

COLORADO WATER CONSERVATION BOARD

Department of Natural Resources

John W. Hickenlooper, Governor

Mike King, DNR Executive Director

Jennifer L. Gimbel, CWCB Director

SENATE BILL 13-181

THE 2013 WATER PROJECTS BILL

Background

The General Assembly annually authorizes water project grants and loans from the Construction Fund and loans from the Perpetual Base Account of the State Severance Tax Trust Fund.

The Colorado Water Conservation Board (CWCB) Statewide Water Supply Initiative (SWSI 2010) has projected additional municipal, industrial, and self-supplied industrial water demands of 590K to 950K acre-feet by the year 2050.

The **Construction Fund** (Fund) was created in 1971 to provide low-interest loans for water projects. The Fund has financed up to 90% of engineering and construction costs for more than 440 locally sponsored water projects. The Fund may also provide non-reimbursable investments.

The Fund is a revolving loan fund that allows the CWCB to be self-supporting and operate without money from the General Fund. Revenues come from interest earned on outstanding loans and on the fund's cash balance in the state treasury, and royalty distributions from federal mineral leases (FML).

The **Severance Tax Trust Fund Perpetual Base Account** (Account) was established by the General Assembly in 1997. The Account provides low-interest loans to municipalities, water districts, and agricultural water users throughout Colorado for a wide variety of water infrastructure improvement projects. The Account is administered by the CWCB and is funded primarily with severance taxes paid by the producers of gas, oil, coal and other minerals. Repayment of principal and interest on loans and investment income also contribute to the Account's balance.

FY 12/13, loan rates for the Fund and Account are:

- 1.75% for agricultural loans
- 2.50% to 3.25% for municipal loans
- 6.25% for commercial loans.

Hydroelectric – 2%

These rates are adjusted each fiscal year by the CWCB.



2013 Water Projects Bill Highlights

Provides \$2.6 million for watershed protection, flood control programs, satellite monitoring of stream gauge systems, and other programs and projects, and \$73.5 million in water projects.

For more information, contact
Andy White, Legislative Program
Manager - (303) 523-4225

CWCB
1313 Sherman Street, Room 721,
Denver, CO, 80203
Phone: (303) 866-3441
FAX: (303) 866-4474
Internet: www.cwcb.state.co.us

Recommended Non-reimbursable Investments

The CWCB accepts applications for non-reimbursable projects from the Construction Fund until August 1st of each year. Applications for non-reimbursable projects are accepted for:

1. Projects or studies of statewide impact or importance.
2. Feasibility studies and projects designed to address statewide, region-wide, or basin-wide issues. The Board examines whether such studies will result in new loans.

Division of Water Resources (Sec.1) Satellite Monitoring	Appropriates funds to install, maintain, and operate satellite monitored stream gauges for water rights administration as statutorily authorized.	Statewide	\$300,000
CWCB (Sec.2) Continuation of the Weather Modification Program	Assists water conservation and conservancy districts with the development of cloud seeding programs to provide benefits to recreation, streams, and reservoirs through snowpack enhancement. This Program leverages \$200,000 in local funds annually.	Statewide	\$175,000
Local Communities (Sec.3) Continuation of the Floodplain Map Modernization Program	Assists communities to revise and improve floodplain studies and maps. Provides the required non-federal matching dollars that are further leveraged by local cost share and in-kind services. This Program leverages four million dollars in local and federal funds annually.	Statewide	\$500,000
CWCB (Sec. 4) Continuation of the Watershed Restoration Program	Continues to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the State. In FY11/12, this program leveraged seven dollars for every one dollar spent.	Statewide	\$250,000
CWCB (Sec. 5) Restoration of Drought and Flood Response Fund Balance	Refreshes the fund created to respond to drought and flood events through documentation, forecasting, post flood mapping, hazard area identification, mitigation plans, and recovery activities.	Statewide	\$300,000
CWCB (Sec. 6) Rio Grande Forecasting Development Project	Provides funding to develop better runoff forecasting to assist with compact compliance projections, while jointly installing mobile radar equipment to provide additional and better data information.	Statewide	\$215,000
CWCB (Sec. 7) Colorado Decision Support Systems (CDSS) Operation and Maintenance	The CDSS provides data and analytical tools to aid in water resources planning and management in the State. With a \$20 million investment to-date the requested funding provides general operation and maintenance of CDSS.	Statewide	\$100,000
CWCB (Sec. 8) Continuation of the Colorado River Basin Study	Enables the CWCB to develop stakeholder support for, and to negotiate and perform other work as necessary in the implementation of the Colorado River Basin Study.	Statewide	\$75,000
CWCB (Sec. 10) Continuation of Statewide water supply initiative	Enables the CWCB to begin work on updating the 2010 State Wide Supply Initiative (SWSI 2010) Study to SWSI 2016, by re-examining the methodologies used to analyze municipal and industrial water demands and agricultural and non-consumptive water demands, as well as hydrologic analyses, climate change and drought.	Statewide	\$225,000
CWCB (Sec.11) Continuation of the South	Enables the CWCB to continue groundwater evaluation efforts within the South Platte Basin by analyzing data,	Statewide	\$250,000

Platte Groundwater Level Data Collection and Analysis	performing updates, performing enhancements and model runs to the South Platte Decision Support System (SPDSS), installing and monitoring devices, conducting public outreach and performing other activities as needed. This effort is independent of the groundwater work associated with HB 1278 being conducted by the Colorado Water Institute (CWI).		
CWCB (Sec.12 and 16) Windy Gap Bypass Channel Project	Authorizes and appropriates funds to assist in the planning, design and construction of a bypass channel around Windy Gap Reservoir, should the bypass channel be determined appropriate. The Windy Gap Bypass Channel Project is part of the Windy Gap Firing Project, which is being considered to address sedimentation loads, temperature fluctuations and lack of flushing flows on the Upper Colorado River.	Statewide	\$2,000,000
CWCB (Sec.13 and 16) Chatfield Reservoir Reallocation Project	Authorizes and appropriates funds to purchase orphan shares in the Chatfield Reallocation Project. The General Assembly authorized \$13 million in the 2012 Projects Bill to purchase orphan shares. This bill authorizes an additional \$49 million, for a total authorization of \$62 million, and specifies funds to be transferred in four installments; \$5 million on January 1, 2013, \$14 million on January 1, 2014, \$14 million on June 30, 2014, and the remaining \$29 million on July 1, 2015. It also requests the appropriation of the second and third installments totaling \$28 million. All funds appropriated under this section if not obligated by July 1, 2016 will be returned to the Severance Tax Trust Perpetual Base Account.	South Platte Basin	\$49,000,000
CWCB (Sec. 14) Loan increase to Tri-County Water Conservancy District	Enables the CWCB to increase Tri-County Water Conservancy District's (District) existing loan amount of \$9,090,000 by \$4,040,000, for a final loan amount of \$13,130,000. The loan increase will allow the District to complete its hydropower project on Ridgway Dam, located in Ouray, Colorado.	Statewide	\$4,040,000
CWCB (Sec. 15) Acquisition of Water for Instream Flows	Amends Section 37-60-123.7, C.R.S. to allow funds to be expended to preserve "AND IMPROVE" the natural environment to a reasonable degree. See separate fact sheet on this proposed statutory amendment for more information.	Statewide	\$0
CWCB (Sec. 16, 17-26) Severance Tax Trust Perpetual Base Account	Amends, repeals, or adds to Section 39-29-109, 37-60-122, 24-75-201.5, 24-75-217, 34-20-104, 37-60-123.1, 37-60-123.5, 37-60-126, 37-60-126.5, and 39-29-109.3, C.R.S. to change the Severance Tax Trust Perpetual Base Account from an "account" to a "fund".	Statewide	\$0
Department of Natural Resources (Sec. 16, 17-26) Severance Tax Trust Operational Account	Amends, repeals, or adds to Section 39-29-109, 37-60-122, 24-75-201.5, 24-75-217, 34-20-104, 37-60-123.1, 37-60-123.5, 37-60-126, 37-60-126.5, and 39-29-109.3, C.R.S. to change the Severance Tax Trust Operational Account from an "account" to a "fund".	Statewide	\$0

CWCB (Sec. 18) Water Project Loan Authorization	This \$26.3 million water transaction (\$18.5 million loan from CWCB) provides the Roxborough Water and Sanitation District (District) with a guaranteed 1,900 acre foot of annual water, delivered by the City of Aurora (City), to the District's treatment plant. The \$26.3 million dollar total water cost was derived from a development and connection fee of \$6,595, times the number of equivalent residential units in the District service area (4,000). Through a separate agreement between the District and the City, the City will guarantee the delivery of that water for 90 years, with the right to renew the delivery agreement after that time, at no additional cost to the District. Additionally, the District will pay the City a user cost of \$2.63 per thousand gallons delivered to its treatment facility. The District's \$18.5 million loan is at a rate 3.25% for 30-years with an annual payment of \$977,000. The District will be making one lump sum payment to the City upon execution of CWCB's loan contract.	South Platte Basin	\$18,538,550
CWCB (Sec. 27) Safety Clause	Declares that this Act is necessary for the immediate preservation of the public peace, health, and safety	N/A	\$0
		Total	76,215,550

Notes

A small project loan report detailing the 18 loans made in calendar year 2012, valued at over \$17 million, has been presented to the House and Senate Agriculture Committees. Additional copies of the report are available on the legislative website at www.colorado.gov.

**CWCB Water Project Non-Reimbursable Investment Program
Project Data Sheet**

Sponsor: Colorado Water Conservation Board	Location: Statewide
Project Name: Satellite-linked Monitoring System and Stream Gage Refurbishment Program	Project Type: DWR Streamgaging
Drainage Basin: Statewide Drainage Basins	Water Source: Various
Total Project Cost: \$330,000	Funding Source: Construction Fund
CWCB NRI: \$330,000	Type of Grantee: State Agency

This project entails the continued, long-term operational viability of the State Satellite Linked Monitoring System and Stream Gage Refurbishment Program, which is administered by the Division of Water Resources (DWR). This program currently encompasses 520 satellite stream gaging stations which require continued replacement of outdated data collection platforms, upgrades to transmission components, and refurbishment of the associated infrastructure. In addition, many existing gaging stations need to be modified to provide critical stream flow data for both flood and low flow monitoring. Changes in technology, which will ultimately increase

reliability and real time data transmission rates, will require the DWR to continue to upgrade the system in the future. The costs associated with the continued refurbishment and operational viability of the system is currently approximately \$330,000 per year.



Crystal River DWR/CWCB Satellite Gage



Purgatoire River @ Fishers Crossing
DWR/CWCB Compact Gage

CWCB Water Project Non-Reimbursable Investment Program

Project Data Sheet

Sponsor: Colorado Water Conservation Board

Location: Statewide

Project Name: WM Grants

Project Type: Grants, Equipment, & Evals

Drainage Basin: Colo., Gunn, SW Basins

Water Source: Various

Total Project Cost: \$1M+ spent all sources

Funding Source: Construction Fund

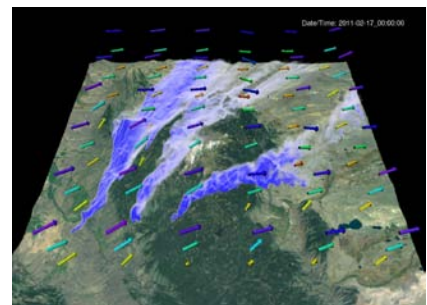
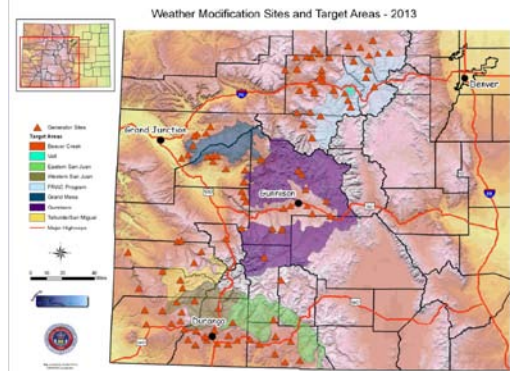
CWCB NRI: \$175,000

Type of Grantee: Grants to Sponsors

The CWCB has had grants since 2004 and has been delegated the DNR-EDO's weather modification permitting program since 1987. The primary program is suspending operations based on avalanche snowpack thresholds. At right is our seven programs with colored shapes and ice nuclei generators shown as orange triangles. Water Manager sponsored programs were developed after the drought of early 2000s. State to state agreements were signed in 2007 to provide grants. Each year the CWCB distributes grants from our agency and the New Mexico Interstate Stream Commission, Southern Nevada Water Authority, Central Arizona WCD, and California Six Agency Committee. These grants support

the commitment to work together towards regional water solutions. Colorado's programs are stable at ten years old or even older like 40 years at Vail/Beaver Creek. State of the art or industry standard operations in Colorado must be our goal. The updated WM Rules now require target control evaluations and after the first year the estimates are coming in at one to seven percent increases. The estimates in contractor reports are 10-15% so there is room for improvement. Staff has been working with Desert Research Institute of Reno, Nevada to bring in newer machines high elevation machines to increase effectiveness. Last year we have developed weather model displays for 100 points. A success story has at the Grand Mesa where City of GJ employees own and operate a lean effective program now with help from the CWCB and Lower Basin. Representatives from A State Council for Cloud Seeding will tour this retooled program in September 2013. Staff is developing liquid propane seeding for use as it was found to be safe, economical, reliable and cost effective and increases precipitation through a USBR research study. At right is the nation's first two-in-one seeder at the Cedaredge Water

Treatment Plant deployed in October 2012. It dispenses propane during warm snowy periods and silver in colder snowy periods. This will help us adapt seeding to warming climate. Contractors don't use propane seeding but it is likely the perfect tool for many of our 29 ski areas so it merits exploration. A 2008 Board approved WM Strategic Plan staff balanced grants for operations, new equipment, and evaluations and teamed with the updated 2012 WM Rules we are beginning to see the fruits of that labor. Winter Park Ski Area requested a silver-in-snow analysis for proper targeting and estimates of increases. Silver in snow is convincing evidence of a seeding effect since background levels are filtered out and its silver above background in layers of snow pack. Denver Water will fund a plume modeling study to evaluate and refine current generator configurations. (graphic at right) Typically each year about \$1M is spent on cloud seeding with 175,000 or 17.5% from the CWCB and \$175,000 or 17.5% from the Lower Basin and New Mexico. For every dollar CWCB spends five is leveraged.



CWCB Water Project Non-Reimbursable Investment Program Project Data Sheet

Sponsor: Colorado Water Conservation Board

Location: Statewide

Project Name: Colorado Floodplain Map
Modernization Program

Project Type: Matching Funds for Federal
Grants

Drainage Basin: All River Basins in Colorado

Water Source: Various

Total Project Cost: \$1,900,000

Funding Source: Construction Fund

CWCB NRI: \$500,000 (up to)

Type of Grantee: State Government

Colorado has received approximately \$11.0 million in federal grant dollars for floodplain mapping activities as part of the floodplain Map Modernization Program (Program) initiated by FEMA in 2003. The FEMA funds are being matched by CWCB and local cost-share dollars to implement the map update work to create new digital floodplain maps. The initial Program funds authorized in the 2003 and all subsequent Construction Fund Bills have provided the required non-federal matching dollars (80/20 cost share program). The State funds are further leveraged by local cost share dollars and in-kind services from many communities thus far. The total funding amounts have been instrumental in keeping Colorado as a lead state within FEMA Region 8 and will continue to benefit Colorado communities in the future. It is expected that significant FEMA funding will continue as long as the Program exists. Program deliverables will become part of the Flood DSS system to increase data capture and enhance Colorado's decision support tools.

The Program will eventually impact the entire state, and the objective is to develop updated watershed-based countywide floodplain maps using current base map information within a digital environment. The use of GIS technology will be employed for all new countywide studies for ease of distribution, updating and viewing. The table below summarizes funding provided by the CWCB and FEMA/Local governments for CWCB managed projects (in progress or completed).

<u>COUNTY/WATERSHED</u>	<u>CWCB Funds</u>	<u>FEMA/Local Funds</u>	<u>COUNTY/WATERSHED</u>	<u>CWCB Funds</u>	<u>FEMA/Local Funds</u>
Archuleta	\$71,000	\$228,760	Mesa	\$33,960	\$435,780
Boulder	\$17,807	\$524,709	Montrose	\$60,376	\$241,503
Clear Creek	\$2,950	\$158,605	Montezuma	\$53,000	\$452,735
Chaffee	\$44,000	\$399,290	Morgan	\$25,000	\$270,700
Delta	\$21,630	\$277,763	Park	\$18,800	\$165,200
El Paso	\$75,635	\$1,472,030	Pitkin	\$20,772	\$466,388
Elbert	\$141,548	\$301,982	Prowers	\$76,605	\$691,024
Fremont	\$23,294	\$146,240	Pueblo	\$71,768	\$1,115,902
Garfield	\$29,912	\$325,000	Rio Grande	\$58,300	\$152,810
Gunnison	\$79,250	\$272,422	Summit	\$21,098	\$189,876
La Plata	\$74,200	\$391,910	Teller	\$23,100	\$207,900
Logan	\$30,550	\$271,050	Weld	\$112,419	\$658,530
St. Vrain Wtsd	\$88,580	\$354,320	Purgatoire	\$140,137	\$347,963
Clear Creek Wtsd	\$114,060	\$456,240	Cache La Poudre Wtsd	\$718,834	\$150,000

CWCB Water Project Non-Reimbursable Investment Program Project Data Sheet

Sponsor: Colorado Water Conservation Board

Location: Statewide

Project Name: Colorado Watershed
Restoration Program

Project Type: Watershed Protection

Drainage Basin: All Colorado River Basins

Water Source: Various

Total Project Cost: Up to 50% Cost Share

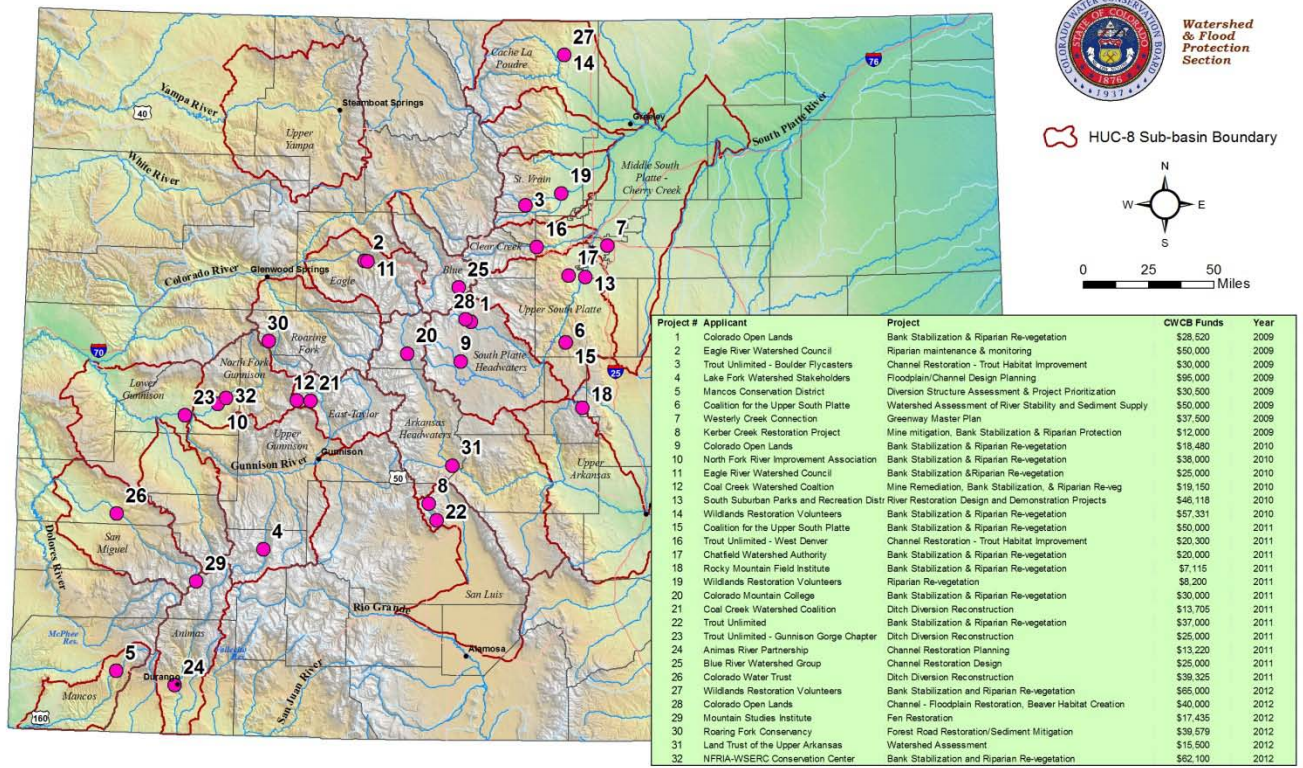
Funding Source: Construction Fund

CWCB NRI: \$500,000

Type of Grantee: State Agency & Watersheds

The Program objective is to provide funding for watershed restoration studies and projects. Special consideration is given to projects that reduce flood hazards, protect infrastructure, stabilize post-fire watersheds, and increase benefits for water supply. Past projects successfully completed with aid from the Construction Fund include post-fire channel stabilization on Trail Creek in the Hayman burn area, channel stabilization and restoration on the North Fork Gunnison River in Paonia, and channel design planning on the Lake Fork of the Gunnison River. Program funding has also been used in conjunction with funding from the Water Quality Control Division to develop a Measureable Results Program (MRP). Studies and projects resulting from this program can have far reaching benefits for water supply, flood protection, forest restoration (including post-fire), enhancement of aesthetic and environmental quality, recreation, and increased economic benefit. The CWCB has not had access to a regular and reliable source of funding for this Program in past years. Instead, special allocations on an annual basis from Severance Tax and Construction Fund investments have provided support for the Program. The Program has funded 32 projects since the first grant cycle in January 2009. Total project funding exceeds \$1,000,000. The projects have leveraged \$6.5 for every \$1 contributed by the Program. Twenty-three of the thirty-two projects funded have been mapped with focus areas identified in the Non-Consumptive Needs Assessment. The Program is intended for statewide benefit. The map below displays projects funded since 2009.

Colorado Watershed Restoration Program Grant Projects 2009 - 2012



**CWCB Water Project Non-Reimbursable Investment Program
Project Data Sheet**

Sponsor: Colorado Water Conservation Board	Location: Statewide
Project Name: Colorado Flood and Drought Response Fund	Project Type: Program Funds for flood and drought mitigation and response activities
Drainage Basin: All River Basins in Colorado	Water Source: N/A
Total Project Cost: \$500,000	Funding Source: Construction Fund
CWCB NRI: \$500,000 (refresh up to)	Type of Grantee: State Government

A \$150,000 Flood Response Program was authorized in the 2001 Construction Fund Bill (SB 01-157) and enacted by the Colorado General Assembly. This amount was increased in the 2007 Construction Fund Bill (SB 07-122) to \$300,000 to reflect the additional cost of performing existing program functions and the addition of valuable services under the program. This amount is proposed to increase to \$500,000 in FY14. This increased amount reflects activities associated with Drought Response (the amount was not previously increased when the Fund annexed drought responsibilities) and to address the increasing threat of wildfires and post-wildfire activities. The Flood Response Fund (Fund) was originally created to give the CWCB an ability to quickly respond to events and have program funds in the areas of: 1) flood documentation, 2) flood forecasting and outlooks, 3) post-event floodplain mapping, 4) aerial photography, and 5) flood mitigation. The FY 2012/13 request included an expanded scope involving drought response activities, and this year's request also includes this expanded scope.

The current request is to refresh the account up to \$500,000 for FY 2014/15 for flood and drought response purposes, including post-wildfire activities. Use of this fund to address both flood and drought increases the efficiency and effectiveness of the CWCB to adequately respond to natural hazards affecting Colorado while also recognizing the current fiscal constraints by utilizing existing resources. Staff clearly recognizes that there will be years in the future when both flood conditions and drought conditions exist during the same water year and/or during the same fiscal year. In those situations, the Fund could be stressed by needs from the two extreme conditions, and Staff will prioritize expenditures.

STATE OF COLORADO

Colorado Water Conservation Board Department of Natural Resources

1580 Logan Street, Suite 600
Denver, Colorado 80203
Phone: (303) 866-3441
Fax: (303) 894-2578
www.cwcb.state.co.us



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DNR Executive Director

James Eklund
CWCB Director

TO: Finance Committee
Colorado Water Conservation Board

FROM: Ray Alvarado
Interstate, Federal & Water Information Section

DATE: September 13, 2013

SUBJECT: **Non-Reimbursable Investments Item #6**
Colorado Decision Support System Operation and Maintenance

Introduction

The Colorado Decision Support System (CDSS) goal is to help water users make informed decisions regarding major water issues and policy positions. For the past twenty years, the DSS's have provided the State of Colorado agencies, water users and managers a better means for organizing, accessing and evaluating a wide range of information and alternative strategies for managing their water resources. Over these years the CDSS has evolved and adjusted to meet the changing water information needs and will be a vital component in Colorado's Water Plan. All basins have a DSS in place or one is being implemented; as such, a mechanism to maintain and operate CDSS into the future has led to this request for \$200,000 for the continued operation and maintenance of CDSS by the CWCB and DWR.

Staff Recommendation

Staff recommends that the Board request the General Assembly to authorize \$200,000 from the Construction Fund to be appropriated to the Department of Natural Resources for allocation to the CWCB for the Colorado Decision Support System operation and maintenance.

Staff recommends that the Board request the General Assembly to authorize the establishment of a new fund for Colorado Decision Support System operation and maintenance.

Staff recommends that the Board request the General Assembly to authorize annually from the Construction Fund, up to \$200,000 in order to restore the unencumbered balance in the fund up to \$200,000.

An Act

SENATE BILL 13-181

BY SENATOR(S) Schwartz, Aguilar, Baumgardner, Cadman, Carroll, Crowder, Giron, Guzman, Harvey, Heath, Hodge, Jahn, Jones, Kefalas, Kerr, King, Lambert, Lundberg, Marble, Newell, Nicholson, Roberts, Scheffel, Tochtrop, Todd, Ulibarri, Morse;
also REPRESENTATIVE(S) Fischer, Duran, Exum, Fields, Garcia, Ginal, Hamner, Hullinghorst, Labuda, Lebsock, Lee, Mitsch Bush, Pabon, Pettersen, Rosenthal, Salazar, Schafer, Vigil, Williams, Young.

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

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

SECTION 1. Continuation of maintenance to the satellite monitoring system - appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the division of water resources, for the fiscal year beginning July 1, 2013, the sum of \$300,000, or so much thereof as may be necessary, for renovation of existing gauging stations; replacement of outdated collection platforms; upgrading of transmission components of the satellite monitoring system,

established and operated pursuant to section 37-80-102 (10), Colorado Revised Statutes; implementation of stream gauge flood hardening projects; and coordination of data collection efforts related to flood forecasting and warning.

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

SECTION 2. Continuation of the weather modification program

- appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2013, the sum of \$175,000, or so much thereof as may be necessary, for the board 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 recreational areas, streams, and reservoirs through snowpack enhancement.

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

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

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

SECTION 4. Continuation of the watershed restoration

program - appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2013, the sum of \$250,000, or so much thereof as may be necessary, for the board to continue to provide planning and engineering studies, including implementation measures, to address technical needs for watershed restoration and flood mitigation projects throughout the state.

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

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

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

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

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

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

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

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

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

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

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

SECTION 10. Continuation of the statewide water supply initiative - appropriation. (1) In addition to any other appropriation, there is hereby appropriated, out of any moneys in the Colorado water

conservation board construction fund not otherwise appropriated, to the department of natural resources, for allocation to the Colorado water conservation board, for the fiscal year beginning July 1, 2013, the sum of \$225,000, or so much thereof as may be necessary, for the board to begin work on the study's 2016 update that will include reexamining the methodologies used to analyze the municipal, industrial, agricultural, and nonconsumptive water demands, as well as considering varying hydrologic analyses, climate change, and drought planning.

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

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

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

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

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

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

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

SECTION 14. Tri-county Water Conservancy District - increased water project loan authorization from the Colorado water conservation board construction fund. Pursuant to section 37-60-122 (1) (b), Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys from the Colorado water conservation board construction fund to the Tri-county Water Conservancy District to continue the construction of the tri-county water hydropower project at the outlet works of Ridgway dam in Ouray county, which the board previously authorized in September 2011. The previously approved loan amount of \$9,090,000 is increased by \$4,040,000, for a total of \$13,130,000.

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

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

water acquisitions to:

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

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

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

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

(a) **The severance tax perpetual base fund.** (I.5) THERE IS HEREBY CREATED IN THE STATE TREASURY THE SEVERANCE TAX PERPETUAL BASE FUND, ALSO REFERRED TO IN THIS PARAGRAPH (a) AS THE "FUND", WHICH

THE COLORADO WATER CONSERVATION BOARD, ALSO REFERRED TO IN THIS PARAGRAPH (a) AS THE "BOARD", SHALL ADMINISTER. THE STATE TREASURER SHALL TRANSFER MONEYS TO THE FUND FROM THE SEVERANCE TAX TRUST FUND, AS SPECIFIED IN THIS SECTION. THE MONEYS IN THE FUND ARE CONTINUOUSLY APPROPRIATED TO THE BOARD FOR PURPOSES AUTHORIZED BY THIS PARAGRAPH (a).

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

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

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

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

~~(IX) (A) Notwithstanding any provision of this paragraph (a) to the contrary, on July 1, 2011, the state treasurer shall deduct twenty-five million~~

dollars from the perpetual base account of the fund and transfer such sum to the general fund.

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

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

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

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

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

(b) **The severance tax operational fund.** There is hereby created IN THE STATE TREASURY the SEVERANCE TAX operational ~~account of the severance tax trust~~ fund, also referred to in this paragraph (b) as the "account" "FUND", which THE DEPARTMENT OF NATURAL RESOURCES shall ~~be administered by the state treasurer and shall consist of~~ ADMINISTER. THE STATE TREASURER SHALL TRANSFER one-half of the severance tax receipts

credited to the SEVERANCE TAX TRUST fund for tax years commencing on and after July 1, 1995, TO THE FUND. Moneys in the ~~account~~ FUND shall be distributed as set forth in section 39-29-109.3.

(c) **The water supply reserve fund.** (I) There is hereby created in the office of the state treasurer the water supply reserve fund, also referred to in this paragraph (c) as the "fund", which shall be administered by the Colorado water conservation board. The state treasurer shall transfer moneys to the fund from the SEVERANCE TAX operational ~~account of the severance tax trust~~ fund as specified in section 39-29-109.3 (2) (a). The moneys in the fund are hereby continuously appropriated, for purposes authorized by this paragraph (c), to the Colorado water conservation board, also referred to in this paragraph (c) as the "board". All interest derived from the investment of moneys in the fund shall be credited to the statewide account of the fund, which account is hereby created. Repayments of both the principal and interest on loans from the fund shall be credited to the fund. Any balance remaining in the fund at the end of any fiscal year remains in the fund. The board shall allocate moneys by grant or loan from the fund only for water activities approved by a roundtable pursuant to article 75 of title 37, C.R.S. The approving roundtable is the roundtable for the basin in which a proposed water diversion or nonstructural activity would occur. If the applicant is a covered entity, as defined in section 37-60-126, C.R.S., the board shall allocate moneys by grant or loan from the fund only if the applicant has adopted a water conservation plan, as defined in section 37-60-126, C.R.S. The board, in consultation with the interbasin compact committee created in section 37-75-105, C.R.S., shall establish criteria and guidelines for allocating moneys from the fund, including criteria that ensure that the allocations will assist in meeting water supply needs identified under section 37-75-104 (2) (c), C.R.S., in a manner consistent with section 37-75-102, C.R.S., and shall facilitate both structural and nonstructural projects or methods. Eligible water activities include the following:

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

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

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

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

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

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

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

(I) Differing or unforeseen site conditions;

(II) Errors;

(III) Omissions in the plans and specifications;

(IV) Changes instituted by regulatory agencies; or

(V) Changes in material quantities beyond contract limits.

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

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

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

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

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

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

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

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

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

34-20-104. Minerals, energy, and geology policy advisory board

- **creation.** (3) The advisory board shall:

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

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

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

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

37-60-123.5. Agricultural emergency drought response. (1) If, pursuant to federal or state law, any portion of Colorado has received emergency drought designation or a disaster emergency has been proclaimed due to drought, notwithstanding the provisions of section 39-29-109 (1), C.R.S., in addition to any other moneys appropriated from the SEVERANCE TAX perpetual base ~~account of the severance tax trust fund~~, created by section 39-29-109 (2) (a), C.R.S., up to one million dollars in the SEVERANCE TAX perpetual base ~~account of the severance tax trust fund~~ are continuously appropriated annually to the director of the Colorado water

conservation board and the state engineer for ~~any such~~ USE, IN CONNECTION WITH THE designation or proclamation, to make loans and grants to agricultural organizations for emergency drought-related water augmentation purposes.

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

37-60-126. Water conservation and drought mitigation planning - programs - relationship to state assistance for water facilities - guidelines - water efficiency grant program - repeal. (6) The board is hereby authorized to recommend the appropriation and expenditure of ~~such~~ revenues as are necessary from the unobligated balance of the five percent share of the SEVERANCE TAX operational ~~account of the severance tax trust~~ fund designated for use by the board for the purpose of the office providing assistance to covered entities to develop water conservation plans that meet the provisions of this section.

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

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

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

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

39-29-109.3. Severance tax operational fund - repeal. (1) For

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

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

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

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

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

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

programs;

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

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

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

(4) (b) (I) If the revenue estimate prepared by the staff of the legislative council in June of any fiscal year indicates that the amount of severance tax revenues to be credited to the operational ~~account~~ FUND in the next fiscal year as specified in section 39-29-109 (2) (b) is insufficient for the state treasurer to make the transfers set forth in subsection (2) of this section and to meet the reserve requirement specified in subsection (3) of this section, all transfers scheduled to be made on July 1 shall be proportionally reduced. The July 1 proportional reduction shall be calculated based on the size of the annual transfers as specified in subsection (2) of this section and shall be made to the extent necessary to

cover forty percent of the projected shortfall between total moneys available in the operational ~~account~~ FUND and the sum of the total operating appropriations for the programs specified in subsection (1) of this section, the total fiscal year's transfers specified in subsection (2) of this section, and the reserve requirement specified in subsection (3) of this section; except that up to one-third of the fifteen percent of the current fiscal year's transfers specified as part of the reserve set forth in subsection (3) of this section shall be used to offset any proportional reduction required by this subparagraph (I) in any fiscal year.

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

(III) If the revenue estimate prepared by the staff of the legislative council in March of any fiscal year indicates that the amount of severance tax revenues credited to the operational ~~account~~ FUND as specified in section 39-29-109 (2) (b) is insufficient for the state treasurer to make the transfers set forth in subsection (2) of this section and to meet the reserve requirement specified in subsection (3) of this section, all transfers scheduled to be made on April 1 of the fiscal year shall be proportionally reduced. The April 1 proportional reduction shall be calculated based on the size of the annual transfers as specified in subsection (2) of this section and shall be made to the extent necessary to cover the projected shortfall

between total moneys available in the operational ~~account~~ FUND and the sum of the total operating appropriations for the programs specified in subsection (1) of this section, the total fiscal year's transfers specified in subsection (2) of this section, and the reserve requirement specified in subsection (3) of this section; except that any moneys remaining of the fifteen percent of the current fiscal year's transfers specified as part of the reserve set forth in subsection (3) of this section shall be used to offset any proportional reduction required by this subparagraph (III) in any fiscal year.

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

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

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

~~(b) Notwithstanding any provision of this section to the contrary, on June 30, 2012, the state treasurer shall deduct three million nine hundred~~

~~fifty thousand dollars from the operational account and transfer such sum to the general fund.~~

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

John P. Morse
PRESIDENT OF
THE SENATE

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi L. Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES

APPROVED _____

John W. Hickenlooper
GOVERNOR OF THE STATE OF COLORADO