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**FISCAL IMPACT REPORT**

SPONSOR:	Crook	DATE TYPED:	02/10/00	HB	HJR8/aHVEC
SHORT TITLE:	Create Water Projects Fund			SB	
				ANALYST:	Eaton

**REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY01			
	\$ 0.0	See ATTACHMENT	Recurring	STPF

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates Senate Joint Resolution 5 (Lyons)

**SOURCES OF INFORMATION**

Office of the State Engineer/Interstate Stream Commission

State Investment Council (SIC)

## **SUMMARY**

### Synopsis of HVEC amendment

The HVEC amendment changes the language on page three to read: "The water projects fund shall be administered by the state engineer upon appropriation by the legislature for development and construction of capital improvements for water treatment, storage, water or delivery facilities."

### Synopsis of Bill

This joint resolution proposes to amend the State Constitution to provide distributions from the Severance Tax Permanent Fund to a newly created fund to be known as the water projects fund to be appropriated by the legislature exclusively for the development and construction of capital improvements for water storage, treatment or delivery facilities. The annual distribution to the fund shall be 0.3 percent of the average of the year-end market value of the STPF for the immediately preceding five calendar years. The amendment proposed shall be submitted to the people at the next general election or at any special election prior to June 30 2001, which may be called for that purpose.

## **FISCAL IMPLICATIONS**

The State Investment Council estimates that the bill would have a negative impact on the general fund beginning in FY 2004 of \$102.7, and compounded negative impacts in subsequent fiscal years (See ATTACHMENT).

## **TECHNICAL ISSUES**

The joint resolution does not specify the disposition of interest earnings of the water projects fund that may be earned while on deposit with the state treasurer. Unless the disposition of earnings is specified, interest earnings would be credited to the state general fund.

#### **OTHER SUBSTANTIVE ISSUES**

The State Engineer has authority over all State waters. Having the State Engineer administer the new fund may be appropriate. *HVEC amendment addresses this issue.*

The bill may alleviate pressure on the future general fund and irrigation works construction fund appropriations for water related projects.

The State Engineer requests that a portion of the funds be expended for computer and survey equipment to better monitor and prioritize state water related projects.

JE/njw