

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0231 **Date:** July 12, 2013
Prime Sponsor(s): Rep. Sonnenberg; Fischer **Bill Status:** Signed into Law
 Sen. Todd; Baumgardner **Fiscal Analyst:** Kirk Mlinek (303-866-2756)

TITLE: CONCERNING EXTENDED OPERATION OF INTERRUPTIBLE WATER SUPPLY AGREEMENTS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Cash Funds Water Administration Cash Fund	See State Revenue section.	
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor on June 5, 2013, and takes effect August 7, 2013, assuming no referendum petition is filed.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: None.		

Summary of Legislation

Current law allows the state engineer to approve the operation of an interruptible water supply agreement (IWSA) for 3 years out of a single 10-year period. This bill allows the state engineer to reapprove an IWSA agreement up to 2 additional times by following the process outlined in the bill.

Background

The General Assembly established interruptible water supply agreements in 2003. Generally, an IWSA is intended to enable water users to transfer historical consumptive use of an absolute water right for application to another type or place of use on a temporary basis, without permanently changing the water right. Under current law, for one ten-year period affecting a current water right, the state engineer is authorized to approve and administer IWSAs that permit a temporary change in point of diversion, location of use, and type of use of an absolute water right, without the need for an adjudication.

State Revenue

Cash fund revenue in the Division of Water Resources (DWR), Department of Natural Resources, from IWSA application fees could increase minimally under the bill. Parties to agreements that are in effect may choose to seek to have those agreements reapproved under the bill, and new parties could be attracted to seek an IWSA. The current application fee is \$2,803, adjusted annually based on the Denver-Boulder Consumer Price Index, and deposited in the Water Administration Cash Fund. There have been 3 IWSA applications since the law's enactment in 2003.

State Expenditures

The workload of the DWR will increase under the bill to the extent that IWSA application activity increases. Historically, the processing of these applications has been accommodated within existing appropriations, and no new appropriations are required to implement this bill.

Departments Contacted

Natural Resources

Judicial

Law