

Draft Drought Security Legislation

3/24/23 WORKING DRAFT

This draft drought security legislation:

- 1. Authorizes the CWCB and the Conservation Districts to cooperate in the adoption and operation of Drought Security Programs intended to assist the State in meeting its interstate obligations and related commitments regarding the Colorado River and to facilitate use for other beneficial purposes when not required for interstate purposes.**
- 2. Provides that interstate and instream flow uses are made by the State.**
- 3. Provides that Demand Reduction Projects and acquired water may be included within Drought Security Programs. Only the CWCB is authorized to approve the inclusion of transmountain water rights within a Program.**
- 4. Provides that Drought Security Programs must provide meaningful and multiple benefits to the State of Colorado and its water users.**

Edits to current statutory language: Additions IN ALL CAPS. Deletions are in strike-type.

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

Section 1. In Colorado Revised Statutes, add article 60.5 to title 37 as follows:

37-60.5-101. Short title. THE SHORT TITLE OF THIS ARTICLE IS THE "COLORADO DROUGHT SECURITY ACT".

37-60.5-102. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS, DETERMINES, AND DECLARES THAT:

(a) THE PURPOSE OF THIS ARTICLE IS TO ESTABLISH AND FACILITATE A COLORADO RIVER WATER DROUGHT SECURITY PROGRAM JOINTLY DEVELOPED, ADOPTED, AND OPERATED BY THE COLORADO WATER CONSERVATION BOARD AND THE COLORADO RIVER WATER CONSERVATION DISTRICT, AND A SEPARATE COLORADO RIVER WATER DROUGHT SECURITY PROGRAM JOINTLY DEVELOPED, ADOPTED, AND OPERATED BY THE COLORADO WATER CONSERVATION BOARD AND THE SOUTHWESTERN WATER CONSERVATION DISTRICT.

(b) THE DROUGHT SECURITY PROGRAMS AUTHORIZED BY THIS ARTICLE ARE INTENDED TO:

(i) PROVIDE THE BOARD, THE COLORADO RIVER WATER CONSERVATION DISTRICT AND THE SOUTHWESTERN WATER CONSERVATION DISTRICT WITH ADDITIONAL TOOLS TO ASSIST THE STATE OF COLORADO IN SATISFYING ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS REGARDING THE COLORADO RIVER;

(ii) PROVIDE FOR PERMANENT OR TEMPORARY CHANGES OF WATER RIGHTS FOR DROUGHT SECURITY PURPOSES IN ACCORDANCE WITH THE WATER RIGHT DETERMINATION AND ADMINISTRATION ACT OF 1969;

(iii) FACILITATE THE USE OF DEMAND REDUCTION PROJECTS IN DROUGHT SECURITY PROGRAMS;

(iv) PROVIDE GREATER FLEXIBILITY FOR THE DISTRICTS TO UTILIZE AVAILABLE WATER RESOURCES DURING DROUGHT PERIODS FOR DOMESTIC, MUNICIPAL, AGRICULTURAL, INDUSTRIAL, AND IN-CHANNEL WILDLIFE, RECREATIONAL, AND ENVIRONMENTAL NEEDS; AND

(v) THE DROUGHT SECURITY PROGRAMS AND DROUGHT SECURITY WATER RIGHTS AUTHORIZED BY THIS ACT ARE NOT THE SOLE OR EXCLUSIVE MEANS BY WHICH THE STATE OF COLORADO CAN SATISFY ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS, NOR ARE THEY THE SOLE OR EXCLUSIVE MEANS BY WHICH THE DISTRICTS MAY ASSIST THE STATE IN SATISFYING SUCH OBLIGATIONS OR COMMITMENTS, OR THE SOLE OR EXCLUSIVE MEANS BY WHICH THE DISTRICTS MAY APPROPRIATE OR USE WATER RIGHTS FOR DOMESTIC, MUNICIPAL, AGRICULTURAL, INDUSTRIAL, AND IN-CHANNEL WILDLIFE, RECREATIONAL, AND ENVIRONMENTAL NEEDS.

(c) THE DROUGHT SECURITY PROGRAMS AUTHORIZED BY THIS ACT DO NOT DIMINISH OR DETRACT FROM THE AUTHORITY AND RESPONSIBILITIES OF THE COLORADO STATE ENGINEER RELATED TO COMPACT ADMINISTRATION AS SPECIFIED IN CRS 37-80-101, ET SEQ. AND THE WATER RIGHT DETERMINATION AND ADMINISTRATION ACT OF 1969.

(d) THE BOARD AND DISTRICTS MAY USE ANY FUNDS AVAILABLE TO THEM TO ESTABLISH AND FACILITATE THE IMPLEMENTATION OF DROUGHT SECURITY PROGRAMS:

(i) THIS INCLUDES ANY FUNDS THAT THE GENERAL ASSEMBLY MAY APPROPRIATE OR TRANSFER, AND FEDERAL MONEY THAT THE BOARD

OR DISTRICTS RECEIVE, AND ANY GIFTS, GRANTS, OR DONATIONS RECEIVED FROM PRIVATE OR PUBLIC SOURCES.

(ii) SUBJECT TO THE AVAILABILITY OF FUNDS, THE BOARD AND DISTRICTS MAY USE THE FUNDING FOR THE PURPOSES OF THIS SECTION, INCLUDING TO COMPENSATE PARTICIPATING WATER USERS AND UP TO 5% FOR ANY NECESSARY PROGRAMMATIC AND ADMINISTRATIVE COSTS.

(iii) ON THE EFFECTIVE DATE OF THIS ACT, THE STATE TREASURER SHALL TRANSFER \$10 MILLION DOLLARS FROM THE WATER PROGRAM IMPLEMENTATION CASH FUND CREATED IN SECTION 37-60-123.3 (1), C.R.S. FOR DROUGHT SECURITY PROGRAMS.

(2) THE GENERAL ASSEMBLY AFFIRMS THE STATE CONSTITUTION'S RECOGNITION OF WATER RIGHTS AS A PRIVATE USUFRUCTUARY PROPERTY RIGHT, AND THIS ARTICLE DOES NOT RESTRICT THE ABILITY OF THE HOLDER OF A WATER RIGHT TO SELL, LEASE, OR TRADE THAT WATER RIGHT IN ANY MANNER PERMITTED UNDER COLORADO LAW. FURTHER, THIS ARTICLE SHALL NOT BE IMPLEMENTED IN ANY WAY THAT WOULD CAUSE MATERIAL INJURY TO THE OWNER OF, OR PERSONS ENTITLED TO USE WATER UNDER A VESTED WATER RIGHT, A DECREED CONDITIONAL WATER RIGHT, OR A CONTRACT RIGHT TO WATER. THIS ARTICLE DOES NOT REPEAL OR IN ANY MANNER AMEND EXISTING LAW EXCEPT AS SPECIFICALLY SET FORTH IN THIS ARTICLE.

37-60.5-103. Definitions. AS USED IN THIS ARTICLE, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "BOARD" MEANS THE COLORADO WATER CONSERVATION BOARD CREATED IN SECTION 37-60-102.

(2) "DISTRICT" MEANS, IN ACCORDANCE WITH THEIR DESIGNATED GEOGRAPHIC BOUNDARIES, EITHER THE COLORADO RIVER WATER CONSERVATION DISTRICT, CREATED PURSUANT TO C.R.S. 37-46-101 ET SEQ., OR THE SOUTHWESTERN WATER CONSERVATION DISTRICT, CREATED PURSUANT TO C.R.S. 37-47-101 ET SEQ.

(3) "DROUGHT SECURITY PROGRAM" MEANS A PROGRAM JOINTLY DEVELOPED AND ADOPTED BY A DISTRICT AND THE BOARD IN ACCORDANCE WITH THE CRITERIA ESTABLISHED BY THIS ACT.

(2) "DROUGHT SECURITY" MEANS:

(a) THE USE OF DROUGHT SECURITY WATER OR DEMAND REDUCTION PROJECTS BY THE BOARD TO HELP MEET THE STATE'S INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS REGARDING THE COLORADO

RIVER IN ACCORDANCE WITH A DROUGHT SECURITY PROGRAM ADOPTED PURSUANT TO C.R.S. 37-60.5-104, BUT DOES NOT MEAN THE COLORADO STATE ENGINEER'S ADMINISTRATION OF WATER RIGHTS IN ACCORDANCE WITH A DETERMINATION BY THE UPPER COLORADO RIVER COMMISSION THAT CURTAILMENT OF WATER RIGHTS IS REQUIRED PURSUANT TO ARTICLE IV OF THE UPPER COLORADO RIVER COMPACT; AND

(b) IF DROUGHT SECURITY WATER IS NOT REQUIRED FOR SUCH PURPOSES, USE BY THE DISTRICTS WITHIN A DROUGHT SECURITY PROGRAM TO ADDRESS DROUGHT CONDITIONS, ARIDIFICATION, AND WATER SHORTAGES BY PROVIDING WATER TO HELP SATISFY DOMESTIC, MUNICIPAL, AGRICULTURAL, INDUSTRIAL, AND IN-CHANNEL WILDLIFE, RECREATIONAL, AND ENVIRONMENTAL NEEDS INCLUDING, BUT NOT LIMITED TO, THE NEEDS OF FEDERALLY THREATENED AND ENDANGERED SPECIES AND STATE OF COLORADO SPECIES OF SPECIAL CONCERN AND USE TO HELP SATISFY DECREED INSTREAM FLOW WATER RIGHTS HELD BY THE BOARD, CONSISTENT WITH THE PROVISIONS OF SECTION 37-92-102.

(4) "DROUGHT SECURITY WATER" MEANS A TEMPORARY OR PERMANENT INTEREST IN WATER RIGHTS THAT HAVE BEEN PREVIOUSLY APPLIED TO A DECREED BENEFICIAL USE JOINTLY OBTAINED BY THE BOARD AND THE APPLICABLE DISTRICT PURSUANT TO A LEASE, LOAN, TRADE OR OTHER CONTRACTUAL ARRANGEMENT, THAT IS TEMPORARILY OR PERMANENTLY CHANGED TO DROUGHT SECURITY PURPOSES PURSUANT TO THE WATER RIGHT DETERMINATION AND ADMINISTRATION ACT OF 1969.

(5) "DEMAND REDUCTION PROJECTS" MEANS TEMPORARY OR PERMANENT VOLUNTARY PROJECTS TO REDUCE HISTORICAL DEMANDS FROM THE COLORADO RIVER AND ITS TRIBUTARIES IN COLORADO WITHOUT A PERMANENT OR TEMPORARY CHANGE OF WATER RIGHT TO DROUGHT SECURITY PURPOSES.

37-60.5-104. Drought security programs – criteria. (1) NO LATER THAN MARCH 31, 2024, THE BOARD AND EACH DISTRICT SHALL JOINTLY ADOPT DROUGHT SECURITY PROGRAMS PURSUANT TO THE CRITERIA IN THIS SECTION.

(a) THE BOARD AND EACH DISTRICT ARE AUTHORIZED TO JOINTLY ACQUIRE ON A TEMPORARY OR PERMANENT BASIS WATER INTERESTS DECREED FOR DIVERSION AND BENEFICIAL USE WITHIN THE RESPECTIVE DISTRICT'S BOUNDARIES FOR DROUGHT SECURITY USE IN A DROUGHT SECURITY PROGRAM, AND TO INCLUDE DEMAND REDUCTION PROJECTS WITHIN SUCH PROGRAMS. NO WATER RIGHTS SHALL BE ACQUIRED ON A TEMPORARY OR PERMANENT BASIS FOR DROUGHT SECURITY PURPOSES OR DEMAND REDUCTION PROJECTS UNLESS APPROVED BY THE BOARD AND THE APPLICABLE DISTRICT, SUBJECT ONLY TO THE EXCEPTION PROVIDED IN SECTION 104(1)(C),

(b) USE OF DROUGHT SECURITY WATER TO PROVIDE SUPPLEMENTAL WATER TO A DECREED INSTREAM FLOW RIGHT OR FOR PURPOSES OF HELPING THE STATE OF COLORADO MEET ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS REGARDING THE COLORADO RIVER SHALL BE MADE BY THE BOARD FOLLOWING AN ANNUAL OR MORE FREQUENT APPROVAL PROCESS BY THE BOARD AND THE APPLICABLE DISTRICT.

(c) THE DISTRICTS SHALL NOT HAVE AUTHORITY PURSUANT TO THIS SECTION TO APPROVE THE ACQUISITION OF, OR INCLUSION IN A DROUGHT SECURITY PROGRAM, OF ANY WATER RIGHT DECREED FOR DIVERSION FROM THE COLORADO RIVER BASIN FOR BENEFICIAL USE IN ANOTHER BASIN OF THE STATE.

(2) A DROUGHT SECURITY PROGRAM SHALL INCLUDE PROCEDURES, CRITERIA AND GUIDELINES FOR THE ACQUISITION AND USE OF DROUGHT SECURITY WATER AND DEMAND REDUCTION PROJECTS, INCLUDING:

(a) A REQUIREMENT THAT THE DISTRICT AND THE BOARD SHALL PROVIDE FOR STAKEHOLDER INVOLVEMENT IN THE DEVELOPMENT AND ADOPTION OF A DROUGHT SECURITY PROGRAM. THIS INVOLVEMENT SHALL INCLUDE A PERIOD OF SIXTY DAYS FOR THE DISTRICTS AND THE BOARD TO RECEIVE AND CONSIDER COMMENTS ON A PROPOSED DROUGHT SECURITY PROGRAM, OR AMENDMENT THERETO, AFTER HAVING PROVIDED NOTICE TO ALL PARTIES THAT HAVE SUBSCRIBED TO THE SUBSTITUTE WATER SUPPLY PROGRAM NOTIFICATION LIST AS DESCRIBED IN SECTION 37-92-308 (6), FOR THE DIVISION OR DIVISIONS IN WHICH THE DROUGHT SECURITY PROGRAM OPERATES OR THE WATER INTEREST IS LOCATED;

(b) A REQUIREMENT THAT DROUGHT SECURITY WATER AND DEMAND REDUCTION PROJECTS BE MADE AVAILABLE ONLY FROM VOLUNTARY, WILLING PARTICIPANTS;

- (c) A REQUIREMENT THAT PROHIBITS THE PERMANENT ACQUISITION OF WATER RIGHTS DECREED FOR AGRICULTURAL IRRIGATION AND THAT HAVE BEEN APPLIED TO AGRICULTURAL IRRIGATION PURPOSES WITHIN THE TEN-YEAR PERIOD PRIOR TO ACQUISITION FOR USE IN A DROUGHT SECURITY PROGRAM;
- (d) A REQUIREMENT THAT FORESEEABLE LOCAL COMMUNITY WATER NEEDS BE CONSIDERED AND ADDRESSED TO THE EXTENT REASONABLY PRACTICABLE AS A COMPONENT OF ANY PERMANENT ACQUISITION OF WATER RIGHTS FOR DROUGHT SECURITY PURPOSES;
- (e) CRITERIA THAT LIMIT THE USE FOR DROUGHT SECURITY PURPOSES OF WATER RIGHTS DECREED FOR AGRICULTURAL IRRIGATION TO NO MORE THAN THREE CONSECUTIVE YEARS, AND NO MORE THAN FIVE YEARS IN A TEN-YEAR PERIOD;
- (f) CRITERIA TO ENSURE THAT PROPOSALS FOR PARTICIPATION IN A DROUGHT SECURITY PROGRAM ARE PROCESSED IN A TIMELY MANNER;
- (g) CRITERIA TO ENSURE THAT A DROUGHT SECURITY PROGRAM IS IMPLEMENTED IN A MANNER THAT PREVENTS INJURY TO WATER RIGHTS;
- (h) CRITERIA TO PREVENT WATER SPECULATION AND DROUGHT PROFITEERING WITHIN A DROUGHT SECURITY PROGRAM;
- (i) CRITERIA TO ENSURE THAT A DROUGHT SECURITY PROGRAM IS IMPLEMENTED IN A MANNER THAT WOULD NOT BENEFIT NEW TRANSMOUNTAIN DIVERSION PROJECTS.
- (j) CRITERIA FOR THE BOARD AND APPLICABLE DISTRICT TO JOINTLY SEEK A TEMPORARY OR PERMANENT CHANGE OF WATER RIGHTS FOR WATER RIGHTS OR INTERESTS THEREIN TO BE USED FOR DROUGHT SECURITY PURPOSES;
- (k) CRITERIA TO PREVENT AND REASONABLY MITIGATE AGAINST SECONDARY IMPACTS TO LOCAL COMMUNITIES POTENTIALLY CAUSED BY THE IMPLEMENTATION OF A DROUGHT SECURITY PROGRAM;
- (l) CRITERIA THAT USE OF DROUGHT SECURITY WATER AND DEMAND REDUCTION PROJECTS BY THE BOARD FOR PURPOSES OF HELPING MEET ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS REGARDING THE COLORADO RIVER PROVIDES MEANINGFUL BENEFITS TO COLORADO AND ITS WATER USERS, AND THAT SUCH USE BE MADE IN A MANNER THAT, WITHOUT MINIMIZING THE PRIMARY INTENDED PURPOSE, PROVIDES REASONABLE BENEFITS TO RECREATION AND THE ENVIRONMENT;

(m) PROCEDURES AND CRITERIA PURSUANT TO WHICH THE BOARD AND DISTRICTS SHALL DETERMINE ON AN ANNUAL BASIS THE AMOUNT OF AVAILBABLE DROUGHT SECURITY WATER AND DEMAND REDUCTION PROJECTS TO BE USED TO SATISFY INTERSTATE OBLIGATIONS OR RELATED COMMITMENTS REGARDING THE COLORADO RIVER AND IF DROUGHT SECURITY WATER WILL BE AVAILABLE TO SERVE DROUGHT-RELATED MUNICIPAL, DOMESTIC, AGRICULTURAL, ENVIRONMENTAL AND RECREATIONAL NEEDS WITHIN THE APPLICABLE DISTRICT.

(n) CRITERIA TO ENSURE THAT A DROUGHT SECURITY PROGRAM IS ADOPTED AND IMPLEMENTED IN A MANNER THAT PRIORITIZES THE AVOIDANCE OF DISPROPORTIONATE NEGATIVE ECONOMIC OR ENVIRONMENTAL IMPACTS TO SINGLE SUBBASIN OR REGION WITHIN COLORADO, WHILE PROTECTING THE LEGAL RIGHTS OF WATER RIGHTS HOLDERS; AND

(o) CRITERIA TO ENSURE THAT A DROUGHT SECURITY PROGRAM IS ADOPTED AND IMPLEMENTED IN A MANNER THAT PRIORITIZES ROUGHLY PROPORTIONATE CONTRIBUTIONS OF WATER CONSUMPTIVELY USED FROM THE COLORADO RIVER SYSTEM FROM PARTICIPANTS ON EACH SIDE OF THE CONTINENTAL DIVIDE.

(4) A DROUGHT SECURITY PROGRAM SHALL REQUIRE THE DISTRICTS AND THE BOARD TO PUBLISH ANNUAL REPORTS BY MARCH 30 OF EACH YEAR DETAILING THE AMOUNT OF DROUGHT SECURITY WATER AND DEMAND REDUCTION PROJECTS INCLUDED WITHIN A DROUGHT SECURITY PROGRAM AND THE USES MADE OF SUCH WATER, AND THE AMOUNT OF WATER DEDICATED TO SUCH USES FOR THE PRECEDING YEAR.

(5) A DROUGHT SECURITY PROGRAM, IN CONSULTATION WITH THE APPLICABLE TRIBES, MAY ESTABLISH THE CRITERIA AND PROCESS BY WHICH TRIBES WITHIN COLORADO MAY CHOOSE TO PARTICIPATE IN THE OPERATION OF THE DROUGHT SECURITY PROGRAM.

(6) THE BOARD AND THE DISTRICTS SHALL OPERATE A DROUGHT SECURITY PROGRAM IN A MANNER THAT WITHOUT MINIMIZING THE PRIMARY INTENDED PURPOSE OPTIMIZES INCIDENTAL BENEFICIAL USES FOR IN-CHANNEL WILDLIFE, ENVIRONMENTAL AND RECREATIONAL NEEDS, INCLUDING TO SUPPORT INSTREAM FLOWS AND THE NEEDS OF THREATENED, ENDANGERED AND SPECIES OF SPECIAL CONCERN.

(7) A DROUGHT SECURITY PROGRAM MAY CHARGE A REASONABLE TRANSACTION FEE SUFFICIENT TO COVER THE BOARD'S AND DISTRICTS' PORTION OF THE PROGRAMS' COSTS.

(8) IN ACCORDANCE WITH SECTION 37-92-305 (3) (c.5), INCLUSION OF DROUGHT SECURITY WATER CANNOT SERVE AS A BASIS FOR A REDUCTION OF THE HISTORICAL CONSUMPTIVE USE, LOSS, OR ABANDONMENT OF A WATER RIGHT OR ANY PORTION OF THE WATER RIGHT, AND YEARS OF INCLUSION IN A DROUGHT SECURITY PROGRAM CANNOT BE INCLUDED IN A REPRESENTATIVE STUDY PERIOD FOR WATER INTERESTS FOR PURPOSES OF SECTION 37-92-305(3)(d).

(9) THE DROUGHT SECURITY PROGRAMS AND DROUGHT SECURITY WATER RIGHTS AUTHORIZED BY THIS ACT ARE NOT THE SOLE OR EXCLUSIVE MEANS BY WHICH THE STATE OF COLORADO CAN SATISFY ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS, NOR ARE THEY THE SOLE OR EXCLUSIVE MEANS BY WHICH THE DISTRICTS MAY ASSIST THE STATE IN SATISFYING SUCH OBLIGATIONS OR COMMITMENTS, OR THE SOLE OR EXCLUSIVE MEANS BY WHICH THE DISTRICTS MAY APPROPRIATE OR USE WATER RIGHTS FOR DOMESTIC, MUNICIPAL, AGRICULTURAL, INDUSTRIAL, AND IN-CHANNEL WILDLIFE, RECREATIONAL, AND ENVIRONMENTAL NEEDS.

(10) NOTHING IN THIS SECTION SHALL GRANT, EXPAND, CONTRACT, OR LIMIT THE LEGAL AUTHORITY OF ANY STATE OR LOCAL GOVERNMENT RELATED TO PERMITTING OR REGULATORY ACTIONS IN CONNECTION WITH LAND USE OR OTHER PERMITTING APPROVALS OR AUTHORIZATIONS.

37-60.5-106. Report. THE DISTRICTS AND THE BOARD, AND THE STATE ENGINEER SHALL SUBMIT A REPORT TO THE GENERAL ASSEMBLY ON OR BEFORE JANUARY 31, 2027, REGARDING:

(1) THE EFFECTIVENESS OF THE DROUGHT SECURITY PROGRAMS ADOPTED PURSUANT TO THIS ACT, INCLUDING THE GEOGRAPHIC DISTRIBUTION OF DROUGHT SECURITY WATER, DEMAND REDUCTION PROJECTS AND THE TYPES OF WATER USES;

(2) EXISTING STATUTORY, REGULATORY, OR CONTRACTUAL CONSTRAINTS ON THE SUCCESSFUL USE OF THE DROUGHT SECURITY PROGRAM;

(3) INSTITUTIONAL, SOCIAL OR ECONOMIC CONSTRAINTS UPON THE SUCCESSFUL USE OF THE DROUGHT SECURITY PROGRAM;

(4) INTERSTATE COMPACT CONSTRAINTS UPON THE DROUGHT SECURITY PROGRAM; AND

(5) PROPOSED SOLUTIONS TO ADDRESS CONSTRAINTS.

SECTION 2. In Colorado Revised Statutes, **37-80-102**, add new (1)(m) as follows:

37-80-102. General duties of state engineer – supervision and utilization of employees – satellite and telemetry-based monitoring systems. (1)(m): IN ADDITION TO THE STATE ENGINEER’S OTHER RESPONSIBILITIES AND AUTHORITIES TO ADMINISTER DELIVERIES OF WATER, THE ADMINISTRATION OF DELIVERIES OF DROUGHT SECURITY WATER TO THE STATE LINE AND TO AND THROUGH STREAM REACHES WITHIN THE STATE, INCLUDING FOR STORAGE IN RESERVOIRS, OR BY EXCHANGE IN ORDER TO ACHIEVE THE INTENDED PURPOSES OF A DROUGHT SECURITY PROGRAM ADOPTED PURSUANT TO SECTION 37-60.5-104. WATER MADE AVAILABLE THROUGH DEMAND REDUCTION PROJECTS BECOMES WATER OF THE NATURAL STREAM SYSTEM AND SHALL NOT BE ADMINISTERED AS DROUGHT SECURITY WATER.

SECTION 3. In Colorado Revised Statutes, **37-92-103**, add new subsection (4)(d) as follows:

C.R.S. §37-92-103. Definitions.

(4)(d) THE USE OF DROUGHT SECURITY WATER BY THE BOARD AND THE COLORADO RIVER WATER CONSERVATION DISTRICT, OR THE BOARD AND THE SOUTHWESTERN WATER CONSERVATION DISTRICT PURSUANT TO A DROUGHT SECURITY PROGRAM ADOPTED IN ACCORDANCE WITH C.R.S. 37-60.5-104.

SECTION 4. In Colorado Revised Statutes, **37-92-305**, add new subsection (5)(b) as follows:

C.R.S. §37-92-305. Standards with respect to rulings of the referee and decisions of the water judge – definitions. (b) DECREES FOR CHANGES OF WATER RIGHTS FOR DROUGHT SECURITY SHALL INCLUDE PROVISIONS FOR THE ADMINISTRATION OF THE CHANGED WATER RIGHT TO THE STATE LINE IF THE WATER WILL BE USED TO ASSIST THE STATE OF COLORADO WITH SATISFYING ITS INTERSTATE OBLIGATIONS AND RELATED COMMITMENTS REGARDING THE COLORADO RIVER, AND THROUGH STREAM REACHES WITHIN THE STATE, INCLUDING FOR STORAGE IN INTERVENING RESERVOIRS AND BY EXCHANGE, SUBJECT TO SUCH TERMS AND CONDITIONS AS THE WATER COURT DEEMS NECESSARY TO PREVENT INJURY TO VESTED WATER RIGHTS OR DECREED CONDITIONAL WATER RIGHTS. SUCH DECREES MAY PROVIDE FOR DROUGHT SECURITY AS AN ALTERNATE USE IN ADDITION TO EXISTING OR OTHER USES OF THE CHANGED WATER RIGHT.