



COLORADO

**Colorado Water
Conservation Board**

Department of Natural Resources

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TO: Colorado Water Conservation Board

FROM: Nate Pearson, DNR Assistant Director for Water Policy

DATE: November 20-21, 2024 Board Meeting

ITEM: 23. Governor's Budget Proposal

This is an informational item to update the Board on the FY 2025-26 Governor's budget proposal with no Board action requested.

Introduction/Discussion

On November 1, the Governor submitted his budget proposal for fiscal year 2025-26. The CWCB is implicated in two distinct proposals that have impacts to cash funds. The need for these proposals is driven by a TABOR constrained budget. Growth in mandatory caseload expenditures (like education and Medicaid), as well as growth in cash fund revenue across state government is crowding out space under the state's TABOR limit.

The first is a broad proposal that refinances multiple severance tax-funded cash funds at DNR. The proposal makes significant changes to the Severance Tax Operational Fund, which supports numerous DNR programs, including CWCB. Detailed information can be found in the [Severance Tax Operational Fund Restructure Budget Fact Sheet](#) and in [DNR's R-10](#) request. However, base appropriations and funding for water projects is maintained under this proposal.

The CWCB is also included in a statewide proposal to utilize treasury interest earnings to assist in balancing the General Fund. For CWCB, the proposal would result in a transfer of treasury interest revenue from the Construction Fund to the General Fund in fiscal years 2024-25 and 2025-26 and caps treasury interest retained in the Construction Fund starting in FY 2026-27. Detailed information can be found in the [statewide R-01 request](#). It is important to note that the estimates included in this document are not final and that certain cash funds will be exempt based on a variety of factors.

