



COLORADO
**Colorado Water
Conservation Board**
Department of Natural Resources

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TO: Colorado Water Conservation Board Members

FROM: Kirk Russell, P.E., Finance Section Chief

DATE: November 18-19, 2015, Board Meeting

AGENDA ITEM: 9b. CWCB's 2016 Projects Bill - Statutory Changes
Using Severance Tax Perpetual Base Fund for Grants

Introduction

C.R.S 39-29-109 only allows the CWCB to loan money for water projects out of the Severance Tax Perpetual Base Fund (PBF). In the past, the Projects Bill has amended C.R.S. 39-29-109 every time a Non-Reimbursable Investment (NRI) has been funded out of the Severance Tax PBF. The language in the statute that in effect controls the CWCB currently reads:

" ... The authorization and contract for each project must require repayment of principal and interest to the fund, and moneys so repaid shall be credited to the severance tax perpetual base fund."

Staff received a favorable opinion from the Finance committee to evaluate a statutory language change in order to allow CWCB to access the Severance Tax PBF for Non-Reimbursable Investments. A change will also require the Board to adopt Policy language to control the use of such investments. It is important to remember that all Non-Reimbursable Investments will continue to require Legislative approval as part of the annual CWCB Projects Bill.

In general, the following ideas have been considered (see attached):

- a. Transfer 10% of Severance Tax PBF revenues to the Construction Fund annually. This will produce about \$3 million to \$5 million in additional money available for NRIs.
- b. Transfer the first \$5 million in annual revenues to the Construction Fund.
- c. Amend C.R.S. 39-29-109 to allow the same use of the Severance Tax PBF as the CWCB uses the Construction Fund.

Staff Recommendation

Staff shall continue to investigate options to change the C.R.S. 39-29-109 that will put the CWCB in the best position to respond to the states increasing needs for water project funding.

Attachment: Possible Language Change to C.R.S. 39-29-109.



Possible Language Changes to C.R.S. 39-29-109

a.) ADD 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 (VIII) as the "board", 10 percent of the annual revenue for water projects. The state treasurer shall make the transfer annually starting July 1, 2016.

b.) ADD 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 (VIII) as the "board", five million dollars for water projects. The state treasurer shall make the transfer annually starting July 1, 2016.

c.) MODIFY the current language

(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 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 perpetual base account during said 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 require repayment of principal and interest to the fund, and moneys so repaid shall be credited to the perpetual base account of the fund.~~ {REPLACE the stricken language with the same language from the Construction Fund statute}