsection (1) of this section

1 remain available for the designated purposes until they are fully
2 expended.

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

16 (2) The moneys appropriated in subsection (1) of this section
17 remain available for the designated purposes until completion of the
18 project.

19 **SECTION 12. Windy Gap reservoir bypass channel project**
20 **- appropriation.** (1) In addition to any other appropriation, there is
21 hereby appropriated, out of any moneys in the Colorado water
22 conservation board construction fund not otherwise appropriated, to the
23 department of natural resources, for allocation to the Colorado water
24 conservation board, for the fiscal year beginning July 1, 2013, the sum of
25 \$2,000,000, or so much thereof as may be necessary, for the board to
26 participate in the planning, design, and construction of the Windy Gap
27 reservoir bypass channel project.

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

4 **SECTION 13. Chatfield reservoir reallocation project -**
5 **appropriation.** (1) In addition to any other appropriation, there is hereby
6 appropriated, out of any moneys in the Colorado water conservation
7 board construction fund not otherwise appropriated, to the department of
8 natural resources, for allocation to the Colorado water conservation
9 board, for the fiscal year beginning July 1, 2013, the sum of \$28,000,000,
10 or so much thereof as may be necessary, for the board to participate in the
11 implementation of the Chatfield reservoir reallocation project pursuant to
12 section 37-60-120.1, Colorado Revised Statutes, and to provide funding
13 for other project participants to purchase their allocated storage space in
14 the Chatfield reservoir reallocation project.

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

18 **SECTION 14. Tri-county Water Conservancy District -**
19 **increased water project loan authorization from the Colorado water**
20 **conservation board construction fund.** Pursuant to section 37-60-122
21 (1) (b), Colorado Revised Statutes, the Colorado water conservation
22 board is hereby authorized to loan moneys from the Colorado water
23 conservation board construction fund to the Tri-county Water
24 Conservancy District to continue the construction of the tri-county water
25 hydropower project at the outlet works of Ridgway dam in Ouray county,
26 which the board previously authorized in September 2011. The previously
27 approved loan amount of \$9,090,000 is increased by \$4,040,000, for a

1 total of \$13,130,000.

2

3 **SECTION 15.** In Colorado Revised Statutes, 39-29-109, **amend**
4 (1), (2) (a) (II), (2) (a) (III), (2) (a) (VIII) (D), (2) (a) (XI), (2) (b), and (2)
5 (c) (I) introductory portion; **repeal** (2) (a) (VII) and (2) (a) (IX); and **add**
6 (2) (a) (I.5) and (2) (a) (XII) as follows:

7 **39-29-109. Severance tax trust fund - created - administration**
8 **- distribution of moneys - repeal.** (1) There is hereby created in the
9 ~~office of the state treasurer~~ TREASURY the severance tax trust fund, also
10 referred to in this section as the "fund", WHICH THE DEPARTMENT OF
11 NATURAL RESOURCES SHALL ADMINISTER. The fund is to be perpetual and
12 held in trust as a replacement for depleted natural resources, for the
13 development and conservation of the state's water resources pursuant to
14 sections 37-60-106 (1) (j) and (1) (l), 37-60-119, and 37-60-122, C.R.S.,
15 for the use in funding programs that promote and encourage sound natural
16 resource planning, management, and development related to minerals,
17 energy, geology, and water and for the use in funding programs to reduce
18 the burden of increasing home energy costs on low-income households.

19 (2) State severance tax receipts shall be credited to the severance
20 tax trust fund as provided in section 39-29-108. Except as otherwise set
21 forth in section 39-29-109.5, all income derived from the deposit and
22 investment of the moneys in the fund shall be credited to the fund. At the
23 end of any fiscal year, all unexpended and unencumbered moneys in the
24 fund remain therein and shall not be credited or transferred to the general
25 fund or any other fund. All moneys in the fund are subject to
26 appropriation by the general assembly for the following purposes:

27 (a) **The severance tax perpetual base fund.** (I.5) THERE IS

1 HEREBY CREATED IN THE STATE TREASURY THE SEVERANCE TAX
2 PERPETUAL BASE FUND, ALSO REFERRED TO IN THIS PARAGRAPH (a) AS THE
3 "FUND", WHICH THE COLORADO WATER CONSERVATION BOARD, ALSO
4 REFERRED TO IN THIS PARAGRAPH (a) AS THE "BOARD", SHALL
5 ADMINISTER. THE STATE TREASURER SHALL TRANSFER MONEYS TO THE
6 FUND FROM THE SEVERANCE TAX TRUST FUND, AS SPECIFIED IN THIS
7 SECTION. THE MONEYS IN THE FUND ARE CONTINUOUSLY APPROPRIATED
8 TO THE BOARD FOR PURPOSES AUTHORIZED BY THIS PARAGRAPH (a).

9 (II) One-half of the severance tax receipts credited to the fund for
10 fiscal years commencing on or after July 1, 2009, shall be credited to the
11 SEVERANCE TAX perpetual base ~~account of the~~ fund and used for state
12 water projects pursuant to sections 37-60-119 and 37-60-122, C.R.S.;
13 except that the total amount of severance tax receipts credited to the
14 SEVERANCE TAX perpetual base ~~account~~ FUND during ~~said~~ THE fiscal year
15 shall not exceed fifty million dollars unless the cap established in
16 subparagraph (III) of this paragraph (a) is exceeded. The authorization
17 and contract for each ~~such~~ project ~~shall~~ MUST require repayment of
18 principal and interest to the fund, and moneys so repaid shall be credited
19 to the SEVERANCE TAX perpetual base ~~account of the~~ fund.

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

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

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

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

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

17 (XI) (A) Notwithstanding any provision of this paragraph (a) to
18 the contrary, the state treasurer shall transfer to the Colorado water
19 conservation board construction fund, for use by the Colorado water
20 conservation board also referred to in this subparagraph (XI) as the
21 "board", ~~thirteen~~ SIXTY-TWO million dollars for the implementation of the
22 Chatfield reservoir reallocation project, pursuant to section 37-60-120.1,
23 C.R.S. The state treasurer shall transfer the moneys in two consecutive
24 installments of five million dollars on January 1, 2013, and eight
25 FOURTEEN million dollars on July JANUARY 1, 2014, FOURTEEN MILLION
26 DOLLARS ON JUNE 30, 2014, AND TWENTY-NINE MILLION DOLLARS ON
27 JULY 1, 2015.

1 (B) This subparagraph (XI) is repealed, effective July 1, 2015
2 2016.

3 (XII) (A) NOTWITHSTANDING ANY PROVISION OF THIS PARAGRAPH
4 (a) TO THE CONTRARY, ON JULY 1, 2013, THE STATE TREASURER SHALL
5 TRANSFER TWO MILLION DOLLARS FROM THE FUND TO THE COLORADO
6 WATER CONSERVATION BOARD CONSTRUCTION FUND, FOR USE BY THE
7 BOARD TO MAKE A GRANT TO THE MUNICIPAL SUBDISTRICT OF THE
8 NORTHERN COLORADO WATER CONSERVANCY DISTRICT FOR THE
9 PLANNING, DESIGN, AND CONSTRUCTION OF THE WINDY GAP RESERVOIR
10 BYPASS CHANNEL PROJECT, AS PART OF THE WINDY GAP FIRING PROJECT
11 ON THE COLORADO RIVER.

12 (B) THIS SUBPARAGRAPH (XII) IS REPEALED, EFFECTIVE JULY 1,
13 2014.

14 (b) **The severance tax operational fund.** There is hereby created
15 IN THE STATE TREASURY the SEVERANCE TAX operational ~~account of the~~
16 ~~severance tax trust~~ fund, also referred to in this paragraph (b) as the
17 "~~account~~" "FUND", which THE DEPARTMENT OF NATURAL RESOURCES shall
18 ~~be administered by the state treasurer and shall consist of~~ ADMINISTER.
19 THE STATE TREASURER SHALL TRANSFER one-half of the severance tax
20 receipts credited to the SEVERANCE TAX TRUST fund for tax years
21 commencing on and after July 1, 1995, TO THE FUND. Moneys in the
22 ~~account~~ FUND shall be distributed as set forth in section 39-29-109.3.

23 (c) **The water supply reserve fund.** (I) There is hereby created
24 in the office of the state treasurer the water supply reserve fund, also
25 referred to in this paragraph (c) as the "fund", which shall be administered
26 by the Colorado water conservation board. The state treasurer shall
27 transfer moneys to the fund from the SEVERANCE TAX operational ~~account~~

1 of the severance tax trust fund as specified in section 39-29-109.3 (2) (a).
2 The moneys in the fund are hereby continuously appropriated, for
3 purposes authorized by this paragraph (c), to the Colorado water
4 conservation board, also referred to in this paragraph (c) as the "board".
5 All interest derived from the investment of moneys in the fund shall be
6 credited to the statewide account of the fund, which account is hereby
7 created. Repayments of both the principal and interest on loans from the
8 fund shall be credited to the fund. Any balance remaining in the fund at
9 the end of any fiscal year remains in the fund. The board shall allocate
10 moneys by grant or loan from the fund only for water activities approved
11 by a roundtable pursuant to article 75 of title 37, C.R.S. The approving
12 roundtable is the roundtable for the basin in which a proposed water
13 diversion or nonstructural activity would occur. If the applicant is a
14 covered entity, as defined in section 37-60-126, C.R.S., the board shall
15 allocate moneys by grant or loan from the fund only if the applicant has
16 adopted a water conservation plan, as defined in section 37-60-126,
17 C.R.S. The board, in consultation with the interbasin compact committee
18 created in section 37-75-105, C.R.S., shall establish criteria and
19 guidelines for allocating moneys from the fund, including criteria that
20 ensure that the allocations will assist in meeting water supply needs
21 identified under section 37-75-104 (2) (c), C.R.S., in a manner consistent
22 with section 37-75-102, C.R.S., and shall facilitate both structural and
23 nonstructural projects or methods. Eligible water activities include the
24 following:

25 **SECTION 16.** In Colorado Revised Statutes, 37-60-122, **amend**
26 (1) (b) as follows:

27 **37-60-122. General assembly approval.** (1) Moneys in the

1 Colorado water conservation board construction fund shall be expended
2 in the following manner and under the following circumstances:

3 (b) The general assembly may authorize ~~such~~ projects as it deems
4 to be to the advantage of the people of the state of Colorado and shall
5 direct the board to proceed with ~~said~~ THE projects in the priorities
6 established by the general assembly under terms approved by the general
7 assembly. The board is authorized to make loans without general
8 assembly approval in amounts not to exceed ten million dollars. The
9 unappropriated balance of moneys in the Colorado water conservation
10 board construction fund and the state severance tax ~~trust~~ PERPETUAL BASE
11 fund ~~perpetual base account~~ shall be available and continuously
12 appropriated for this purpose. The board shall submit a written
13 determination of the basis for ~~such~~ THE project loans to the general
14 assembly by January 15 of the year following the year in which the loan
15 was made.

16 **SECTION 17. Water project loan authorization from the**
17 **construction fund.** (1) Pursuant to section 37-60-122 (1) (b), Colorado
18 Revised Statutes, the Colorado water conservation board is hereby
19 authorized to loan moneys in the amount of \$18,538,550 from the
20 Colorado water conservation board construction fund to enable the
21 purchase of water rights for the Roxborough water and sanitation district
22 water activity enterprise.

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

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

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

5 (I) Differing or unforeseen site conditions;

6 (II) Errors;

7 (III) Omissions in the plans and specifications;

8 (IV) Changes instituted by regulatory agencies; or

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

10 (3) Pursuant to section 37-60-120 (1), Colorado Revised Statutes,
11 the board shall require terms and conditions in any contracts concerning
12 the project as will ensure repayment of funds made available by the
13 board. The board shall not disburse moneys for a loan authorized by
14 subsection (1) of this section unless it is satisfied, at its sole discretion,
15 that the recipient of the loan will be able to make repayment pursuant to
16 the terms and conditions established by the board and by subsection (1)
17 of this section.

18 **SECTION 18.** In Colorado Revised Statutes, 24-75-201.5,
19 **amend** (1) (g) (II) (F) and (1) (g) (II) (G) as follows:

20 **24-75-201.5. Revenue shortfalls - required actions by the**
21 **governor with respect to the reserve.** (1) (g) (II) The transfer or
22 transfers described in subparagraph (I) of this paragraph (g) shall be made
23 from one or more of the following funds:

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

27 (G) The SEVERANCE TAX operational ~~account of the severance tax~~

1 ~~trust~~ fund created in section 39-29-109 (2) (b), C.R.S., not to exceed
2 twenty-one million three hundred thousand dollars;

3 **SECTION 19.** In Colorado Revised Statutes, 24-75-217, **amend**
4 (3) (d) as follows:

5 **24-75-217. Restoration of funds transferred to augment the**
6 **general fund for the 2001-02 fiscal year.** (3) The funds that shall be
7 restored pursuant to subsection (1) of this section include:

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

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

12 **34-20-104. Minerals, energy, and geology policy advisory**
13 **board - creation.** (3) The advisory board shall:

14 (j) Provide advice to the executive director on programs or
15 projects that should receive a grant of funds from the SEVERANCE TAX
16 operational ~~account of the severance tax trust~~ fund, as set forth in section
17 39-29-109.3 (1), C.R.S.

18 **SECTION 21.** In Colorado Revised Statutes, **amend** 37-60-123.1
19 as follows:

20 **37-60-123.1. Loan foreclosure fund - created.** There is hereby
21 created in the state treasury the loan foreclosure fund, referred to in this
22 section as the "foreclosure fund". The state treasurer is hereby authorized
23 and directed to transfer one hundred thousand dollars from the Colorado
24 water conservation board construction fund to the foreclosure fund. The
25 Colorado water conservation board is authorized to provide funding to
26 cover the direct costs associated with completing foreclosure proceedings
27 against a delinquent borrower from either the Colorado water

1 conservation board construction fund or the severance tax ~~trust fund~~
2 perpetual base ~~account~~ FUND. The moneys in the foreclosure fund are
3 hereby continuously appropriated to the board for loan foreclosure
4 proceedings, including ~~but not limited to~~, property management costs,
5 appraisals, assessments, taxes, local government fees, insurance costs,
6 court costs, and legal fees. All interest derived from the investment of
7 moneys in the foreclosure fund shall be credited to the Colorado water
8 conservation board construction fund. Any balance remaining in the
9 foreclosure fund at the end of any fiscal year ~~shall remain~~ REMAINS in the
10 fund.

11 **SECTION 22.** In Colorado Revised Statutes, 37-60-123.5,
12 **amend** (1) as follows:

13 **37-60-123.5. Agricultural emergency drought response.** (1) If,
14 pursuant to federal or state law, any portion of Colorado has received
15 emergency drought designation or a disaster emergency has been
16 proclaimed due to drought, notwithstanding the provisions of section
17 39-29-109 (1), C.R.S., in addition to any other moneys appropriated from
18 the SEVERANCE TAX perpetual base ~~account of the severance tax trust~~
19 fund, created by section 39-29-109 (2) (a), C.R.S., up to one million
20 dollars in the SEVERANCE TAX perpetual base ~~account of the severance tax~~
21 ~~trust~~ fund are continuously appropriated annually to the director of the
22 Colorado water conservation board and the state engineer for ~~any such~~
23 USE, IN CONNECTION WITH THE designation or proclamation, to make loans
24 and grants to agricultural organizations for emergency drought-related
25 water augmentation purposes.

26 **SECTION 23.** In Colorado Revised Statutes, 37-60-126, **amend**
27 (6) and (12) (a) (IV) as follows:

1 **37-60-126. Water conservation and drought mitigation**
2 **planning - programs - relationship to state assistance for water**
3 **facilities - guidelines - water efficiency grant program - repeal.**

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

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

13 **SECTION 24.** In Colorado Revised Statutes, 37-60-126.5,
14 **amend** (3) as follows:

15 **37-60-126.5. Drought mitigation planning - programs -**
16 **relationship to state assistance.** (3) The board is hereby authorized to
17 expend revenues from the water efficiency grant program cash fund and
18 to recommend the appropriation and expenditure of ~~such~~ THE revenues as
19 is necessary from the unobligated balance of the five-percent share of the
20 SEVERANCE TAX operational ~~account of the severance tax trust~~ fund
21 designated for use by the board for the purpose of assisting covered
22 entities and other state or local governmental entities to develop drought
23 mitigation plans ~~identified~~ THAT THE OFFICE IDENTIFIES as sufficient. ~~by~~
24 ~~the office.~~

25 **SECTION 25.** In Colorado Revised Statutes, 39-29-109.3,
26 **amend** (1) introductory portion, (1) (a) (I), (1) (b), (1) (c), (1) (d), (1) (e),
27 (1) (f), (2), (3) (a), (4) (b), and (5); and **repeal** (6), as follows:

1 **39-29-109.3. Severance tax operational fund - repeal.** (1) For
2 fiscal years commencing on and after July 1, 1997, the executive director
3 of the department of natural resources shall submit with the department's
4 budget request for each fiscal year a list and description of the programs
5 the executive director recommends to be funded from the SEVERANCE TAX
6 operational ~~account of the severance tax trust~~ fund created in section
7 39-29-109 (2) (b), referred to in this section as the "operational ~~account~~
8 FUND". The minerals, energy, and geology policy advisory board
9 established pursuant to section 34-20-104, C.R.S., shall review the
10 executive director's recommendation before submittal. The general
11 assembly may appropriate moneys from the total moneys available in the
12 operational ~~account~~ FUND to fund recommended programs as follows:

13 (a) (I) For programs or projects within the Colorado oil and gas
14 conservation commission, up to thirty-five percent of the moneys in the
15 operational ~~account~~ FUND for fiscal years commencing on or after July 1,
16 2009.

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

19 (c) For programs within the division of reclamation, mining, and
20 safety, up to thirty percent of the moneys in the operational ~~account~~ FUND
21 for fiscal years commencing before July 1, 2008, and up to twenty-five
22 percent of the moneys in the operational ~~account~~ FUND for fiscal years
23 commencing on or after July 1, 2008. As part of any appropriation made,
24 five hundred thousand dollars, or so much as may be available, shall be
25 transferred to the abandoned mine reclamation fund created in section
26 34-34-102 (1), C.R.S.

27 (d) For programs within the Colorado water conservation board

1 and for purposes authorized by article 75 of title 37, C.R.S., up to five
2 percent of the moneys in the operational ~~account~~ FUND;

3 (e) For fiscal years commencing on or after July 1, 2008, only, for
4 programs within the division of parks and wildlife that monitor, manage,
5 or mitigate the impacts of mineral or mineral fuel production activities on
6 wildlife in any region of the state in which production activity is
7 occurring or, from any location in the state, research such impacts, up to
8 five percent of the moneys in the operational ~~account~~ FUND, which
9 moneys shall not supplant moneys that would otherwise be made
10 available for such programs;

11 (f) For fiscal years commencing on or after July 1, 2009, for
12 programs within the division of parks and wildlife that operate, maintain,
13 or improve state parks in any region of the state in which production
14 activity is occurring, up to ten percent of the moneys in the operational
15 ~~account~~ FUND.

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

21 (3) (a) Except as provided in paragraph (b) of this subsection (3),
22 it is the intent of the general assembly that the operational ~~account~~ FUND
23 maintain a reserve equal to the current state fiscal year's operating
24 appropriations for the programs specified in subsection (1) of this section
25 plus fifteen percent of the current fiscal year's transfers specified in
26 subsection (2) of this section. Moneys may be transferred from the
27 reserve to offset temporary revenue reductions in the programs specified

1 in subsection (1) of this section and to offset reductions for programs
2 specified in subsection (2) of this section, up to fifteen percent of the
3 current fiscal year's transfers specified in subsection (2) of this section;
4 except that, if the general assembly determines that transfers of moneys
5 from the reserve are needed during a state revenue crisis, the transfers
6 shall be a loan from the reserve to be repaid as soon as moneys are
7 available. This provision is intended to mitigate the impact of fluctuations
8 in the amount of revenue credited to the fund from year to year so as to
9 maintain current levels of service for the programs specified in subsection
10 (1) of this section.

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

1 subsection (3) of this section shall be used to offset any proportional
2 reduction required by this subparagraph (I) in any fiscal year.

3 (II) If the revenue estimate prepared by the staff of the legislative
4 council in December of any fiscal year indicates that the amount of
5 severance tax revenues credited to the operational ~~account~~ FUND as
6 specified in section 39-29-109 (2) (b) is insufficient for the state treasurer
7 to make the transfers set forth in subsection (2) of this section and to meet
8 the reserve requirement specified in subsection (3) of this section, all
9 transfers scheduled to be made on January 4 of the fiscal year shall be
10 proportionally reduced. The January 4 proportional reduction shall be
11 calculated based on the size of the annual transfers as specified in
12 subsection (2) of this section and shall be made to the extent necessary to
13 cover seventy percent of the projected shortfall between total moneys
14 available in the operational ~~account~~ FUND and the sum of the total
15 operating appropriations for the programs specified in subsection (1) of
16 this section, the total fiscal year's transfers specified in subsection (2) of
17 this section, and the reserve requirement specified in subsection (3) of
18 this section; except that up to one-third of the fifteen percent of the
19 current fiscal year's transfers specified as part of the reserve set forth in
20 subsection (3) of this section shall be used to offset any proportional
21 reduction required by this subparagraph (II) in any fiscal year.

22 (III) If the revenue estimate prepared by the staff of the legislative
23 council in March of any fiscal year indicates that the amount of severance
24 tax revenues credited to the operational ~~account~~ FUND as specified in
25 section 39-29-109 (2) (b) is insufficient for the state treasurer to make the
26 transfers set forth in subsection (2) of this section and to meet the reserve
27 requirement specified in subsection (3) of this section, all transfers

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

14 (IV) If proportional reductions are made to either the July 1 or
15 January 4 installments, the April 1 installment may be increased to offset
16 proportional reductions made earlier in the current fiscal year to the
17 maximum extent allowable under the revenue estimate prepared by the
18 staff of the legislative council in March of any fiscal year. The April 1
19 installment shall only be increased if the revenue estimate indicates that
20 the amount of severance tax revenues credited to the operational ~~account~~
21 FUND as specified in section 39-29-109 (2) (b) is sufficient to fund ~~such~~
22 THE increased installments and still meet the reserve requirement
23 specified in subsection (3) of this section.

24 (5) In addition to the distributions specified in paragraph (a) of
25 subsection (4) of this section, if there were any proportional reductions
26 required in a fiscal year as specified in paragraph (b) of said subsection
27 (4), after the reserve specified in subsection (3) of this section is made

1 whole if any portion of the reserve was used as specified in paragraph (b)
2 of subsection (4) of this section to offset any proportional reduction
3 required by said paragraph (b) of subsection (4), the state treasurer shall
4 make proportional distributions on August 20 of the following fiscal year
5 to the programs specified in subsection (2) of this section if the revenues
6 actually received in the operational ~~account of the severance tax trust~~
7 fund for the previous fiscal year were sufficient for the state treasurer to
8 more fully make the transfers set forth in subsection (2) of this section
9 and to fully meet the reserve requirement specified in subsection (3) of
10 this section.

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

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

19 **SECTION 26. Safety clause.** The general assembly hereby finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, and safety.