Rainwater Harvesting Under Colorado’s Prior Appropriation Doctrine: Property Rights and Takings

Stephen N. Bretsen*
ARTICLES

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INTRODUCTION

The roll out of green technologies in the United States during the early part of the twenty-first century has involved modernizing and redeploying existing technologies. Some of these technologies were developed centuries ago to capture natural phenomena, such as wind energy from windmills. One of these “new” technologies involves capturing rain on a small scale before it becomes runoff. This rainwater harvesting1 has the potential to become one of the greenest technologies because it combines many of the attributes that make the green label attractive: the deployment of simple, low impact materials and methods; the consumption of locally produced resources; and the ability to reduce or eliminate dependence on an industrialized public utility grid.2 Additionally, rainwater harvesting is especially attractive because it utilizes a natural resource that would otherwise be wasted. Despite these attractions, rainwater harvesting was illegal

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1. As used in this article, the terms “rain” and “rainwater” include snow, snowmelt, sleet, and other forms of precipitation.

in Colorado prior to 2009 due to the prior appropriation doctrine, the foundation of Colorado’s water law.

As a raindrop falls to the earth in Colorado, various property right holders on the ground wait to assert their claims on the use of that raindrop’s water. The strength of those property rights and the degree to which they are impaired by rainwater harvesting depend on where the raindrop falls and whether its water becomes tributary to a stream system or nontributary ground water. Rainwater harvesting potentially interferes with stronger water rights, such as when a rainwater harvester diverts and uses water before a more senior water rights owner can divert and use the water despite the latter’s state authorized priority of appropriation.

Learning that rain is owned by someone else, and that positioning rain barrels beneath downspouts constitutes the taking of property of another can be disconcerting for homeowners, who also happen to be voters. In fact, such a large portion of these voters actually voiced their shock, amazement, and displeasure in Colorado that the Colorado General Assembly responded. In 2009 the legislature passed, and the governor signed, two bills that allow rainwater harvesting under limited circumstances. Senate Bill 09-080 authorizes small-scale residential rainwater harvesting, while House Bill 09-1129 authorizes larger, development-wide rainwater harvesting on a pilot project basis. Both statutes point toward possible broader rainwater harvesting initiatives in Colorado in the future.

3. See infra Part III.
5. See infra notes 174-82 and accompanying text.
6. See infra notes 72-76 and accompanying text.
11. See infra Part III.
Given existing water property rights and the protection afforded to
certain water rights by Colorado’s relatively strict application of the
prior appropriation doctrine, rainwater harvesting legislation both
current and future rainwater harvesting legislation potentially creates
a takings claim under the United States and Colorado Constitutions. Successful takings claims by senior water rights owners whose
property rights are materially injured by state-authorized rainwater
harvesting could result in the payment of just compensation. Further, the specter of doling out money from the public treasury to
existing water rights owners makes addressing the concerns of
homeowners who want to harvest rainwater potentially more
complicated for elected officials than simply passing enabling laws.
Since takings of private property are protected by the constitutional
limitations of a public use and just compensation, opposing political
pressures exerted by potential rainwater harvesters and existing water
rights owners raise issues about the nature of water property rights
and the extent to which water rights are protected from government
regulations. Recently, these issues arose in the takings context when
the California state government prohibited agricultural irrigators from
diverting water to maintain instream flows to protect endangered
species. This type of government prohibition may primarily be seen
in California. The results of various lawsuits have been mixed, with
environmentalists winning in some cases and existing water rights
owners winning other cases.

12. The pure form of the prior appropriation doctrine implemented in Colorado
has earned the title of the “Colorado Doctrine.” VRANESH, supra note 4, at 32. See
generally Bd. of Cnty. Comm’rs. v. Park Cnty. Sportsmen’s Ranch, LLP, 45 P.3d
693, 704-06 (Colo. 2002).
13. See U.S. CONST. amend. V; U.S. CONST. amend. XIV, § 1; COLO. CONST.
art. II, § 15.
14. COLO. CONST. art. II, §15 (requiring the payment of just compensation for a
takings).
16. See Casitas Mun. Water Dist. v. United States, 76 Fed. Cl. 100, 100-02
(2007).
17. See infra Part IV.C.4.
18. See, e.g., Klamath Irrigation Dist. v. United States, 67 Fed. Cl. 504, 505
(2005) (holding that the temporary reduction of water available for irrigation by the
Bureau of Reclamation was not a taking); Casitas Mun. Water Dist. v. United
States, 543 F.3d 1276, 1277 (Fed. Cir. 2008) (holding that a Bureau of Reclamation
directive to divert water to operate a fish ladder constituted an “uncompensated
physical taking”).
The strength of a takings claim depends in part on the strength of the water rights owner’s underlying water property right and the nature of the government action. In Colorado, water property rights are stronger than they are in California, and the transfer of a water-use right from one private water user to another is a less compelling rationale than transferring water rights to maintain instream flows for an endangered species’ benefit. Evaluating the takings potential of recent and potential Colorado legislation is an exercise in determining whether appropriative water rights can ever be considered a property right that is constitutionally protected from a regulatory taking. While the answer favors the interests of water rights owners, the answer is by no means certain due to hurdles that water rights owners must cross and the murkiness of the United States Supreme Court’s regulatory takings jurisprudence.

This article argues that legislation in Colorado authorizing rainwater harvesting creates the potential for a taking by effectively transferring water rights from one private party to another private party. Rainwater harvesting in Colorado thus becomes a means of testing whether property rights in water can be protected from regulatory takings due to the relatively strong protections afforded to senior water rights under Colorado law. Section I of this Article describes rainwater harvesting and its benefits. Section II explains how the application of the prior appropriation doctrine in Colorado renders rainwater harvesting illegal. Section III describes recent legislation authorizing rainwater harvesting on a limited basis in Colorado. Section IV examines whether current statutes and future legislation that expands rainwater harvesting may constitute a taking.

I. RAINWATER HARVESTING

“He causes his sun to rise on the evil and the good, and sends rain on the righteous and the unrighteous.”

19. See infra Part IV.A.
20. See infra Part IV.C.
21. See infra Part IV.B.
22. See supra note 18.
23. See generally infra Part IV.
Jesus in the Sermon on the Mount\textsuperscript{25}

Current Colorado rainwater harvesting statutes do not result in a taking because they were carefully drafted to work within the confines of the prior appropriation doctrine.\textsuperscript{26} However, potentially broader legislation could result in a taking because such legislation would affect stronger water property rights in water and the diversion of water caused by rainwater harvesting systems brings into play a categorical rule that applies to regulations that amount to a physical taking.

Rainwater harvesting is the process of capturing and storing rainwater for later use.\textsuperscript{27} Native Americans in the southwestern United States harvested rainwater for thousands of years to supplement water captured from surface water, springs, and other sources for domestic use, agricultural irrigation, and livestock watering.\textsuperscript{28} Rainwater harvesting is not a new phenomenon, and the technology used to capture and store rainwater continues to be simple and inexpensive.\textsuperscript{29} A typical rainwater harvesting system in the western United States uses the roof of a structure to catch rain, a first flush device to remove accumulated debris flushed from the roof by the rain, a network of gutters and drainpipes to route the water, and an above-ground tank or underground cistern to store the water.\textsuperscript{30} A filtration system may also be needed if the water will be used for drinking water or other household uses.\textsuperscript{31}

\begin{itemize}
  \item \textsuperscript{26} See infra Part II.
  \item \textsuperscript{27} COLO. DIV. OF WATER RES., GRAYWATER SYSTEMS AND RAINWATER HARVESTING IN COLORADO 2 (2003), http://water.state.co.us/dwripub/documents/waterharvesting.pdf [hereinafter GRAYWATER SYSTEMS].
  \item \textsuperscript{28} See Troy L. Payne & Jane Neuman, Remembering Rain, 37 ENVTL. L. 105, 121 (2007).
  \item \textsuperscript{29} See COURTNEY, supra note 2, at 5.
  \item \textsuperscript{31} COURTNEY, supra note 2, at 2.
\end{itemize}
Several attributes make rainwater harvesting attractive as an ecologically friendly activity. For example, through the use of low tech methods, a local resource in the form of rain is harvested and used locally, thus avoiding the costs and energy use associated with transporting water over long distances. Rainwater harvesting is also energy efficient, justifying the inclusion of rainwater harvesting systems in the U.S. Green Building Council’s Leadership in Energy and Environmental Design ("LEED") Green Building Rating System’s point structure. These energy efficiencies combined with the small scale, self-sufficient nature of rainwater harvesting allows property owners and building residents to lower their own energy costs by reducing or eliminating their dependence on a public water utility’s grid. For public water utilities, customers going "off the grid" can relieve pressures created by capacity constraints, especially at peak periods. With a cost structure consisting of high fixed costs and lower variable costs, the downside for public water utilities of too many customers going "off the grid" is the loss of revenue from reduced water delivery fees. For those already "off the grid," rainwater harvesting provides an additional water source when ground water sources are not potable, reliable, or otherwise available. Rainwater harvesting also allows property owners and building residents to use water that may not become part of surface water and ground water systems. In a Colorado Water Conservation Board study, several units of local government, including water and sanitation districts and a homeowners association, examined the fate of precipitation falling in northwest Douglas County, a populous area located in the foothills and plains east of the Rocky Mountains between Denver and Colorado Springs. The study noted that

32. Id. at 3-4.
34. COURTNEY, supra note 2, at 3.
35. Payne & Neuman, supra note 28, at 133-34.
37. See generally COLO. WATER CONSERVATION. BD., HOLISTIC APPROACH TO SUSTAINABLE WATER MANAGEMENT IN NORTHWEST DOUGLAS COUNTY (2007).
"precipitation falling on undeveloped sites is consumed during the growing season (typically April through October at this location) by native vegetation evapotranspiration processes and is lost through evaporation and sublimation processes during the non-growing season."\textsuperscript{38} From 1950 to 2004, the average loss of water to evapotranspiration and sublimation on undeveloped sites was "equivalent to 97\% of the total precipitation."\textsuperscript{39} In a wet year, the maximum evapotranspiration and sublimation rate was 85\%, so that only 15\% of the precipitation falling was held as moisture in the soil or returned to surface water or ground water sources.\textsuperscript{40} In a dry year, 100\% of the precipitation was lost to evapotranspiration and sublimation so that no water returned as surface or ground water.\textsuperscript{41} Rainwater harvesting thus provides an opportunity to capture water that would otherwise be lost to evaporation and similar processes in the water cycle.

Capturing water that would otherwise be lost to human consumption is also critical in the face of water shortages caused by population growth, drought, and climate change. According to the 2004 Colorado Statewide Water Supply Initiative, "[s]ignificant increases in Colorado’s population – together with agricultural water needs and an increased focus on recreational and environmental uses – will intensify competition for water."\textsuperscript{42} Colorado’s population has been projected to increase from approximately 4.3 million in 2000 to approximately 7.1 million in 2030, a sixty-five percent increase, with approximately eighty-one percent living along the urbanized Front Range on the eastern slope of the Rocky Mountains.\textsuperscript{43} During this same time period, urban water demands for industrial, commercial, and domestic uses will increase from almost 1.2 million acre-feet to over 1.8 million acre-feet, or an increase in demand of 630,000 acre-
feet. Under an optimistic scenario, approximately eighty percent of this excess demand can be met by current and future water projects and processes, leaving a shortfall of over 118,000 acre-feet. Rainwater harvesting has been identified as one of the means by which to bridge this gap. According to a study prepared, in part, for the Colorado Water Conservation Board, rainwater and snowmelt harvesting could reduce outdoor water demand by approximately sixty five to eighty-eight percent when combined with active water management techniques ranging from “moderate conservation” to “water wise conservation” scenarios. Due to increased urban water demands and the inability of existing and planned water projects to meet those demands in Colorado, water will shift away from agricultural use since, “historically, over [ninety] percent of [Colorado]’s water use has been associated with agriculture.” This percentage is expected to decrease as urban water providers purchase water rights from agricultural irrigators, thus transferring water rights from lower value uses to higher value uses. However, transaction costs and an anticommons inhibit these transfers. Generally, an anticommons occurs when multiple individuals or entities have rights of exclusion or veto rights, especially when the exclusion rights are not linked to use rights. Exclusion rights holders can undermine use

44. STATEWIDE WATER SUPPLY INITIATIVE, supra note 42, at ES-9. An acre-foot is enough water to cover an acre of land with one foot of water, or about 325,851 gallons of water. Acre-foot, BLACK’S LAW DICTIONARY 24 (7th ed. 1999).
47. DOUGLAS COUNTY WATER STUDY, supra note 37, at 2.
48. STATEWIDE WATER SUPPLY INITIATIVE, supra note 42, at ES-10.
49. See generally Stephen N. Bretsen & Peter J. Hill, Water Markets as a Tragedy of the Anticommons, 33 WM. & MARY ENVTL. L. & POL’Y. REV. 723 (2009). This differential in value between agricultural and urban uses of water occurs at the margin (or marginal value). While the water used for agricultural irrigation in a particular location may have a high average value, the marginal value of the last unit of water used can be much lower than the average value. See id. at 744.
rights resulting in an under-use of the resource. An anticommons exists in the water markets of western states due to multiple rights of exclusion. These factors include the historical development of water institutions, such as mutual ditch companies, irrigation districts, and the Bureau of Reclamation, with its public and private governance rules regarding the transfer of water rights, and the expansion of legal doctrines affecting water rights, such as the public trust doctrine. These multiple exclusion rights create opportunities for numerous parties to claim injury from a water rights transfer, which must be addressed by the use right holder through private negotiations or litigation. By increasing the transaction costs of water transfers through the exercise of exclusion rights, the anticommons makes transfers of water from its historically predominant use in agriculture to newer and growing demands for residential, commercial, and environmental uses difficult and expensive. Rainwater harvesting provides a means by which to circumvent these transaction costs, especially for small scale residential uses of water. Rainwater harvesting transfers the prior right to use rainwater from a downstream agricultural irrigator with senior water rights to a suburban rainwater harvester with junior or even no water rights.

II. RAINWATER HARVESTING UNDER COLORADO’S PRIOR APPROPRIATION DOCTRINE

All the water was spoken for here in the Arkansas Basin 100 years ago or more. If the water falls as rain, that’s water that was going to get to the stream system, and somebody already has dibs on it, and if somebody intercepts that, it’s the same as stealing

Kevin Lusk, Water Supply Engineer for Colorado Springs Utilities

52. See generally Bretsen & Hill, supra note 49, at 730-56.
53. Id.
54. See id. at 726-28.
55. See GRAYWATER SYSTEMS, supra note 27, at 2.
56. Rappold, supra note 8.
Despite its benefits, rainwater harvesting is not legal since it is limited by all states. Rainwater harvesting in Colorado is not legal, as it is limited by preexisting water rights held by other water users. As the Colorado Division of Water Resources notes, “in much of the state, it is illegal to divert rainwater falling on your property expressly for a certain use unless you have a very old water right or during occasional periods when there is a surplus of water in a river system.” The preexisting water rights that affect rainwater harvesting in Colorado arise under the prior appropriation doctrine. In Colorado, as in other western states, ownership of water resources is vested in the state. From its ratification in 1876 to the present, the Colorado Constitution has declared that “[t]he water of every natural stream, not heretofore appropriated, within the State of Colorado, is hereby declared to be the property of the public, and the same is dedicated to the use of the people of the State, subject to appropriation as hereinafter provided.”

Colorado has explicitly extended this constitutional declaration to rainwater and other forms of precipitation. The Colorado Weather Modification Act of 1972 states:

The general assembly declares that the state of Colorado claims the right to all moisture suspended in the atmosphere which falls or is artificially induced to fall within its borders. Said moisture is declared to be the property of the people of this state, dedicated to their use pursuant to sections 5 and 6 of article XVI of the Colorado constitution and as otherwise provided by law.

However, this ownership interest has not given states, or the public in general, rights in water that are equivalent to public or private property rights. Thus, the Colorado Supreme Court held that Section

60. COLO. CONST. art. XVI, § 5.
5 of Article XVI of the Colorado Constitution “was primarily intended to preserve the historical appropriation system of water rights upon which the irrigation economy in Colorado was founded, rather than to assure public access to waters for purposes other than appropriation.”\textsuperscript{62} However, such declarations provide the legal foundation for the state’s regulatory role in the creation and transfer of water rights.\textsuperscript{63} In a state whose water law is based on the prior appropriation doctrine,\textsuperscript{64} neither the molecules of water on or under the land nor the rights to use such water belongs to the landowner as part of his or her property right.\textsuperscript{65} Instead, water rights are created when a user diverts surface water for a beneficial use.\textsuperscript{66} Seniority is granted based on the concept of “first in time, first in right” so that the first to appropriate a surface water source has a senior right to the water against all subsequent or junior appropriators.\textsuperscript{67} If a surface water source becomes over-appropriated because it carries too little water relative to all of the water rights, junior appropriators are denied access to water based on the order of seniority.\textsuperscript{68} Surface water is considered over-appropriated when “there is not enough water in the streams [during irrigation season or at other times of the year] to satisfy all of the decreed surface appropriations.”\textsuperscript{69} Although water rights are not permanent, a holder’s right continues unless he or she abandons the right by failing to divert the water or by failing to make beneficial use of it due to non-use or waste.\textsuperscript{70} Every prior appropriation state, except for Colorado, which has a system of special water courts, has administrative agencies that grant water rights, adjudicate abandonments, and approve transfers of water.

\textsuperscript{62} People v. Emmert, 597 P.2d 1025, 1028 (Colo. 1979).
\textsuperscript{63} See id. at 1029.
\textsuperscript{64} VRANESH, supra note 4, at 8.
\textsuperscript{65} Bd. of Cnty. Comm’rs v. Park Cnty. Sportsmen’s Ranch, LLP., 45 P.3d 693, 707 (Colo. 2002).
\textsuperscript{67} See Coffin v. Left Hand Ditch Co., 6 Colo. 443, 446-47 (1882).
\textsuperscript{70} See People ex rel. Danielson v. City of Thornton, 775 P.2d 11, 14-15 (Colo. 1989).
The prior appropriation doctrine affects the ability of property owners and building residents to harvest rain and other forms of precipitation to protect the water rights of senior appropriators, especially when surface water sources are already over-appropriated. The majority of Colorado's streams are over-appropriated, especially those on the eastern slope of the Rocky Mountains, where most Coloradans live. With over-appropriated conditions arising as early as the 1890s on some streams, water rights with priorities as old as 100 years can often be considered junior. Although rainwater that disappears into the ground or runs off into a storm drainage system may appear to be wasted, in Colorado such water is presumed to be tributary to a surface water source and available to satisfy existing water rights, especially the water rights of senior appropriators in an over-appropriated stream system. Due to historical development patterns, agricultural irrigators in Colorado tend to be senior appropriators, while residential rainwater harvesters tend to be newer appropriators who intercept rain and use rainwater for their domestic needs out of priority.

72. See BEAUJON, supra note 46.
74. Pozanovic & Hall, supra note 73, at 2-6.
75. See Ready Mixed Concrete Co. v. Farmers Reservoir & Irrigation Co., 115 P.3d 638, 643 (Colo. 2005) ("Colorado's prior appropriation law is 'first in time first in right.' To allow junior appropriators to intercept with impunity return flows of any type upon which senior appropriations depend would result in a 'last in time first in right' doctrine."); R.J.A., Inc. v. Water Users Ass'n of Dist. No. 6, 690 P.2d 823, 826 (Colo. 1984) (noting that "seepage and percolation belong to the river," and "that it is presumed that all ground water finds its way to the stream in the watershed in which it lies").
76. See generally VRANESH, supra note 4, at 5-7, 12-15.
Colorado considered rainwater harvesting illegal prior to 2009 based on a strict application of the prior appropriation doctrine.  

77 Even though Colorado had no law specifically prohibiting rainwater harvesting, such harvesting was presumed to injure the water rights of senior appropriators.  

78 A potential rainwater harvester could only overcome this presumption by supplying the water court or the State Engineer with hydrological evidence, which could be expensive to develop,  

79 or developing a plan of augmentation to replace 100% of the rain captured out-of-priority.  

80 As residential homeowners in Colorado discovered that rainwater harvesting was essentially illegal, they began to complain to state legislators who crafted a political solution that balanced the desires of rainwater harvesters with the rights of senior appropriators.  

III. COLORADO’S RAINWATER HARVESTING STATUTES

“People are shocked that some developer or water provider owns the water that falls out of the sky.”

Colorado State Representative Marsha Looper.  

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78. See BEAUJON, supra note 46.

79. Id.

80. COLO. WATER CONSERVATION BD., AUTHORIZATION OF PILOT PROJECTS FOR THE BENEFICIAL USE OF CAPTURED PRECIPITATION IN NEW REAL ESTATE DEVELOPMENTS: CRITERIA AND GUIDELINES FOR THE “RAINWATER HARVESTING” PILOT PROJECT PROGRAM (2010), http://cwcbweblink.state.co.us/WebLink/ElectronicFile.aspx?docid=142162&searchid=c25573eb-f1b7-4b8c-9810-6dd02adee4e2&dbid=0 [hereinafter GUIDELINES]. A plan for augmentation is a detailed program, which may be either temporary or perpetual in duration, to increase the supply of water available for beneficial use in a division or portion thereof by the development of new or alternate means or points of diversion, by a pooling of water resources, by water exchange projects, by providing substitute supplies of water, by the development of new sources of water, or by any other appropriate means. COLO. REV. STAT. § 37-92-103(9) (2010).

81. See Rappold, supra note 8.

82. Paulson, supra note 7.
“Every drop of water that hits the ground belongs to someone.”

Kevin Bommer, Lobbyist for the Colorado Municipal League.  

In 2009, the Colorado General Assembly passed, and Governor Bill Ritter signed, two bills that allow rainwater harvesting under limited circumstances. Senate Bill 09-080 authorizes small-scale residential rainwater harvesting while House Bill 09-1129 authorizes larger, development-wide rainwater harvesting. Both statutes work within the confines of the prior appropriation doctrine but point toward possible broader rainwater harvesting initiatives in Colorado in the future.

A. Senate Bill 09-080

Senate Bill 09-080 amends Colorado’s water code by authorizing the State Engineer to issue a permit for a small-scale rainwater harvesting system if certain criteria are met:

First, the system must collect precipitation from the roof of a building that is primarily used as a residence.

Second, the building must not be served by a domestic water system that serves more than three single-family dwellings, even if the building is not connected to that system. Thus, if the building

83. Id.
84. See Rappold, supra note 8.
86. See § 37-60-115(6).
87. § 37-90-105(1). The statutory phrase for a rainwater harvesting system is a “rooftop precipitation collection system.” Id.
88. In addition to these statutory criteria, the board of any ground water management district is authorized to adopt rules that further restrict the use of rooftop precipitation collection systems. § 37-90-105(7) (2010).
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can be supplied by a municipality, water district, or other water system, a rainwater harvesting system cannot be installed.

Third, the applicant must have a permit to use a small-capacity well in a designated ground water basin or an exempt well elsewhere, or be legally entitled to use such a well for the building served by the rainwater harvesting system.91

Finally, the water collected can only be used for ordinary household purposes, fire protection, domesticated animal watering, or the irrigation of up to one acre of gardens and lawns.92 However, the limitations of use contained in the well/rainwater harvesting permit trump the statutorily defined uses.93 Thus, according to the Colorado Division of Water Resources, if an existing small capacity well permit is limited to household uses, the water from a rainwater harvesting system is also limited to household uses and cannot be used to water a small vegetable garden.94

The statute also authorizes the State Engineer or the division engineers to issue implementing regulations.95 If the statute or regulations are violated, the State Engineer can seek an injunction from the appropriate water court, and if the regulations are upheld, the violator must pay court costs, including reasonable attorney fees.96 A violator must also pay a fine of $500 for each violation.97 Thus, an unauthorized rainwater harvesting system, such as rain barrels fed by a house gutter, could cost a homeowner $500 per rain barrel and even more if the homeowner is obstinate and the use of the rain barrel must be enjoined. The statute’s provisions on fines and enforcement confirm that rainwater harvesting, in the absence of a statutory authorization, is illegal in Colorado because of Colorado’s relatively strict application of the prior appropriation doctrine.

B. House Bill 09-1129

House Bill 09-1129 amends Colorado’s water code by authorizing the Colorado Water Conservation Board, in consultation with the

93. § 37-90-105(7).
94. See Rainwater Collection in Colorado, supra note 58.
95. § 37-92-602(1)(g)(V)(A).
96. § 37-92-602(1)(g)(V)(B).
97. § 37-92-602(1)(g)(V)(C).
State Engineer, to select up to ten new residential or mixed-use developments as pilot projects to collect precipitation from rooftops for non-potable uses. The statutory goal of the ten-year pilot program is to gather information on local precipitation, return flow patterns, native plant consumption, and ground water flow, evaluate rainwater harvesting system designs, "measure precipitation capture efficiencies," and "quantify the amount of precipitation that must be augmented to prevent injury to decreed rights." The Colorado Water Conservation Board has interpreted this goal to mean that the pilot program "is to gain additional field-verified information about the feasibility of rainwater harvesting as a water conservation measure in Colorado, through pairing it directly with advanced outdoor water demand management—particularly efficient landscaping and irrigation practices.” The ten pilot projects are intended to represent a range of sizes, as well as different geographic areas and hydrological conditions, with priority given to projects that are in areas facing renewable water supply challenges and promote water conservation. During the initial two-year data collection period, each project must operate according to a substitute water supply plan approved annually by the State Engineer which replaces the water captured from rooftops and impermeable surfaces of the development-wide rainwater harvesting system. After this initial period, the pilot project may either apply to a water court for a permanent augmentation plan or permanently retire the rainwater harvesting system. In both the substitute water supply plan and the permanent augmentation plan, the pilot project can reduce the amount of replacement water by the amount of precipitation that would not have entered a natural stream due to the historical consumptive use by preexisting natural vegetation. The amount of net depletion must be proved by a preponderance of the evidence for the permanent plans of augmentation and by using the data collected through the pilot project for the substitute water supply plans.

98. § 37-60-115(6)(a).
99. Id.
100. GUIDELINES, supra note 80.
103. § 37-60-115(6)(c)(II)(A).
104. Id.
105. § 37-60-115(6)(c)(II).
Prior to House Bill 09-1129, Colorado required that all rainwater captured out-of-priority be replaced in the stream system in like time and place.106 The concept of net depletion used in House Bill 09-1129 reduces the amount of replacement water from 100% to a lesser percentage. Requiring less than full replacement parallels similar statutory exceptions for on-stream reservoir evaporation and gravel pit pond evaporation.107 Like House Bill 09-1129, these statutes reduce the augmentation obligation by the amount of precipitation that did not historically reach a stream system due to native plant evapotranspiration.108 For gravel pit ponds evaporation, the Colorado Division of Water Resources generally accepts a credit for evapotranspiration of seventy percent of the total precipitation for non-irrigated sites under the assumption that seventy percent of the precipitation did not return to a stream system due to the consumptive use by native plants.109 Higher credits for evapotranspiration are possible if supported by empirical data, and a recent study suggests that higher credits may be possible based on evapotranspiration rates ranging from 85% to 97% depending on drought conditions.110

IV. TAKINGS OF WATER RIGHTS

Senate Bill 09-080 and House Bill 09-1129 moved quickly through the Colorado General Assembly and received unanimous votes.111

108. Id.
109. Id. The original bill for development-wide rainwater harvesting systems incorporated the concept of a seventy percent evapotranspiration rate but it was later removed. H. B. 09-1129, 67th Gen. Assemb., 1st Sess. 2 (Colo. 2009).
110. See DOUGLAS COUNTY WATER STUDY, supra note 37, at 1.
111. See COLO. ST. ASSEMB., Summarized History for Bill Number SB09-080, http://www.leg.state.co.us/clics/clics2009a/clcsnsf/fsbillcont3/49D4349AC4A73794872575370071F5D4?open&file=080.enr.pdf (follow “History” hyperlink) (last visited Apr. 20, 2011) (Colo. S. Bill 09-080 was introduced in the Senate on January 13, 2009 and was signed by the President of the Senate and Speaker of the House on April 14, 2009); H. B. 09-1129, 67th Gen. Assemb., 1st Sess. 2 (Colo. 2009) (H.B. 09-1129 was introduced into the House of Representatives on January
The willingness of legislators to officially legalize rainwater harvesting and the bills' contents point to the potential for even more expansive rainwater harvesting legislation, especially since House Bill 09-1129 is specifically designed to provide the empirical data to justify further developments in rainwater harvesting and reduce the amount of rainwater harvesting that is illegal.  

Except for a handful of development-wide pilot projects, rainwater harvesting in Colorado is primarily confined to single houses or small clusters of houses drawing water from small-capacity wells in designated ground water basins or exempt wells outside designated ground water basins. However, the demand for rainwater harvesting is likely to increase as Colorado experiences continuing population growth, a gap in identified water resources to meet this growth, and climate change. Incredulous voters in the heavily populated urban areas of the Front Range who want to harvest rainwater but discover they cannot may place political pressure for change on their state legislators. In response, future legislation could expand the authorized scope of rainwater harvesting by allowing the widespread use of rain barrels by residences in suburban areas already served by municipal and other domestic water providers and by increasing number of development-wide rainwater harvesting systems. As the authorized scope of rainwater harvesting is enlarged, the likelihood of affecting surface water flows and injuring the water rights of senior appropriators protected by the constitutional doctrine of prior appropriation also increases. In addition to mounting political opposition in the General Assembly, Colorado's ever vigilant large water rights owners would seek to employ legal tools to prevent injury to their senior water rights, such as via a takings claim. Senate Bill 09-080 and House Bill 09-1129 and this scenario of broader enabling legislation raises the issue of whether

13, 2009 and was signed by the Speaker of the House and the President of the Senate by May 18, 2009).
112. See BEAUJON, supra note 46, at 2.
113. See supra Part III.A.
114. See supra Part. I.
115. See id.
116. See, e.g., Cent. Colo. Water Conservancy Dist. v. Simpson, 877 P.2d 335, 340 (Colo. 1994) (analyzing claims by senior appropriators asserting a takings in connection with Senate Bill 120 that exempts preexisting sand and gravel operations from permitting and augmentation requirements despite ground water lost to evaporation).
these statutes create a takings of senior water rights to satisfy the demands of more junior users.

Under the United States and Colorado Constitutions, the government cannot take private property for public uses unless just compensation is paid to the property owner.\textsuperscript{117} Although the relationship between takings jurisprudence and water rights has been litigated in connection with activities such as dam building\textsuperscript{118} and the maintenance of instream flows to protect endangered species,\textsuperscript{119} this relationship has not been explored to date in connection with rainwater harvesting. Since senior water rights are constitutionally protected in Colorado through the prior appropriation doctrine,\textsuperscript{120} applying the takings doctrine to rainwater harvesting provides a means of understanding the degree of protection water property rights can receive under the prior appropriation doctrine and the extent to which rainwater harvesting is possible vis-à-vis senior appropriative water rights.

Analyzing both of these issues in the takings context requires exploring several questions. First, does the senior water rights holder have a private property right? Second, what is the public nature of the new use of the property right? Third, if a property right exists and the use is a public use, then how has the government impaired this property right? The nature of the government action will govern the legal standard used in determining if the government action creates a taking.\textsuperscript{121} Finally, if a taking has occurred, how will the compensation be measured?

A. Property Rights in Water in Colorado

The question of whether a senior appropriator holds a valid private property right to water arises from the elusive and multifaceted nature of water rights.\textsuperscript{122} Water rights are a unique form of property rights for several reasons: the importance of water for survival; the scarcity

\begin{footnotes}
\footnotetext{117}{U.S. CONST. amend. V; U.S. CONST. amend. XIV; COLO. CONST. art. II, § 15.}
\footnotetext{118}{See United States v. Gerlach Live Stock Co., 339 U.S. 725, 728 (1950).}
\footnotetext{119}{See Klamath Irrigation Dist. v. United States, 277 P.3d 1145, 1148 (Or. 2010).}
\footnotetext{120}{See supra notes 58-71 and accompanying text.}
\footnotetext{121}{See supra note 18 and accompanying text.}
\footnotetext{122}{See Brian E. Gray, The Property Right in Water, 9 HASTING W.-NW. J. ENVTL. L. & POL’Y 1, 4 (2002).}
\end{footnotes}
of fresh water; the common nature of water; the dynamic nature of water due to its ability to move, be stored, evaporate, and reused; the uncertain and variable nature of water due to droughts, floods, and climate change; the historical development of water rights under the prior appropriation doctrine; and the evolution of state water laws and the limitations they place on water rights.\textsuperscript{123} Since neither the United States Constitution nor the Colorado Constitution define the phrase "private property," the private property rights that are protected from a taking are created and defined by state law.\textsuperscript{124} In Colorado, a water right is characterized as a private property right.\textsuperscript{125} The Colorado Constitution establishes the parameters of water property rights by stating that "the right to divert the unappropriated waters of any natural stream to beneficial uses shall never be denied."\textsuperscript{126} This language creates a constitutional right to appropriate water in accordance with the allowances and limitations of the Colorado Constitution.\textsuperscript{127} The constitutional right is implemented through the Water Right Determination and Administration Act, which defines a "water right" as "the right to use in accordance with its priority a certain portion of the waters of the state by reason of the appropriation of the same."\textsuperscript{128} Thus, according to the Colorado Supreme Court, the property right recognized:

\begin{quote}
[A]s a Colorado water right is a right to use beneficially a specified amount of water, from the available supply of surface water or tributary groundwater, that can be captured, possessed, and controlled in priority under a
\end{quote}

\begin{itemize}
\item \textsuperscript{123} See \textit{id.}; John D. Leshy, \textit{A Conversation About Takings and Water Rights}, 83 \textsc{tex. l. rev.} 1985, 1987-89 (2005); Scott Andrew Shepard, \textit{The Unbearable Cost of Skipping the Check: Property Rights, Takings Compensation & Ecological Protection in the Western Water Law Context}, 17 \textsc{n.y.u. envtl. l.j.} 1063, 1116 (2009); Sandra B. Zellmer & Jessica Harder, \textit{Unbundling Property in Water}, 59 \textsc{ala. l. rev.} 679, 691-92 (2008).
\item \textsuperscript{124} See Zellmer & Harder, supra note 123, at 701; see also Leshy, supra note 123, at 2003.
\item \textsuperscript{125} See Strickler v. City of Colorado Springs, 26 P.2d 313, 314 (Colo. 1981); see also Gardner v. State, 614 P.2d 357, 360 (Colo. 1980).
\item \textsuperscript{126} \textsc{colo. const.} art. XVI, § 6.
\item \textsuperscript{127} See State \textit{ex rel.} Danielson v. Vickroy, 627 P.2d 752, 757 (Colo. 1981).
\item \textsuperscript{128} \textsc{colo. rev. stat.} § 37-92-103(12) (2010). See State \textit{ex rel.} Danielson, 627 P.2d. at 757.
\end{itemize}
decree, to the exclusion of all others not then in priority under a decreed water right.\textsuperscript{129}

Based on this language and how it has been construed by the Colorado courts, the strength of a water property right depends on the presence of unappropriated water, whether water is part of a "natural stream," "a diversion of water, and an application of that water to a beneficial use."\textsuperscript{130}

Since "the constitutional right to appropriate [water] is limited to unappropriated water,"\textsuperscript{131} a property right in water can only be established if such water is available for diversion and beneficial use.\textsuperscript{132} Surface water is overappropriated when "there is not enough water in the stream [at any given time] to satisfy all the decreed [ ] appropriations," and, conversely, any excess water is considered unappropriated if the needs of all the appropriators are met.\textsuperscript{133} Of course, "the problem is determining, at any given time, just how much water is available for appropriation" due to the absolute nature of the constitutional right to appropriate unappropriated waters.\textsuperscript{134} Other western states that have adopted the prior appropriation doctrine have also adopted an administrative permit system in which a vested water right is not created until an administrative body issues a permit, which provides at least a potential check against over appropriation.\textsuperscript{135} However, water rights subject to Colorado's Water Right Determination and Adjudication Act vest upon the private act of appropriation and not official adjudication due to Colorado's constitutional language.\textsuperscript{136} Historically, in response to this situation, Colorado has taken a wait-and-see approach in which appropriators

\begin{footnotesize}

\begin{itemize}
  \item \textsuperscript{129} Santa Fe Trail Ranches Prop. Owners Ass'n v. Simpson, 990 P.2d. 46, 53 (Colo. 1999).
  \item \textsuperscript{130} VRANESH, supra note 4, at 24-25, 32. See generally id.
  \item \textsuperscript{131} VRANESH, supra note 4, at 27.
  \item \textsuperscript{132} See Empire Lodge Homeowner's Ass'n v. Moyer, 39 P.3d 1139, 1147 (Colo. 2001).
  \item \textsuperscript{133} Hall v. Kuiper, 510 P.2d 329, 330 (1973). See VRANESH, supra note 4, at 27.
  \item \textsuperscript{134} VRANESH, supra note 4, at 27.
  \item \textsuperscript{135} See id. at 32.
  \item \textsuperscript{136} See Shirola v. Turkey Cañon Ranch, L.L.C., 937 P.2d 739, 744 (Colo. 1997). Even though a decree from a water court is not necessary to create the right, adjudication is important in Colorado since a decreed water right is necessary to "establish[] a priority date that can be enforced against other users." Id.
\end{itemize}
\end{footnotesize}
would make their appropriations from a surface water source and if there was not sufficient water available, then "senior appropriators could protect their rights by 'calling the river,' and the state engineer would shut the junior appropriators' headgates."137 As a result of this approach, the Colorado Division of Water Resources considers most stream systems over-appropriated.138

The constitutional right to appropriate is also limited to the waters of "any natural stream."139 According to the Colorado Supreme Court, these words “were intended to be used in their broadest scope” so that intermittent streams and water that are tributary to a natural stream are included within the constitutional language.140 All flowing water, whether from a spring, an underground stream, or via percolation or seepage, as well as all ground water, is presumed to be tributary to a natural stream, and the burden of overcoming the presumption by clear and satisfactory evidence is on the individual asserting that the water in question is not tributary to a natural stream to prove that fact by clear and satisfactory evidence.141

Finally, a valid appropriation of water must meet two requirements: “a diversion of water, and an application of that water for a beneficial use.”142 A “diversion” is statutorily defined as “removing water from its natural course or location or controlling water in its natural course or location, by means of a control structure, ditch, canal, flume, reservoir, bypass, pipeline, conduit, well, pump, or other structure or device.”143 Generally, Colorado courts require an “actual diversion of a definite quantity of water” to make an effective appropriation.144 However, a diversion may not be an absolute requirement due to the Colorado Supreme Court’s holding in the context of instream flows that Section 5 of Article XVI

137. VRANESH, supra note 4, at 27.
138. See Rainwater Collection in Colorado, supra note 58. See also supra note 73 and accompanying text.
139. See COLO. CONST. art. XVI, § 6; COLO. REV. STAT. § 37-92-103(13) (2010).
140. In re German Ditch & Reservoir Co., 139 P. 2, 9 (Colo. 1913).
141. Safranek v. Town of Limon, 228 P.2d 975, 977 (Colo. 1951).
142. VRANESH, supra note 4, at 32. An intent to divert is also a requirement in some cases, but a diversion and application to a beneficial use alone are sufficient to create an appropriation. Id.
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of the Colorado Constitution did not create a constitutional requirement for an appropriation to involve a diversion.\textsuperscript{145}

In contrast, the beneficial use requirement is an absolute requirement based on both constitutional and statutory language.\textsuperscript{146} Although the Colorado Constitution does not define the phrase "beneficial use," Colorado courts have interpreted the term broadly to include the Colorado Constitution's priorities of use during water shortages – domestic, agricultural, manufacturing, and mining – as well as power generation, aquaculture, recreation, irrigation of trees and grass in municipalities, and instream flows.\textsuperscript{147} The statutory definition of the phrase "beneficial use" in the Water Right Determination Act affirms the broad interpretation by not limiting the range of uses.\textsuperscript{148} The concept of beneficial use both creates and limits the property right in water. Beneficial use "becomes the basis, measure, and limit of the appropriation"\textsuperscript{149} and is encompassed in the idea of the duty of water. "Duty of water draws a distinction between the maximum rate of diversion and the total amount of water that may be diverted. The former is controlled by the decree, while the latter is determined by the reasonable needs of the purpose for which


\textsuperscript{146} See supra note 129-32 and accompanying text.

\textsuperscript{147} VRANESH, supra note 4, at 44-45.

\textsuperscript{148} Id. at 44. As defined by the statute, "beneficial use" is the use of that amount of water that is reasonable and appropriate under reasonably efficient practices to accomplish without waste the purpose for which the appropriation is lawfully made and, without limiting the generality of the foregoing, includes the impoundment of water for recreational purposes, including fishery or wildlife, and also includes the diversion of water by a county, municipality, city and county, water district, water and sanitation district, water conservation district, or water conservancy district for recreational in-channel diversion purposes. For the benefit and enjoyment of present and future generations, "beneficial use" shall also include the appropriation by the state of Colorado in the manner prescribed by law of such minimum flows between specific points or levels for and on natural streams and lakes as are required to preserve the natural environment to a reasonable degree. COLO. REV. STAT. § 37-92-103(4) (2010).

the decree was entered."150 Although the water rights of senior appropriators exist and are strengthened by continuous diversions of tributary water and applications of that water to a beneficial use, those water rights are ultimately limited in scope by historical use and return flows.151 Unused or waste water returns to the stream system and becomes available for use by other appropriators, especially junior appropriators.152

Assuming the constitutional elements of a diversion for beneficial use from a natural stream of unappropriated waters are satisfied, the private property right created is a usufructuary right which gives the appropriator the right to use water that is owned by the state without impairing its substance.153 The property right created is not an ownership right to molecules of water, but a right to divert a specified quantity of water for a specified "beneficial use with a specific priority relative to other users from the same source."154 The exact nature of the property right in water relative to common categories of property is somewhat confusing based on the various characterizations given by the Colorado courts over time:

Water rights have been characterized as a freehold, Gutheil Park Inv. Co. v. Montclair, 32 Colo. 420, 76 P. 1050 (1904); Grand Valley Irrigation Co. v. Lesher, 28 Colo. 273, 65 P. 44 (1901), see also Comstock v. Olney Springs Drainage Dist., 97 Colo. 416, 50 P.2d 531 (1935); Davis v. Randall, 44 Colo. 488, 99 P. 322 (1908); Monte Vista Canal Co. v. Centennial Irrigating Ditch Co., 22 Colo. App. 364, 123 P. 831 (1912); as an interest in real estate, West End Irrigation Co. v. Garvey, 117 Colo. 109, 184 P.2d 476 (1947); Talcott v. Mastin, 20 Colo. App. 488, 79 P. 973 (1905); as a property right lacking the dignity of an estate in fee, Knapp v. Colorado River Water Conservation Dist., 131 Colo. 42, 279 P.2d 420 (1955); as personal property, Brighton Ditch Co. v. Englewood, 124 Colo. 366, 237 P.2d 116 (1951); and, perhaps most accurately, as a "usufructuary" right, Coffin v. Left Hand Ditch Co., supra;

150. VRANESH, supra note 4, at 46.
151. See id. at 46-47.
153. See id.
154. VRANESH, supra note 4, at 229.
see also Wheeler v. Northern Colo. Irrigation Co., 10 Colo. 582, 17 P. 487 (1887); Monte Vista Canal Co. v. Centennial Irrigating Ditch Co., supra.155

The water use right is most often treated as a real property interest in Colorado.156 By law, “in the conveyance of water rights in all cases, except where the ownership of stock in ditch companies or other companies constitutes the ownership of a water right, the same formalities shall be observed and complied with as in the conveyance of real estate.”157 Water rights are also deemed real property in the face of adverse possession claims.158

The value of this property right can be found in its priority to use a certain amount of water from a certain diversion point in a stream system.159 The owner of a decreed water right in a surface water source can enforce the priority among the hierarchy of users in the same stream system.160 “More specifically, it would allow a water rights owner to make an enforceable 'call' to the Office of State Engineer to shut down water to undecreed and junior water right owners in favor of supplying the senior water owner's needs.”161 Since a water right under the prior appropriation doctrine is not a fixed, tangible amount of water, but a right to use water, the chief value of a water right is in its priority and the expectations created by that priority.162 Thus, priority “is the most valuable stick in the

159. See Navajo Dev. Co., 655 P.2d at 1377; see also Gregory J. Hobbs, Jr., Priority: The Most Misunderstood Stick in the Bundle, 32 ENVTL. L. 37, 42 (2002).
161. Demski, supra note 156, at § 7.2.5. However, both Professor Tarlock and Justice Hobbs note that such enforcement of priorities may be more of a theoretical exercise than an actual practice. See Tarlock, supra note 68, at 883; Hobbs, supra note 159, at 43.
162. See Navajo Dev. Co., 655 P.2d at 1378, 1380.
bundle" and to "deprive a person of his priority is to deprive him of a most valuable property right." Even critics of the role of priority in the prior appropriation doctrine note that priority should not be abandoned since there are no superior alternatives to its role in protecting investment-backed expectations. Colorado statutes and case law clearly demonstrate that junior appropriators may not injure the water rights of senior appropriators. The Water Right Determination and Appropriation Act states that "water rights and uses vested prior to June 7, 1969, in any person by virtue of previous or existing laws, including appropriation from a well, shall be protected subject to the provisions of this article" and emphasizes that "no reduction of any lawful diversion because of the operation of the priority system shall be permitted unless such reduction would increase the amount of water available to and required by water rights having senior priorities." Generally, an injury to a water right arises from an action "that causes or may cause the holders of decreed water rights to suffer loss of water in the time, place, and amount they are entitled to use the water." As a result, "a junior appropriator may not divert the water to which he is entitled by any method or means the result of which will be to diminish or interfere with the right of a senior appropriator to [the] full use of his appropriation." However, despite the

163. Hobbs, Jr., supra note 159, at 43.
164. Navajo Dev. Co., 655 P.2d at 1378 (quoting Nichols v. McIntosh, 34 P. 278, 280 (Colo. 1893)).
165. Tarlock, supra note 68, at 884. Professor Tarlock points out that priority is a cause of environmental degradation, leads to inefficient use practices, and that the transaction and interpersonal costs of enforcing priorities are high. Id. at 887, 898 & 901. Although Professor Tarlock states that priority is less important due to the eras of federal reclamation projects and environmental management, he notes that priority is still important today to support small, direct flow irrigation communities in Colorado, Wyoming, and Utah. See id. at 892-95.
168. Deminski, supra note 156, at 7-12 (quoting GREGORY J. HOBBS, JR., CITIZEN’S GUIDE TO COLORADO WATER LAW 7 (3d ed. 2009)).
169. City of Colo. Springs v. Bender, 366 P.2d 552, 556 (Colo. 1961). See also Well Augmentation Subdistrict v. City of Aurora, 221 P.3d 399, 415 (Colo 2009) ("Colorado law absolutely protects senior rights from injury by junior rights and
Colorado Supreme Court’s use of the phrase “full use” to refer to what is protected, senior water rights are not protected from any injury but only from a material injury.\textsuperscript{170} Whether an injury rises to a material one is an issue of fact rather than law.\textsuperscript{171}

1. Property Rights and the Current Rainwater Harvesting Statutes

Both Senate Bill 09-080 and House Bill 09-1129 were carefully drafted to accommodate the interests of constituents who wanted to harvest rainwater without impinging on the vested water rights of senior appropriators.\textsuperscript{172} To achieve this legislative tightrope act, both statutes work within the confines of the prior appropriation doctrine. As a result, existing property rights in water are not materially injured, and neither statute gives rise to a takings claim.

To address the problem of out-of-priority diversions under the prior appropriation doctrine, Senate Bill 09-080 integrates small-scale residential rainwater harvesting into Colorado’s existing statutory and regulatory framework for ground water.\textsuperscript{173} In Colorado, the administration of a “water right depends upon the category of waters to which the use right attaches.”\textsuperscript{174} The Colorado Constitution establishes that the prior appropriation doctrine applies to water rights in water from natural streams.\textsuperscript{175} This constitutional right is implemented through the Water Right Determination and

\begin{itemize}
\item 173. \textit{See supra} Part III.A.
\item 175. \textit{COLO. CONST.} art. XVI, § 6.
\end{itemize}
Administration Act of 1969 by Colorado's system of water courts and administrative agencies such as the Colorado Division of Water Resources, which includes the office of the State Engineer. 176

While this constitutional right to appropriate water includes both surface and ground water that is tributary to a natural stream, it does not include nontributary ground water, 177 which is further subdivided into designated ground water, 178 nontributary ground water, 179 and not nontributary ground water. 180 The rationale for excluding nontributary ground water is that its use "has a de minimus effect on any surface stream." 181 Since nontributary ground water is by definition outside the scope of Article XVI, Section 6 of the Colorado Constitution, the Colorado General Assembly has plenary authority over the allocation and administration of this type of water. 182 This authority is also exercised through administrative agencies such as the Colorado Division of Water Resources, which includes the Colorado Ground Water Commission. 183 Under its plenary authority, the General Assembly has enacted the Colorado Ground Water Management Act, 184 which implements a modified prior appropriation system, especially for designated ground water, to "permit the full economic development of ground water resources," to protect prior appropriations of ground water, and to protect and maintain reasonable rather than historic ground water pumping levels. 185 Senate Bill 09-080 takes advantage of the bifurcation in Colorado water law between tributary surface and ground water and nontributary ground water in several ways to avoid the problem of

177. See § 37-92-102(1)(a); see also § 37-92-103(13).
178. § 37-90-103(6).
179. § 37-90-103(10.5).
180. § 37-90-103(10.7).
181. Upper Black Squirrel Creek Ground Water Mgmt. Dist. v. Goss, 993 P.2d 1177, 1182 (Colo. 2000). See Kuiper v. Lundvall, 529 P.2d 1328, 1331 (Colo. 1974) (holding that ground water that takes more than one hundred years to reach a natural stream is not a part of the surface stream and thus is not subject to the prior appropriation provisions of the Colorado Constitution).
182. Black Squirrel Creek, 993 P.2d at 1182.
184. Id.
185. Black Squirrel Creek, 993 P.2d at 1183-84.
out-of-priority diversions. First, the rainwater harvesting systems permitted by Senate Bill 09-080 are specifically exempted from the Water Right Determination and Administration Act of 1969. With this exemption, rainwater harvesting systems are excluded from the strict application of the prior appropriation doctrine mandated by the Colorado Constitution. This priority system would tend to classify rainwater harvesters as junior appropriators and make their use of rainwater subject to the claims of senior appropriators.

Instead, rainwater harvesting becomes subject to an administrative permitting system tied to small capacity wells in designated ground water basins and exempt wells elsewhere. The statutory link to designated ground water basins reinforces the substitution of the priority system mandated by the Colorado Constitution with a modified prior appropriation system. “Within the geographic boundaries of a designated [ground water] basin,” all ground water is presumed to be designated ground water, which is defined as ground water which is not required for the fulfillment of surface water rights and “has no more than a de minimus impact” on surface stream flows. This presumption is not an absolute one, but “the burden of proving that ground water within a designated basin is not designated ground water is on the proponent of that proposition,” usually a water

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186. See COLO. REV. STAT. § 37-92-602(1)(g) (2010).
188. See infra note 195 and accompanying text.
189. See § 37-92-105(1); see also § 37-90-602(g) (2010); Rainwater Collection in Colorado, supra note 58.
190. Black Squirrel Creek, 993 P.2d at 1184. The Colorado Ground Water Commission has established eight designated ground water basins located on the plains in eastern Colorado, well away from the urbanized areas of the Front Range and the relatively moisture rich areas of the Western Slope. Id. See generally COLORADO GROUND WATER COMMISSION, http://water.state.co.us/groundwater/CWSC/Pages/default.aspx (last visited Apr. 20, 2011); Colorado Precipitation Map, WORLDATLAS, http://www.worldatlas.com/webimage/countrys/namerica/usstates/weathermaps/coprecip.htm (last visited Apr. 20, 2011).
191. Gallegos v. Colorado Ground Water Comm’n, 147 P.3d 20, 21, 29 (Colo. 2006). See § 37-90-103(6)(a) (defining designated ground water). However, as Gallegos demonstrates, surface water rights can exist in a designated ground water basin and some of these surface rights can have priorities granted under the prior appropriation doctrine that are senior to designated ground water rights. William H. Fronczak, Designated Basin Ground Water: A Historical and Practical Perspective, in COLORADO WATER LAW BENCHBOOK 4-14 (Carrie L. Ciliberto & Timothy J. Flanagan eds., 1st ed. Supp. 2010).
rights holder claiming seniority under the Colorado Constitution’s prior appropriation doctrine. Satisfying this burden of proof requires costly hydrological studies to develop the necessary factual data, which tends to discourage claims from even being initiated.

Second, the statutory link in Senate Bill 09-080 to small capacity wells in designated ground water basins and exempt wells elsewhere, provides rainwater harvesters with further protection from senior appropriators holding vested water rights under the Colorado Constitution’s prior appropriation doctrine. Generally, small capacity and exempt wells are restricted to flow rates ranging from fifteen to fifty gallons per minute and can only be used by single-family residences for typical household uses and lawn irrigation, by a single commercial business for drinking and sanitary water, or for watering livestock and fire protection. For exempt wells, the issuance of a permit indicates an administrative judgment that pumping from the well will not cause material injury to existing water rights. In designated ground water basins, the standard for granting permits for wells generally requires the Colorado Ground Water Commission to determine that designated ground water is available for appropriation by a new junior well and that new the appropriation “will not unreasonably impair existing water rights from the same source and will not create unreasonable waste.” If the junior well owner demonstrates compliance with permit conditions, applicable regulations, and conservation measures, the junior well is entitled to a presumption of reasonable, rather than injurious, use of designated ground water, and the burden of proving “unreasonable injury” is on the owner of the senior water right. Small capacity well permits in designated ground water basins are issued by the State Engineer rather than the Colorado Ground Water Commission under different statutory provisions. Under these different provisions, the material

197. Black Squirrel Creek, 993 P.2d at 1189-90.
198. See § 37-90-105(1).
injury standard rather than the unreasonable impairment standard seems to apply.\textsuperscript{199} Whichever standard applies, a rainwater harvesting system that meets the requirements for an exempt or small capacity well permit should enjoy the same presumption that its activities will not injure the water rights of senior appropriators.

House Bill 09-1129 has different goals than Senate Bill 09-080. As a result, House Bill 09-1129 uses a different approach to work within the confines of the prior appropriation doctrine and avoid creating a takings claim. Through use of substitute water supply plans and plans of augmentation, House Bill 09-1129 avoids the problem of out-of-priority claims by senior appropriators by replacing the amount, time, and place of the rainwater lost to harvesting activities.\textsuperscript{200} Even though the replacement rate is less than 100\%, all of the actual depletions to a stream system are replaced due to the concept of net depletions tied to native plant evapotranspiration rates.\textsuperscript{201} Thus, the prior use of rainwater by a pilot project as a junior appropriator should not injure the water rights of senior appropriators that vested under the prior appropriation doctrine. As the Colorado Supreme Court has noted, "water is available for appropriation if the taking thereof does not cause injury."\textsuperscript{202}

2. Property Rights and Future Rainwater Harvesting Legislation

While Senate Bill 09-080 and House Bill 09-1129 were carefully crafted to avoid a taking, the Colorado General Assembly will need to consider the takings issue before enacting broader enabling legislation. An expanded regime of rainwater harvesting could include widespread use of rain barrels in suburban residences already served by municipal water providers or retrofitting building and developments in urban areas with collection systems that capture

\textsuperscript{199} § 37-90-105(3)(c) (material injury standard established for evaluating small capacity well permits in subdivisions without a water supply plan recommended for approval by the State Engineer). \emph{See also} DICK WOLFE, COLO. DIV. OF WATER RES., SYNOPSIS OF COLORADO WATER LAW 24 (2010), http://water.state.co.us/DWRIPub/DWR%20General%20Documents/SynopsisOfCOWaterLaw.pdf.

\textsuperscript{200} \emph{See} § 37-60-115(6)(c).

\textsuperscript{201} \emph{See} § 37-60-115(6)(c)(II).

\textsuperscript{202} Cache La Poudre Water Users Ass'n v. Glacier View Meadows, 550 P.2d 288, 294 (Colo. 1976) (finding that a plan of augmentation does not have to replace 100\% of the water when only 25\% of the water returned to the stream after use).
rainwater instead of allowing it to runoff into storm drains and stream systems. Imposing a regimen of net depletions or requiring replacement water via plans of augmentation make rainwater harvesting more complicated.\textsuperscript{203} However, if such requirements are not imposed, then increased rainwater harvesting would begin to alter and diminish surface water flows. This state of affairs would bring the rainwater harvester into conflict with the water rights owner with the strongest property rights under Colorado’s prior appropriation doctrine – an appropriator with a final decree from a water court for a diversion from a surface water source with a priority dating from the mid to late nineteenth century.\textsuperscript{204} For example, the rebuttable presumption under the Colorado Constitution and the Water Right Determination and Adjudication Act that water is part of “any natural stream”\textsuperscript{205} would begin to work against any broader legislation. As the places where rainwater can be collected become more widespread, the collected rainwater will be presumed to be part of the waters that are subject to the prior appropriation doctrine. Since in most of Colorado these waters are part of stream systems that are already over-appropriated, legislation liberalizing rainwater harvesting risks authorizing activity that materially injures constitutionally and statutorily protected senior water rights associated with surface water sources.\textsuperscript{206} Unlike the designated ground water used in Senate Bill 09-080, which, by definition is outside the scope of the prior appropriation doctrine and subject to the plenary authority of the Colorado General Assembly because it is nontributary, surface water sources are squarely within the prior appropriation doctrine and the protections it provides to senior water rights.\textsuperscript{207} Although valid governmental power to regulate a property right, such as the power represented by the Ground Water

\textsuperscript{203} Senate Bill 120 provides precedent for authorizing an activity that affects surface water rights without requiring a plan of augmentation. See § 37-90-137(11) (exempting preexisting sand and gravel operations from permitting and augmentation requirements despite tributary ground water lost to evaporation due to excavations).

\textsuperscript{204} Laws Inconsistent in their Support of Rainwater Harvesting, 17 ARIZ. WATER RES. 1 (2008), available at http://ag.arizona.edu/azwater/awr/septoct08/d3e789d0-7f00-0101-0097-9f670a768b94.html.

\textsuperscript{205} See supra notes 126-28.

\textsuperscript{206} See generally Rainwater Collection in Colorado, supra note 58.

\textsuperscript{207} See Upper Black Squirrel Creek Ground Water Mgmt. Dist. v. Goss, 993 P.2d 1177, 1182 (Colo. 2000).
Management Act, weakens the strength of that property right for takings purposes, constitutional protection for a property right has the opposite effect.

The senior water rights owner asserting a takings in response to expanded legislation has the burden to prove that he or she holds a valid property right to water, such as proving that it originally diverted unappropriated waters of a natural stream and demonstrating the extent of its historical beneficial use and the absence of waste or an abandonment.\footnote{208} However, once proven, the decree would establish the priority of its real property right to use a certain amount of water.\footnote{209} As a junior appropriator, a rainwater harvester is using the water out of priority, and, if the stream system is over appropriated, using water in a way that could materially injure the water rights of senior appropriators. Thus, future legislation that increases the scope of rainwater harvesting beyond the confines of Senate Bill 09-080 and House Bill 09-1129 has the potential for creating a valid takings claim by senior water rights owners absent the incorporation of concepts such as net depletion and replacement water.

\subsection*{B. Public Use}

The United States Constitution contains an absolute requirement that a taking be for a public use.\footnote{210} The Colorado Constitution states that “private property shall not be taken or damaged, for public or private use, without just compensation.”\footnote{211} The Colorado Constitution further addresses the condemnation of private rights, stating that “private property shall not be taken for private use unless by consent of the owner, except for private ways of necessity, and except for reservoirs, drains, flumes or ditches on or across the lands of others, for agricultural, mining, milling, domestic or sanitary purposes.”\footnote{212} Since a rainwater harvesting system cannot be characterized as a reservoir, drain, flume, or ditch across the land of others without stretching the ordinary meaning of those words, broader rainwater harvesting via legislation that extends beyond the

\begin{footnotes}
\footnoterefname{supra} \footnoteref{note 122, at 12; see also § 37-92-304(6).}
\footnoterefname{§} \footnoteref{§ 37-92-304(6)-(7).}
\footnoterefname{amend.} \footnoteref{U.S. CONST.. amend. V.}
\footnoterefname{art.} \footnoteref{COLO. CONST. art. II, § 15.}
\footnoterefname{at} \footnoteref{at § 14.}
\end{footnotes}
confines of Senate Bill 09-080 and House Bill 09-1129 cannot be justified as a private use taking under the Colorado Constitution. A taking that is not for a public use is unconstitutional and cannot be cured by the payment of just compensation.\(^{213}\)

According to Justice Chase’s seriatim opinion in *Calder v. Bull*,\(^{214}\) property taken by the state from one private individual that is then transferred to another private individual is not for the “common good.”

An act of the Legislature (for I cannot call it a *law*) contrary to the *great first principles of the social compact*, cannot be considered a *rightful exercise of legislative* authority. The obligation of a law in governments established on *express compact, and on republican principles*, must be determined by the *nature of the power*, on which it is founded. A few instances will suffice to explain what I mean. A law that takes . . . *property* from A. and gives it to B: It is against all reason and justice, for a people to entrust a Legislature with such powers; and, therefore, it cannot be presumed that they have done it.\(^{215}\)

Despite this early concern about public takings for private use, the United States Supreme Court’s decisions on the public use requirement of the Takings Clause clearly allow transfers from citizen A to citizen B as long as the government has identified a public purpose.\(^{216}\) Under the United States Constitution, public purposes are ultimately as broad as the government’s police power to regulate for the health, safety, and general welfare of its citizens.\(^{217}\)


\(^{214}\) 3 U.S. 386 (1798).

\(^{215}\) *Id.* at 388.

\(^{216}\) *See generally* Kelo, 545 U.S. at 469 (holding that city’s exercise of eminent domain for an economic development plan satisfied the public use requirement); Hawaii Housing Auth. v. Midkiff, 467 U.S. 229 (1984) (stating that Act which created land condemnation scheme to reduce concentration of land ownership was not unconstitutional when granted power to condemn for public use); Berman v. Parker, 348 U.S. 26 (1954) (noting that once public purpose is found, the amount and character of land to take is under the discretion of the legislative branch).

\(^{217}\) *See Hawaii Housing Auth.*, 467 U.S. at 240. In Colorado, the property owner has the burden of proving that the taking is not for a public purpose. Pub. Serv. Co. v. Shaklee, 784 P.2d 314, 315 (Colo. 1989).
The Colorado Constitution and Colorado statutes describe public uses for which water may be diverted and appropriated and from which water rights can be created; these uses constitute "public uses" because they are beneficial uses. Furthermore, the language of the Colorado Constitution setting forth priorities among beneficial uses in times of drought prefers water rights for domestic purposes over all other purposes, including agricultural purposes, implying that this private use has a public purpose. Although Colorado does not have a statute conferring the right to condemn water, Colorado implicitly recognizes an individual right to condemn water rights in connection with the preferences established in the Colorado Constitution. A junior appropriator can condemn the water rights of a senior appropriator as long as the junior appropriator's use is higher or equal to the senior appropriator's use in the constitutional order of preferences, and compensation is paid for the taking. However, the Colorado courts' interpretation is not a bright-line preference for using water for domestic purposes over using water for agricultural purposes in proceedings to condemn water rights. Thus, the domestic and other uses of captured rainwater have a public purpose, but they do not have a constitutional preference over the agricultural uses by the downstream senior appropriators who might claim a taking.

State constitutional and statutory declarations concerning the public ownership of water and doctrines associated with public ownership, such as the statutory public interest standard and the

218. See supra note 147-48 and accompanying text.
219. See COLO. CONST. art. XVI, § 6
("Priority of appropriation shall give the better right as between those using water for the same purpose; but when the waters of any natural stream are not sufficient for the service of all those desiring the use of the same, those using the water for domestic purposes shall have the preference over those claiming for any other purpose, and those using the water for agricultural purposes shall have preference over those using the same for manufacturing purposes.")
220. See VRANESH, supra note 4, at 572-74.
judicially created public trust doctrine, also support the proposition that reductions in a senior appropriator's water rights can serve a public purpose. Fourteen of the seventeen western states require state administrative agencies to consider the public interest (or public welfare) when evaluating new water right applications and a number of states apply the public interest standard to water transfers and other changes in water rights. Originally, the public interest concept protected the property rights of downstream users or junior appropriators. However, the concept is now interpreted broadly as an affirmative duty to "secure the greatest possible benefit from [the public waters] for the public," such as through the preservation of aesthetic and environmental values. Similarly, under the judicially-created public trust doctrine, the government is a trustee of a broadly conceived public interest in water as a public resource. The public trust becomes an affirmative standard imposed on state legislatures and administrative agencies to use their police powers, either on their own initiative or when directed by a court in response to litigation initiated by exclusion rights holders, to protect this public interest against the private property rights of use-holders. As described by the California Supreme Court "the state as sovereign retains continuing supervisory control over its navigable waters and the lands beneath those waters[, which] ... prevents any party from acquiring a vested right to appropriate water in a manner harmful to the interests protected by the public trust."


225. See Bretsen & Hill, supra note 49, at 743-45.


229. See id. at 96-97.

"extends to the revocation of previously granted rights or to the enforcement of the trust against lands long thought free of the trust," such as Los Angeles' rights to divert water from Mono Lake for municipal needs pursuant to its water rights and a state permit. In balancing competing interests, the California Supreme Court stated that "all uses of water, including public trust uses, must now conform to the standard of reasonable use." Legal scholars, perhaps more so than courts, have used concepts, such as the public trust and reasonable use, to justify altering the water rights of the most senior appropriators, protecting endangered species, and improving water quality without creating an unconstitutional taking. In states that have adopted the public trust doctrine, "there is no taking of private property where the governmental interference imposes no greater limitations than does the public trust" because the public trust defines the limits of private property rights. In essence, the public trust doctrine and similar public interest standards can eliminate or downgrade existing beneficial uses of water and create new beneficial uses (with higher priorities or preferences), even if the result is to undermine longstanding vested water rights. Since the public trust doctrine is dynamic and the nature and extent of what it protects changes with public policy, vested water rights will also be in flux because of the broad power of government to regulate water rights as needed to further the values represented by the public trust. However, the public trust doctrine has limits. The United States Supreme Court "has cautioned that, while the law that governs private property may change over time, the takings clause imposes limits on the state's power to redefine property rights." Thus, the Court declared that "a State by ipse dixit, may not transform a private property [right] into public property without compensation . . . . This is the very kind of thing that the Takings Clause . . . was meant to

231. Id. at 723.
232. Id. at 725.
233. See generally Leshy, supra note 123.
235. See Gray, supra note 122, at 9-10; Leshy, supra note 123, at 1997-99.
The tension between private and public rights is especially evident with water rights. Specifically:

The application of the reasonable use and public trust doctrines to limit the exercise of water rights for the benefit of endangered species and other environmental uses thus presents its own takings question: When the government restricts the impoundment or diversion of water to prevent unreasonable use or to protect the public trust, is it simply asserting a public servitude (or some other type of limitation) that inheres in the water right, or is it effectively changing the definition of the property right in water to impose a new limitation on the exercise of that right?\(^\text{238}\)

If no normative definition of property rights can be applied to water rights, then the nature of the interests in water will be as fluid as water itself and not be protected by the constitutional limitation on takings.\(^\text{239}\)


\(^{238}\) Gray, supra note 122, at 14. See also Shepard, supra note 123, at 1094-96.

A legal scholar has noted that “the individual-centered ‘bundle of sticks’ analogy is difficult to apply to water rights because the property right in water is unique, stemming from water’s singular ability to sustain life and nature as a common resource.” Ling-Yee Huang, Fifth Amendment Takings & Transitions in Water Law: Compensation (Just) for the Environment, 11 U. DENV. WATER L. REV. 49, 54 (2007).

\(^{239}\) At least two other legal scholars would redefine the nature of property rights in water by redefining the nature of property rights. See generally Zellmer & Harder, supra note 123. Instead of using the traditional “bundle of rights metaphor,” property rights would be envisioned as a “web of interests.” Id. at 684. In the case of water rights, the outer webframe consists of societal norms in the form of the public interest doctrine, the concentric circles of the web represent the interests of various users of water, and the spoke-like strands radiating from the center of the web represent “elemental incidents of property.” Id. at 684-85. “If the interest in question is not an irrevocable interest in the exclusive possession and use of a discrete and marketable asset” it is “property for the purposes of due process or common law claims, but not a full property right for purposes of regulatory takings law.” Id. at 680, 686. Under this redefinition of property rights, appropriative water rights are classified as limited property rights rather than full property rights due to the requirements of beneficial use and issues related to transferability. Id. at 686. Thus, even water rights in Colorado would not be full property rights protected from regulatory takings.
Using public trust and other related public servitude doctrines to justify the public purposes for rainwater harvesting or expanding its authorized scope in Colorado will be challenging for several reasons. First, Colorado, like most western states, has not adopted the public trust doctrine, and Colorado is one of the few prior appropriation states that has not incorporated a public interest standard into its statutory provisions on water rights.\(^{240}\) Even the Colorado General Assembly’s policy of promoting the conjunctive use of ground and surface water is “subject to the preservation of other existing vested rights in accordance with the law.”\(^{241}\) Second, the interests protected by rainwater harvesting legislation are not endangered species or the aquatic health of a watershed, but simply the ability of property owners and building residents to capture the first right to use water for household purposes and small-scale domestic irrigation.\(^{242}\) Instead of protecting the public interest broadly, rainwater harvesting legislation favors the narrower private interests of residential property owners as junior appropriators over the private interests of more senior appropriators, who are likely to be either agricultural irrigators or their transferees. Although the notions of a public purpose may be broad enough to encompass such transfers and satisfy the constitutional requirement of a public use, a taking for a public use is still a taking that triggers the requirement that the government pay just compensation for the transfer.

C. Takings of Water Rights

As private property, water rights are protected from a takings under the United States Constitution and the Colorado Constitution by both the public use requirement and the just compensation requirement.\(^{243}\) The Colorado Constitution provides even greater protection than the United States Constitution because the latter requires just

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242. See supra Part III.

compensation for a taking of private property while Colorado requires just compensation if property is "taken or damaged." 244 The common requirement of a taking in both federal and state constitutions raises the issue of whether the nature of the government action rises to the level of a taking. Colorado protects water rights from outright condemnation by both individuals and public entities because the priority given to the use of water is a property right that is protected under the constitutional language protecting property in general. 245 While the status of water rights as compensable property rights in the face of an outright condemnation are clear under Colorado law, Colorado's current rainwater harvesting statutes do not condemn any water rights and potentially more expansive statutes are unlikely to do so. 246 Instead, rainwater harvesting systems are authorized and regulated. 247 The United States Supreme Court has used three separate standards to be used to analyze the nature of a government regulatory action in response to a takings claim:

Our precedents stake out two categories of regulatory action that generally will be deemed per se takings for Fifth Amendment purposes. First, where government requires an owner to suffer a permanent physical invasion of her property—however minor—it must provide just compensation. . . . A second categorical rule applies to regulations that completely deprive an owner of "all

244. Compare COLO. CONST. art. II, § 15 ("[P]rivate property shall not be taken or damaged, for public or private use, without just compensation.") with U.S. CONST. amend. V ("[N]or shall private property be taken for public use, without just compensation.").


if the taking of such water in such quantity materially interferes with or impairs the vested right of any person residing upon such creek, gulch, or stream or doing any milling or manufacturing business thereon, the governing body shall first obtain the consent of such person or acquire the right of domain by condemnation as prescribed by law and make full compensation or satisfaction for all the damages thereby occasioned to such person. Id.

246. See supra Part III.

247. Id.
economically beneficial use of her property. . . . We held in Lucas that the government must pay just compensation for such "total regulatory takings," except to the extent that "background principles of nuisance and property law" independently restrict the owner's intended use of the property.

Outside these two relatively narrow categories (and the special context of land-use exactions . . .), regulatory takings challenges are governed by the standards set forth in Penn Central Transp. Co. v. New York City.

Although our regulatory takings jurisprudence cannot be characterized as unified, these three inquiries (reflected in Loretto, Lucas, and Penn Central) share a common touchstone. Each aims to identify regulatory actions that are functionally equivalent to the classic taking in which government directly appropriates private property or ousts the owner from his domain. Accordingly, each of these tests focuses directly upon the severity of the burden that government imposes upon private property rights.248

If the taking can be characterized as regulatory taking that falls short of a physical occupation or a "total regulatory taking," then the government is likely to succeed in a complex balancing of the burdens and benefits of the regulatory scheme. However, if the regulatory taking can be characterized as a per se taking, then the takings claimant is likely to succeed based on the application of a categorical rule.249 The rainwater harvester and the state will want to characterize the legislative authorization as the former, while senior water rights holders will seek to apply the latter. As in other areas of


constitutional law related to individual rights, the legal standard that is used determines the outcome.

1. Total Regulatory Takings of Water Rights

According to the United States Supreme Court in *Lucas v. South Carolina Coastal Council*, a total regulatory taking caused by a "confiscatory regulation" is a *per se* taking requiring the payment of just compensation.\(^ {250} \) Confiscatory regulations are "regulations that prohibit all economically beneficial use of land"\(^ {251} \) and are subject to the *per se* rule because "the total deprivation of beneficial use is, from the landowner's point of view, the equivalent of a physical appropriation."\(^ {252} \) As the Court noted:

Any limitation so severe cannot be newly legislated or decreed (without compensation), but must inhere in the title itself, in the restrictions that background principles of the State's law of property and nuisance already place upon land ownership. A law or decree with such an effect must, in other words, do no more than duplicate the result that could have been achieved in the courts—by adjacent landowners (or other uniquely affected persons) under the State's law of private nuisance, or by the State under its complementary power to abate nuisances that affect the public generally, or otherwise.\(^ {253} \)

The *per se* nature of a total regulatory taking is nullified "only if the logically antecedent inquiry into the nature of the owner's estate shows that the proscribed use interests were not part of [the owner's] title to begin with."\(^ {254} \) Thus, both restrictions on uses that constitute nuisances and restrictions on uses supported by the "background principles" of state property law do not result in a compensable taking even if the regulation prohibits all economically beneficial use

\(^ {250} \) 505 U.S. 1003, 1029 (1992).
\(^ {251} \) Id. Similarly, Colorado courts recognize that a government regulation that prohibits all reasonable use of property is a taking. Williams v. City of Central, 907 P.2d 701, 703 (Colo. App. 1995).
\(^ {252} \) Lucas, 505 U.S. at 1017.
\(^ {253} \) Id. at 1029.
\(^ {254} \) Id. at 1027.
of the property. The senior appropriators who are likely to claim that their vested water rights have been taken by rainwater harvesting are downstream agricultural irrigators or purchasers of their water rights. These senior appropriators should be able to demonstrate the validity of their water property rights under Lucas due to the strength of property rights in water in Colorado.\(^{255}\) Uses that are recognized as "beneficial" by law should not be considered a nuisance,\(^{256}\) especially since Colorado has historically prioritized such beneficial uses.\(^{257}\) As the United States Supreme Court has noted, "the fact that a particular use ha[d] long been engaged in by similarly situated owners ordinarily imports a lack of any common-law prohibition."\(^{258}\)

A more fundamental issue is whether the per se rule for a total regulatory taking applies to water rights based either on real or personal property. In Lucas, the Court distinguished personal property from real property and specifically focused on land noting:

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\text{[I]n the case of personal property, by reason of the State's traditionally high degree of control over commercial dealings, [the property owner] ought to be aware of the possibility that new regulation might even render his property economically worthless (at least if the property's only economically productive use is sale or manufacture for sale). In the case of land, however, we think the notion pressed by the Council that title is somehow held subject to the "implied limitation" that the State may subsequently eliminate all economically valuable use is inconsistent with the historical compact recorded in the Takings Clause that has become part of our constitutional culture.}^{259}
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Critics of applying a regulatory takings analysis to water rights assert that "the peculiarly limited character of property rights in water more closely resembles personal property rights than real property rights."\(^{260}\) These limitations include the loss of water rights due to non-use or waste, the need to submit to a state approval process to

\begin{itemize}
  \item 255. See supra Part IV.A.
  \item 256. Shepard, supra note 123, at 1105.
  \item 257. COLO. CONST. art XVI, § 6. See generally VRANESH, supra note 4, at 3-8.
  \item 258. Lucas, 505 U.S. at 1031 (citations omitted).
  \item 259. Id. at 1027-28.
  \item 260. Leshy, supra note 123, at 2013.
\end{itemize}
transfer a water right, and the limitations placed on transferability through the no-injury rule.\textsuperscript{261} In Colorado, water rights give rise to both personal and real property interests.\textsuperscript{262} However, despite this potential for confusion, the Colorado Supreme Court clearly stated that "water in possession is personal property; the right to divert water from a stream is an interest in real estate."\textsuperscript{263} Since the primary property interest affected by rainwater harvesting is the right to the prior use of water (via a diversion from a tributary surface or ground water source), senior appropriators asserting takings claims in response to more expansive rainwater harvesting legislation should be able to overcome Lucas's personal property/real property dichotomy. However, these senior appropriators will encounter difficulties in overcoming Lucas's requirement that the regulation be "confiscatory," and prohibit all of a property's economically beneficial use.\textsuperscript{264} A rainwater harvester who obtains the first use rights deprives a downstream senior appropriator of his prior use rights conferred by his seniority. In addition, to the extent that the rainwater harvester uses the water consumptively beyond what would be lost to evapotranspiration, the senior appropriator also loses the opportunity to use the full amount of water represented by its water right. By doing so, pursuant to statutory authority, the rainwater harvester seizes a usufructuary property right from the senior appropriator, and this seized property right is recognized as a real property interest under Colorado law.\textsuperscript{265}

In an over-appropriated stream system, such losses could represent material injury to the water right.\textsuperscript{266} However, even if the senior appropriator can prove the material injury, and thereby constitutionally protect the property right, the materiality standard for water rights is lower than the absolute standard of a total regulatory takings. Even if materially injurious, the loss caused by rainwater harvesting does not deprive the senior appropriator of all economically beneficial use of the water right.\textsuperscript{267} The water right and its accompanying priority continue to exist in the face of expanded

\begin{itemize}
\item[261.] See id. at 1994-98, 2007-08.
\item[262.] VRANESH, supra note 4, at 30.
\item[263.] West End Irrigation Co. v. Garvey, 184 P.2d 476, 479 (Colo. 1947).
\item[264.] 505 U.S. at 1029.
\item[265.] See id. See also supra notes 265-66 and accompanying text.
\item[266.] See supra notes 168-71 and accompanying text.
\item[267.] See supra notes 251-52 and accompanying text.
\end{itemize}
rainwater harvesting. The priority can be enforced against all other junior appropriators except for the rainwater harvester. In addition, the senior appropriator receives the benefit of any return flow from the rainwater harvester’s authorized uses of the captured rainwater based on the priority of its water right.

2. Partial Regulatory Takings of Water Rights

A partial regulatory taking occurs when the regulation, although retaining some economically beneficial use, ultimately “goes too far” in its impact on the use of the property. Unlike a total regulatory taking, a partial regulatory taking is not a per se taking. Instead, as set forth in the United States Supreme Court’s decision in *Penn Central Transportation Co. v. New York City*, courts are instructed to balance the following factors: “((i)) the economic impact of the regulation on the claimant . . . [((ii))] the extent to which the regulation has interfered with [the claimant’s] distinct investment-backed expectations . . . [and (ii)] the character of the government action.”

“The first factor requires examining the change in the fair market value of the property, accounting for realistic and probable uses.” Further, understanding the extent of the regulation’s interference with “distinct investment-backed expectations” includes examining the reasonableness of the expected uses of the property given the regulations in place at the time the property was acquired and the foreseeability of further regulations. The third factor “considers the retroactive effect of the regulation and whether the regulation targets an individual.” In connection with the third factor, the United States Supreme Court noted that “a ‘taking’ may more readily be found when the interference with property can be characterized as a physical invasion by government, than when interference arises from

268. See supra Part II.
269. See *Vranesh*, supra note 4, at 224-28.
273. Huang, supra note 238, at 62.
275. Huang, supra note 238, at 62.
some public program adjusting the benefits and burdens of economic life to promote the common good."  

A downstream senior appropriator asserting a taking under legislation that expands the scope of rainwater harvesting beyond the confines of Senate Bill 09-080 and House Bill 09-1129 will struggle to sustain that claim under a partial regulatory taking analysis. Even if the existence of a property right that is constitutionally protected from a takings can be demonstrated by showing a material injury to a senior water right, satisfying the materiality standard does not necessarily satisfy the multi-factor test for a partial regulatory takings.

Since the first prong of the partial regulatory taking analysis involves a fact-specific inquiry into the economic impact of the claim, the quantity of water lost to rainwater harvesting will likely become as relevant as the loss of the priority. The absolute quantities of water lost due to rainwater harvesting can be small. A rainwater harvesting system for a typical family home with a 1,000 square foot roof will at least collect "approximately 150 gallons of water from a quarter inch of rain." When the quantities of water lost due to rainwater harvesting are measured in the hundreds of gallons while the quantities represented by a downstream senior appropriator's water rights are typically measured in acre-feet (i.e., hundreds of thousands or millions of gallons or more), the disproportionate relationship between the two is obvious. Further, with rainwater lost due to evapotranspiration, only a fraction of the quantities lost due to rainwater harvesting is part of the senior appropriator's water right. Until rainwater harvesting becomes widespread in an over-appropriated stream system, this small percentage of a small quantity

276. Penn Central, 438 U.S. at 124 (citation omitted).
277. See id.
278. BEAUJON, supra note 46, at 1. See Findlay, supra note 57, at 80-81 (stating that 1,000 square feet roof area can collect 600 gallons for every inch of rain).
279. See supra notes 44-45.
280. The Colorado State Engineer uses a seventy percent evapotranspiration rate for native vegetation while a study indicates that evapotranspiration rates are even higher. See supra notes 37-41, 108-10 and accompanying text. As more liberal legislation allows rainwater harvesting in established urban areas, the evapotranspiration rates may be even higher for water-hungry lawn grasses and other non-native vegetation. Potential rainwater harvesters who do not fall within the authorizations of Senate Bill 09-080 should hope that the pilot studies produced under House Bill 09-1129 will support high evapotranspiration rates. See supra Part III.
suggests the economic impact of rainwater harvesting on senior appropriators is *de minimus*. Under the *per se* standard for physical takings, the quantity of water taken in violation of the senior appropriator’s priority of use is an issue of damages and not liability, even if it is *de minimus*. However, the partial regulatory analysis’ examination of economic impact and interference with expectations would make the quantity of water affected part of the liability analysis, which would work against the senior appropriator in the balancing of interests.

In addition, a senior appropriator’s loss of priority to the use of water due to rainwater harvesting alone will not be sufficient to sustain a takings claim under the partial regulatory takings analysis. As the United States Supreme Court noted in *Penn Central*:

> “Taking” jurisprudence does not divide a single parcel into discrete segments and attempt to determine whether rights in a particular segment have been entirely abrogated. In deciding whether a particular governmental action has effected a taking, this Court focuses rather both on the character of the action and on the nature and extent of the interference with rights in the parcel as a whole . . . .

In *Penn Central*, the Court refused to solely examine the “takings” effect of designating Grand Central Terminal as a landmark site on the property interest in the airspace above the train station, even though Penn Central had air rights and accompanying development rights over the existing structure before the regulation and had lost them as a result of the regulation. As the Court noted in a subsequent case, “at least where an owner possesses a full ‘bundle’ of property rights, the destruction of one ‘strand’ of the bundle is not a taking, because the aggregate must be viewed in its entirety.” The emphasis on the “property-as-a-whole” in a partial regulatory takings

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283. *See generally id.* Prof. Epstein criticizes that conclusion noting that the Penn Central’s loss of air rights was no different from Pennsylvania Coal’s loss of mineral rights. **RICHARD A. EPSTEIN, Takings: Private Property and the Power of Eminent Domain** 64 (1985).
analysis places the senior water rights owner asserting a takings claim at a disadvantage. The most important stick in the bundle of rights a senior appropriator loses to rainwater harvesting is the priority. For a downstream senior appropriator who is also an agricultural irrigator, his investment-backed expectations arising from this priority include capital investments in land, irrigation infrastructure, and farm equipment. For a municipality who purchases the agricultural irrigator’s water rights because of the agricultural irrigator’s water rights seniority, the investment-backed expectations encompass even broader development issues. Priority protects the security of these investment-backed expectations.\textsuperscript{285} However, the priority of a senior appropriator’s water right would not be completely affected by expanded rainwater harvesting legislation because the senior appropriator retains his priority against all users except for the rainwater harvester.

Furthermore, priority is not the only stick in the bundle of rights. Other sticks include the amount of water, the place of diversion, the nature of the beneficial use, and the ability to sale, lease, or encumber the water right.\textsuperscript{286} Until rainwater harvesting becomes more widespread, the quantity of water affected is minimal and the remaining rights continue unaffected.\textsuperscript{287} When placed in this larger context, a court would likely find, as the Court found in \textit{Penn Central Transportation Co. v. City of New York}, that no taking occurred because the claimant could still earn a reasonable return on its investment.\textsuperscript{288}

Without a categorical rule, the senior appropriator asserting the takings claim risks having more expansive rainwater harvesting

\textsuperscript{285} Tarlock, \textit{supra} note 68, at 884. Priority is also essential to the proper functioning of water markets. \textit{See} Hobbs, \textit{supra} note 159, at 44, 50-51.

\textsuperscript{286} \textit{See} notes 122-52 and accompanying text.

\textsuperscript{287} \textit{See} id.

\textsuperscript{288} 438 U.S. 104, 136 (1978). The Colorado Constitution’s taking clause does not guarantee a maximum profit from the use of property. Nopro v. Town of Cherry Hills Vill., 504 P.2d 344, 350 (Colo. 1972). \textit{See infra} Section IV.C.3 for the problems senior water rights owners encounter bringing a claim for substantial damages, which uses the partial regulatory takings analysis. Prof. Leshy also notes that the senior appropriator’s investment-backed expectations are limited by the vagaries of weather and drought as well as elements of the prior appropriation doctrine, such the forfeiture or abandonment of water rights due to non-use or waste. \textit{See} Leshy, \textit{supra} note 123, at 2007. \textit{See generally} Huang, \textit{supra} note 238, at 77-79.
legislation characterized as merely a regulatory “interference [that] arises from some public program adjusting the benefits and burdens of economic life to promote the common good” subject to a partial regulatory takings analysis. The common good that arises from impacting established water rights to allow rainwater harvesting may not be as compelling as the common good that arises from impacting established water rights to protect endangered species and the aquatic health of entire watersheds and ecosystems. However, rainwater harvesting has its virtues as an inexpensive, low tech, efficient, and green practice that enhances the domestic use of water. In a balancing test where the economic impact on senior appropriators and their investment-backed expectations is minimal due to the quantity of water affected, at least until rainwater harvesting becomes more widespread and is done on a larger scale, the virtues of rainwater harvesting could very well tip the balance in favor of the rainwater harvester.

3. Damage to Water Rights

A downstream senior appropriator who wants to challenge legislation expanding rainwater harvesting may encounter difficulties asserting a takings claim under the additional language of the Colorado Constitution, which prohibits damaging of private property without just compensation. Courts note that this language provides a property owner with a greater degree of protection than afforded under the United States Constitution, which only uses the word “taken.” The word “damaged” in the Colorado Constitution provides relief for property rights that have not been physically taken by the government but have been substantially damaged, and “a priority to the use of water for irrigation or domestic purposes is a property right” constitutionally protected from damage.

290. *See infra* note 351 and accompanying text.
291. *See supra* Part I.
determining whether government action results in substantial damage to property, [the Colorado courts] have employed a multi-factor balancing test similar to the analytical framework adopted by the United States Supreme Court to resolve federal takings clause issues," i.e., the partial regulatory takings analysis of *Penn Central*. Thus, for the same reasons why a senior appropriator would likely fail in asserting a partial regulatory taking claim, the senior appropriator would probably not succeed in bringing a claim for substantial damages under the Colorado Constitution.

The Colorado Supreme Court’s analysis in *Central Colorado Water Conservancy District v. Simpson*, which addressed the constitutionality of Senate Bill 120, reveals the challenges presented in making a substantial damage claim. Senate Bill 120, adopted in 1989 by the Colorado General Assembly, exempted preexisting sand and gravel operations from permitting and augmentation requirements, despite the fact that excavating sand and gravel can expose ground water to evaporation. Water rights owners claimed that they were substantially damaged by this exemption, even though they admitted that they could not prove that any particular water right owner had been injured and that such proof was not scientifically possible. Instead, junior appropriators argued that the South Platte River basin was over-appropriated making injuries to existing water rights inevitable since there was already insufficient water to satisfy all the water rights in dry years. The Court refused to consider a small decrease in the amount of water available for use as a substantial damage and did not allow potential injuries to be equated with substantial damages. Merely affecting the priorities of and reducing the amount of water available to junior appropriators, especially intermittently during periods when water levels were low, did not constitute a “substantial diminution of the economic value” of existing water rights. Instead, to meet this standard, the existing water rights owners had to introduce evidence demonstrating a difference in the value of the water rights before and after the

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297. 877 P.2d 335 (Colo. 1994).
300. *Id.*
301. *Id.*
302. *Id.*
Rainwater harvesting legislation was adopted, which they admittedly could not do.\textsuperscript{303} In addition, the Court noted that “any impact . . . on the flows [of] the South Platte River would be minimal.”\textsuperscript{304}

While a senior appropriator concerned about rainwater harvesting could show “a unique or special injury which is different in kind from, or not common to, the general public”\textsuperscript{305} because of the unique right to the use of water acquired by its priority of appropriation, the senior appropriator would have difficulty showing substantial damages under the fact-specific inquiry associated with the Penn Central multi-factor balancing test. Of course, differences between a taking claim resulting from rainwater harvesting and a taking claim resulting from sand and gravel operations can be highlighted to distinguish the decision Central Colorado Water Conservancy District case. In the case of rainwater harvesting, the injury is to senior water rights rather than to junior water rights, increasing the likelihood that the injury is permanent rather than intermittent based on water levels. In addition, unlike the sand and gravel operators whose operations increased evaporation rates, the rainwater harvester gains a first use of water in violation of the senior appropriators’ priorities.\textsuperscript{306} However, like the plaintiffs in Central Colorado Water Conservancy District, the existing water rights owners in a rainwater harvesting case will have trouble showing a substantial loss in the value of their water rights as a result of more expansive rainwater harvesting legislation and will face the argument that the amount of

\begin{itemize}
\item \textsuperscript{303} Id. at 347-48
\item \textsuperscript{304} Id. at 348
\item \textsuperscript{306} Colo. Water Conservancy Dist. v. Simpson, 877 P.2d at 338.
\end{itemize}
water affected is minimal, both due to the nature of the rainwater harvester's authorized uses and due to evapotranspiration rates.307

4. *Per Se* Physical Takings of Water Rights

A fourth type of analysis is available to a senior water rights owner asserting a takings claim based on legislation expanding the scope of rainwater harvesting beyond the confines of Senate Bill 09-080 and House Bill 09-1129. A *per se* takings analysis is the most promising for senior appropriators in Colorado but is also the most controversial when applied to water rights. According to *Loretto v. Teleprompter Manhattan CATV Corp.*, a permanent physical occupation of private property, however minor, results in a *per se* taking, regardless of the public interest advanced by the occupation.308 The United States Supreme Court has noted:

Property rights in a physical thing have been described as the rights “to possess, use and dispose of it.” To the extent that the government permanently occupies physical property, it effectively destroys each of these rights. First, the owner has no right to possess the occupied space himself, and also has no power to exclude the occupier from possession and use of the space. The power to exclude has traditionally been considered one of the most treasured strands in an owner’s bundle of property rights. Second, the permanent physical occupation of property forever denies the owner any power to control the use of the property; he not only cannot exclude others, but can make no nonpossessory use of the property. Although deprivation of the right to use and obtain a profit from property is not, in every case, independently sufficient to establish a taking . . . . Finally, even though the owner may retain the bare legal right to dispose of the occupied space by transfer or sale, the permanent occupation of that space by a stranger will ordinarily empty the right of any value, since

307. *See id.*
the purchaser will also be unable to make any use of the property.309

With this type of per se taking, compensation is due even if the taking does not result in the owner's total loss of the right to use the property or has a minimal economic impact on the property owner.310 The United States Supreme Court subsequently noted that permanent physical occupations resulting in a per se taking are "relatively rare, easily identified, and usually represent a greater affront to individual property rights."311 Despite the assurance that this type of taking is easily identified, legal scholars and courts have disagreed over whether the per se takings rule that applies to physical occupations applies to an interference with a senior appropriator's water rights.312 This point of conflict is critical. If a per se takings has occurred, the only issue is the amount of just compensation. If not, then the more complex partial regulatory takings analysis needs to be undertaken to determine liability. As one Court of Federal Claims judge noted:

Despite the seeming simplicity of the question before us, we do not find it an easy one to decide. Defendant, as we have said, would have us start with the premise that a takings claim arising out of regulatory restrictions on the use of property must be evaluated under the Penn Central criteria. Yet, those criteria—the character of the government’s action, its economic impact on the claimant, and the extent to which it interferes with the claimant’s investment-backed expectations—and the balancing of considerations those criteria require, bring us almost immediately to the point plaintiff emphasizes here and the point the court finds most troubling: that which defendant labels simply as a passive restriction on use in reality

309. Id. at 435-36 (citations omitted).
310. See id. at 434-35.
312. See infra notes 313-67. Prof. Epstein notes that his analysis of the rights to possession and use of land, which affirms the importance of the right to exclude, “can be extended with equal force to water rights cases,” although he primarily focuses on riparian water rights rather than appropriative water rights. EPSTEIN, supra note 283, at 67.
amounts to a transfer of value through which plaintiff's right of use is diminished and the public right of use is simultaneously enlarged. For plaintiff, then, this restriction on use is seen as the functional equivalent of a physical taking. Thus, the question becomes whether the restrictions on plaintiff's water diversion, like a permanent physical invasion, and the accompanying loss those restrictions engender, constitute "government action of such a unique character that it is a taking without regard to other factors a court might ordinarily examine."313

The current battle over whether a per se physical takings analysis applies to water rights involves government-mandated reductions in diversions by agricultural irrigators to maintain instream flows to protect endangered species, primarily in California.314 Rainwater harvesting may potentially be the next battleground, with senior appropriators and rainwater harvesters each hoping to build on court decisions regarding the current battle between property rights and environmental concerns.315

A trio of pre-Loretto United States Supreme Court cases establishes that a physical diversion of water affecting existing water rights constitutes a per se physical taking.316 International Paper involved a government requisition of hydroelectric power during World War I that resulted in a physical redirection of water from a mill used by the International Paper Company.317 In Gerlach and Dugan, the takings claims of downstream water rights owners arose when a dam was built that interfered with the full, natural flow of a

315. See, e.g., id.
316. See Dugan v. Rank, 372 U.S. 609, 623 (1963) (stating that any invasion to any part of claimed water right amounted to a taking); United States v. Gerlach Live Stock Co., 339 U.S. 725, 752-53 (1950) (recognizing water as a private property right that is subject to a taking); Int'l Paper Co. v. United States, 282 U.S. 399, 408 (1931) (holding that a taking occurred when government took all the use of the water power in a canal).
317. See 282 U.S. at 404-06.
The dam had been built by the Bureau of Reclamation as part of a larger project to impound and divert water to supply other water users. In each case, the Court found a physical taking: in *International Paper* based on the loss of the right to use the water; in *Gerlach* due to the loss of beneficial use; and in *Dugan* based on the interference with the water right. As the Court noted in *Dugan*:

A seizure of water rights need not necessarily be a physical invasion of land. It may occur upstream, as here. Therefore, when the Government acted here "with the purpose and effect of subordinating" the respondents' water rights to the Project's uses "whenever it saw fit," "with the result of depriving the owner of its profitable use [there was] the imposition of such a servitude [as] would constitute an appropriation of property for which compensation should be made."

Therefore, a physical invasion is sufficient, but not necessary, at least in cases involving a direct appropriation of water by the government for its own use or for redistribution to third parties that interferes with existing use rights. This rationale was recently used by the United States Court of Appeals for the Federal Circuit in *Casitas Municipal Water District v. United States*. This takings claim arose

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323. *Id. Dugan* relied, in part, on *United States v. Causby*, in which a takings was found in the absence of a physical invasion. 328 U.S. 256 (1946). *Causby* involved the effect of low-level flights by military planes from an airfield leased by the federal government on a small chicken farm. *See id.* at 258-59. The Court concluded that the flights resulted in "an intrusion so immediate and direct as to subtract from the owner's full enjoyment of the property and to limit his exploitation of it" and was essentially a taking of an easement of airspace. *Id.* at 265.
when Bureau of Reclamation ("BOR") required the plaintiff to construct a fish ladder at a diversion dam and divert water through it to protect an endangered trout in California. The water-rights owner claimed that the diversion resulted in a permanent water loss. The Casitas Court found that the BOR's requirements constituted a *per se* physical taking because the BOR’s requirements physically directed water away from the plaintiff’s use, permanently taking the water and the right to use that water. Instead of merely restricting water use, the BOR requirements directly appropriated water to protecting an endangered species, a public purpose. This decision highlights a critical distinction between partial regulatory takings and *per se* physical takings since the parcel-as-a-whole rule does not apply, and the size, scope, and economic impact of the physical invasion are immaterial to whether a takings has occurred. As the majority noted, "[a]lthough Casitas' right was only partially impaired, in the physical taking jurisprudence any impairment is sufficient."

*Tulare Lake Basin Water Storage District v. United States* demonstrates the application of the *per se* physical takings standard to find a taking in the absence of a permanent physical occupation or diversion. In *Tulare*, irrigation districts which received water from the California Department of Water Resources' State Water Project ("California Water Department") experienced shortages when the California Water Department reduced deliveries to provide instream flows for migrating salmon in the Sacramento-San Joaquin Delta. This reduction complied with provisions of the water service contracts incorporating the requirements of the Endangered Species Act. The court concluded that "[t]he federal government is certainly free to preserve the fish; it must simply pay for the water it

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325. See *Casitas Mun. Water Dist.*, 543 F.3d at 1282.
326. *Id.* While *Gerlach* and *Dugan* primarily or exclusively involved riparian water rights, the water rights affected in *Casitas* were clearly appropriative use rights. See *id.* at 1292.
327. *See id.* at 1295.
328. *Id.* at 1293.
331. *Id.* at 1292.
333. *See id.* at 314-16.
takes to do so."\textsuperscript{335} As in Dugan, the court relied on Causby\textsuperscript{336} and Causby's application of \textit{per se} reasoning to the taking of airspace to address the thorny issue of how a usufructuary right can be physically occupied:

While water rights present an admittedly unusual situation, we think the Causby example is an instructive one. In the context of water rights, a mere restriction on use—the hallmark of a regulatory action—completely eviscerates the right itself since plaintiffs' sole entitlement is to the use of the water. See \textit{Eddy v. Simpson}, 3 Cal. 249, 252-253 (1853) ("the right of property in water is usufructuary, and consists not so much of the fluid itself as the advantage of its use."). Unlike other species of property where use restrictions may limit some, but not all of the incidents of ownership, the denial of a right to the use of water accomplishes a complete extinction of all value. Thus, by limiting plaintiffs' ability to use an amount of water to which they would otherwise be entitled, the government has essentially substituted itself as the beneficiary of the contract rights with regard to that water and totally displaced the contract holder. That complete occupation of property—an exclusive possession of plaintiffs' water-use rights for preservation of the fish—mirrors the invasion present in Causby. To the extent, then, that the federal government, by preventing plaintiffs from using the water to which they would otherwise have been entitled, have rendered the usufructuary right to that water valueless, they have thus effected a physical taking.\textsuperscript{337}

Per Tulare, when Loretto is read in conjunction with Causby, the physical occupation of the property becomes irrelevant when the government interferes with the full right to use a vested water right.\textsuperscript{338}

\textsuperscript{335} \textit{Id.} at 324.
\textsuperscript{336} See supra note 323.
\textsuperscript{337} Tulare, at 319.
\textsuperscript{338} See Casey, supra note 278, at 337-38. Tulare has been discounted for failing to properly analyze whether a property right exists under California law as an initial question given the language of the water service contracts, California's reasonable
Tulare recognizes the rights conferred on a water user by the prior appropriation doctrine: the right to divert water from a certain place; the right to a certain quantity of water at a certain time or over time; the right to put this water to a certain beneficial use; and the right to a certain priority for this use.\textsuperscript{339} Given the importance of the water right's priority, if that priority is taken, then the water right itself has been taken, even if the government action is for the laudable goal of facilitating rainwater harvesting by a junior appropriator.\textsuperscript{340} While protecting the right of exclusion was one of the rationales given in the Loretto case for imposing a per se taking rule, the priority-of-use plays a similar role in water rights and thus allows water rights to be included within Loretto's per se taking rule.\textsuperscript{341} Not only has the use right been violated, but the right of possession, mentioned in Loretto v. Teleprompter Manhattan CATV Corp.,\textsuperscript{342} is at risk. If not all the

\textsuperscript{339} See supra Section IV.A; see also Gray, supra note 122, at 28; Leshy, supra note 123, at 2010 (arguing as a devil's advocate). See generally Klamath Irrigation Dist. v. United States, 348 Ore. 15, 227 P.3d 1145 (2010); Klamath Irrigation Dist. v. United States, 532 F.3d 1376 (Fed. Cir. 2008).

\textsuperscript{340} See Leshy, supra note 83, at 2010 (arguing as a devil's advocate).

\textsuperscript{341} See id. at 2011.

\textsuperscript{342} See 458 U.S. 419, 435-36 (1982).
water captured by a rainwater harvester is returned to the water system and if the water source is already over-appropriated, then the quantity of water the senior appropriator is allowed to divert and use will be reduced. Thus, the application of the per se takings rule associated with physical occupations to water rights is a logical extension of the rule since the rationale of Loretto also applies to appropriative water rights as usufructuary rights. 343

Both Casitas and Tulare have been criticized, 344 and, while some of the criticisms may be valid, especially in the context of maintaining instream flows to protect endangered species in California, these arguments do not apply to rainwater harvesting in Colorado. 345 One criticism is that Casitas and Tulare go too far in protecting property rights in water because California water rights are subject to the reasonable use and public trust doctrines. 346 However, Colorado does not recognize the public trust doctrine and it only applies the reasonable use doctrine to nontributary ground water. 347 Therefore, these doctrines would not apply to legislation expanding the scope of rainwater harvesting. 348 Furthermore, the public interest in preserving rainwater harvesting is less compelling than the public interest in preserving endangered species. 349

Critics also argue that water rights contain nothing for the government to physically possess or occupy because a water right is a use right and the water-right owner does not own the molecules of

343. In an exercise in analogical reasoning, advocates of applying the per se physical takings analysis of Loretto to regulatory takings of water rights note that when the government reduces the water rights of an appropriator by diverting water for other purposes or other users, the government has taken physical command of the water right. See Shepard, supra note 123, at 1112. In the instream flow context, this physical command becomes equivalent to a physical occupancy. Id.


345. See supra Part IV.A.1, IV.B.

346. See Casitas Mun. Water Dist., 543 F.3d at 1297 (Mayer, J., dissenting in part); see also Echeverria, supra note 344, at 592-93.

347. See supra Part IV.B.

348. See supra Part IV.A.-B.

349. See 16 U.S.C. 1531(a) (encouraging the states through federal financial assistance and other system of incentives to protect endangered species).
Thus, the rights of possession and exclusion, the essential property rights that the per se physical taking rule is designed to protect, are nonexistent or limited within the water rights context. However, Gerlach and Dugan demonstrate that a water right can be physically possessed behind a dam and exclude a downstream water rights owner from the use of its vested property right. Similarly, rainwater harvesting involves physical diversions and possessions via the infrastructure of the collection system.

Critics further note an anomaly in applying a per se takings rule to a water use right. A per se takings rule would provide a water use right with more protection than a real property interest because, if use right restrictions on real property were considered per se takings, zoning laws and most environmental regulations restricting the use of land would result in categorical takings. In addition, critics argue that deeming any interference with the use of water a per se taking would trigger just compensation requirements for even the interference with a teaspoonful of water. However, these criticisms themselves do not justify a taking, especially for a property right that has been long recognized as “more valuable than the land [on] which the water is applied” due to Colorado’s semiarid conditions.

The United States Supreme Court’s decision in Tahoe-Sierra Pres. Council, Inc. v. Tahoe Reg’l Planning Agency also renders the legal viability of applying a per se takings analysis to appropriative water rights uncertain. Tahoe-Sierra did not involve water rights, but temporary moratoria on new residential development in Lake Tahoe Basin to permit a government agency to study the impact of development and to create a strategy for environmentally sound

350. See Casitas Mun. Water Dist., 543 F.3d at 1298 (Mayer, J., dissenting in part); Echeverria, supra note 344, at 591-92; Leshy, supra note 123, at 2009. A related criticism is the practical difficulty in effecting a permanent physical occupation of water given its migratory nature. Huang, supra note 240, at 61.
351. See Echeverria, supra note 344, at 592; Leshy, supra note 123, at 2009. See also Zellner & Harder, supra note 123, at 685-86.
353. See COURTNEY, supra note 2, at 3-4.
354. See Leshy, supra note 123, at 2010-11.
355. Id. at 2011.
In response to a claim that a thirty-two month moratorium constituted a takings, the Court refused to use the *per se* takings analysis of *Loretto* noting:

This longstanding distinction between acquisitions of property for public use, on the one hand, and regulations prohibiting private uses, on the other, makes it inappropriate to treat cases involving physical takings as controlling precedents for the evaluation of a claim that there has been a “regulatory taking,” and vice versa. For the same reason that we do not ask whether a physical appropriation advances a substantial government interest or whether it deprives the owner of all economically valuable use, we do not apply our precedent from the physical takings context to regulatory takings claims. Land-use regulations are ubiquitous and most of them impact property values in some tangential way—often in completely unanticipated ways. Treating them all as *per se* takings would transform government regulation into a luxury few governments could afford. By contrast, physical appropriations are relatively rare, easily identified, and usually represent a greater affront to individual property rights. “This case does not present the ‘classi[cal] taking’ in which the government directly appropriates private property for its own use,”... instead the interference with property rights “arises from some public program adjusting the benefits and burdens of economic life to promote the common good....”

As a result of *Tahoe-Sierra*, the *per se* takings rule only applies in “the ‘extraordinary case’ in which a regulation permanently deprives property of all value” so that the property owner is only left with a “token interest,” or where a physical appropriation due to the regulation is “obvious and undisputed.” Not surprisingly, critics of

358. Id. at 306.
359. Id. at 323-25.
360. Id. at 332.
applying the *per se* takings rule for physical occupations to water rights see a close connection between regulatory reductions of appropriative water rights and the rationale of *Tahoe-Sierra*.

The dilemma faced by Judge Wiese, the trial court judge in both *Tulare* and *Casitas*, reveals the possible precedential effect of *Tahoe-Sierra* on takings claims. In *Casitas*, Judge Wiese refused to apply the *per se* physical takings rule as he did in the earlier *Tulare* case, arguing that *Penn Central*'s multi-factor balancing test for a partial regulatory takings was the appropriate framework. Although Judge Wiese's rationale in *Tulare* had been criticized, he did not disavow his application of the *per se* takings rule in *Tulare* to reductions in water use rights. However, Judge Wiese ultimately felt constrained from using the rationale in *Tulare* by *Tahoe-Sierra*. However, on appeal, Judge Wiese's holding was overruled by the United States Federal Circuit with respect to his revised takings analysis and decision. Thus, the limitations *Tahoe-Sierra* placed on applying the *per se* rule to regulatory takings do not apply to physical diversions of water subject to vested water rights, such as the fish ladder in *Casitas* or rainwater collection systems in Colorado.

An additional argument against applying the *per se* takings rule focuses on the Court's refusal in *Tahoe-Sierra* to apply a *per se* takings analysis based on the temporary nature of the government regulation. Critics of equating a regulatory taking to a physical taking point to the temporary nature of any restriction on an appropriator's water right, especially in the context of reductions in water deliveries or diversions during droughts to maintain instream flows for the benefit of endangered species. The effect on water rights in such circumstances is temporary since full water deliveries later resume. However, given the importance of timing with a

365. *See id.*
366. *Id.* at 106.
368. *See* Casitas Mun. Water Dist., 76 Fed. Cl. at 105-06.
370. *Id.* *See also* PruneYard Shopping Ctr. v. Robins, 447 U.S. 74, 74 (1980) (holding that a state constitutional provision requiring shopping center owners to permit individuals on their property to exercise free speech and petition rights
water right, especially with growing seasons in agricultural irrigation, a temporary occupation of a water right can be seen as an oxymoron because the lost right to use the water is permanently lost at the point and time the water is needed.\textsuperscript{371} Further, the taking created by rainwater harvesting is not temporary since the statutory right to capture rainwater would likely continue indefinitely.\textsuperscript{372} As long as rainwater is harvested, the full water right of the downstream senior appropriator is affected in an over-appropriated stream system since the priority is superseded. In addition, the full amount of water is not allowed to enter the stream system since some of the uses that would be authorized on an expanded basis, such as animal watering and household purposes, are consumptive and thus, not temporary.\textsuperscript{373}

While the core issue of whether the \textit{per se} takings rule can be applied to government actions affecting water rights may be a close one in the context of maintaining instream flows for endangered species in California, the outcome is much clearer in the context of rainwater harvesting in Colorado. As \textit{International Paper, Gerlach, Dugan,} and \textit{Casitas} all indicate, a physical interference or diversion of water authorized by the government is equivalent to a physical occupation and subject to a \textit{per se} takings analysis.\textsuperscript{374} Even critics of \textit{Tulare} and \textit{Casitas} concede that “taking water from one group of farmers and giving it to another group of farmers” creates a more compelling takings case than a “government’s limitation on represented an invasion that was temporary and limited in nature and was not a taking).

\textsuperscript{371} Shepard, supra note 123, at 1113-14.


\textsuperscript{373} See, e.g., supra Part III.A (discussing the uses authorized by Senate Bill 09-080). If expanded legislation allowed rainwater harvesting by suburban homeowners without requiring replacement water, the consumptive use would be heightened as water from downspouts that ordinarily would have run off into storm drains and surface water sources is captured and used. \textit{See generally supra} Part III. This effect would be further compounded for run off that would otherwise be channeled into storm drains via impermeable surfaces, such as driveways and parking lots, but is instead used consumptively. \textit{Id.}

\textsuperscript{374} See supra notes 322-31 and accompanying text. \textit{But see} Echeverria, supra note 350, at 582, 611-14 (“[T]he ultimate question [in \textit{Casitas}] of whether a compensable taking occurred should be resolved based on the \textit{Nollan/Dollan} ‘exactions’ tests, and the United States can easily meet the requirements of those tests.”).
diversion[s] [ ] to protect the health of the aquatic environment as a whole," even under a water law regime like the one in California that has weaker property rights in water than Colorado.375

Assuming that the per se takings rule applies to rainwater harvesting generally and, in particular, future legislation that expands the authorized scope of rainwater harvesting, a senior appropriator claiming a taking faces another hurdle related to the scope of his water property right. For Senate Bill 09-080, the senior appropriator’s water rights are presumed not to be affected because the rainwater harvesting is limited to collection systems linked to small capacity wells in designated ground water basins and exempt wells elsewhere.376 For House Bill 09-1129, the senior appropriator’s water rights are not affected since replacement water must be supplied for any water lost from the development-wide rainwater collection system.377 Further rainwater harvesting legislation will only result in a per se taking of the senior appropriator’s water rights if the expanded government authorization causes material injury to those rights.378

In Colorado, the concept of material injury limits the ability of senior appropriators to block the activities of junior appropriators and thus defines the outer limits of the private property right in water. While even a de minimus impairment of a property right may be sufficient for a physical takings, a water right affected by a physical taking must be materially injured to first qualify as a property right protected by the per se takings rule.379 Ironically, for a takings claim involving water rights in Colorado and other prior appropriation

375. See Leshy, supra note 123, at 2008; see also Echeverria, supra note 350, at 597 (noting that restrictions on water use that result in the actual transfer of water interests from one private owner to a new private owner involve “just the kind of property restrictions ‘of an unusually serious character’ [citing Loretto, 458 U.S. at 426] which, according to the Supreme Court, warrants per se takings treatment” (quoting Loretto v. Teleprompter Manhattan CATV Corp., 458 U.S. 419, 426 (1982)).
376. See supra Section III.A.
377. See supra Section III.B.
379. The material injury standard and the existence of a protectable property right would also be a key factor in both the total and partial regulatory takings analyses if the standards themselves did not pose such difficult challenges for a senior appropriator making a takings claim against a rainwater harvester. See supra Part IV.C.1., IV.C.2.
states that use the material injury standard, the application of a per se takings standard ultimately requires an analysis of the size, scope, and economic impact of the physical invasion. However, the material injury requirement of Colorado water law is not necessarily a "Trojan horse" that allows the partial regulatory takings analysis, with its deference to government action, to replace the per se physical takings standard. Instead, what constitutes a material injury by a rainwater harvester as a junior appropriator to the water right of a downstream senior appropriator and how materiality is proven are separate matters of state law. In determining whether a junior appropriator's diversions should be discontinued in whole or in part due to the materiality of the injury, the Colorado Division of Water Resources must examine:

[A]ll factors which will determine in each case the amount of water such discontinuance will make available to such senior priorities at the time and place of their need. Such factors include the current and prospective volumes of water in and tributary to the stream [flow] from which the diversion is being made; distance and type of stream bed between the diversion points; the various velocities of this water, both surface and underground; the probable duration of the available flow; and the predictable return flow to the affected stream.

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380. See supra note 330 and accompanying text. Determining whether a senior water right has been materially injured reinforces the difficulty in keeping a per se physical takings analysis separated from a partial regulatory takings analysis. See Robert Meltz, Takings Law Today: A Primer for the Perplexed, 34 ECOLOGY L.Q. 307, 364 (2007) (noting the powerful incentive of takings claimants to argue a physical rather than a regulatory theory of the case to avoid the evidentiary burden of the multi-factor balancing test, contributing to the blurring between the two).


382. Id. The material injury standard applies whether the diversions are directly from the surface stream, via a well pumping tributary ground water, or a well pumping what was originally thought to be nontributary designated ground water. See generally Gallegos v. Colo. Ground Water Comm'n, 147 P.3d 20, 33 (Colo. 2006) (well pumping designated ground water); SRJ I Venture v. Smith Cattle, Inc. 820 P.2d 341, 346 (Colo. 1991) (well pumping tributary ground water); City of Colo. Springs v. Bender, 366 P.2d 552, 556 (Colo. 1961) (diversion from stream).
As this nonexclusive statutory list of factors indicates, the issue of material injury is highly fact specific and requires technical information developed by hydrologists, water engineers, and other experts.\textsuperscript{383} In an application for a new diversion, the burden of proof shifts between the junior appropriator applying for decreed water right and the senior appropriator opposing the application. The junior appropriator bears the initial burden of producing evidence sufficient to establish a prima facie case that the proposed diversion will be non-injurious.\textsuperscript{384} If the junior appropriator establishes a prima facie case, then the burden shifts to the senior appropriator who must present evidence that the proposed diversion will injure his or her water right.\textsuperscript{385} However, "the ultimate burden of showing absence of injurious effect by a preponderance of the evidence where contrary evidence of injury has been presented continues to rest on the applicant [i.e., the junior appropriator]."\textsuperscript{386} If the senior appropriator cannot meet its burden, then water is available for appropriation and the senior appropriator cannot preclude the diversion.\textsuperscript{387} If the junior appropriator cannot meet its burden, then the application for a decreed water right must be denied.\textsuperscript{388}

The viability of a takings claim by a downstream senior appropriator in response to legislation that expands the scope of rainwater harvesting depends on who has the burden of proof and how that burden can be satisfied. Even in a shifting burden of proof scheme, placing the ultimate burden of proof on the state rather than the senior appropriator in the rainwater harvesting context is equitable since the takings is a physical one.\textsuperscript{389} In addition, shifting the burden of proof between the state as the initiator and the senior appropriator as objector is consistent with other areas of Colorado water law that place the ultimate burden of proof on the party

\textsuperscript{383} See, e.g., State Eng'r v. Castle Meadows, Inc., 856 P.2d 496, 508 (Colo. 1993).

\textsuperscript{384} § 37-92-304(3).


\textsuperscript{386} Simpson v. Yale Invs., Inc., 886 P.2d, 689, 697 (Colo. 1994).


\textsuperscript{389} See supra note 74.
initiating a change in water rights.\textsuperscript{390} In these scenarios, such as a transfer of a water right where the senior appropriator is typically the applicant and the junior appropriator is typically the objector, the change potentially impairs vested water rights.\textsuperscript{391} The primary purpose of a change proceeding is to ensure that the change to a water right is limited in quantity to the appropriator's "historic beneficial consumptive use."\textsuperscript{392} "One of the basic tenets of Colorado water law is that junior appropriators are entitled to maintenance of conditions on the stream existing at the time of their respective appropriations."\textsuperscript{393} Because the water property right is limited to actual, historical use and junior appropriators are entitled to rely on the return flow from the activities of upstream appropriators, a change in a water right cannot enlarge an existing water right, especially if doing so will injure the water rights of junior appropriators.\textsuperscript{394} To prevent such injury, protective conditions can be attached to the change in the water right.\textsuperscript{395} Just as this no-injury rule in the context of changes in water rights protects the expectations of junior appropriators, the material injury rule in the context of new diversions protects the expectations of senior appropriators to the priority and amount of water represented by their water rights. Applying the same scheme of burden of proof shifting in both cases reinforces these protections. Given the rationale behind burden of proof shifting, the same scheme should apply when evaluating the nature and extent of the injury to water rights in the context of a regulatory takings analysis.

Similarly, "the right to store water [from] a natural stream for later application to a beneficial use," which is analogous to rainwater harvesting, is a right protected under the prior appropriation doctrine established by the Colorado Constitution.\textsuperscript{396} However, "no water

\textsuperscript{390} See COLO. REV. STAT. § 37-92-305(3) (2010); see also City of Thornton v. Bijou Irrigation, Co., 926 P.2d 1, 87-8 (Colo. 1996).


\textsuperscript{393} City of Thornton, 926 P.2d at 80.

\textsuperscript{394} See City of Boulder, 557 P.2d at 1184; see also Santa Fe Trail Ranches Prop. Owners Ass'n v. Simpson, 990 P.2d 46, 54 (Colo. 1999).

\textsuperscript{395} See § 37-92-305(4)(a).

\textsuperscript{396} § 37-87-101(1)(a). Although water storage is within the prior appropriation doctrine and the rainwater harvesting contemplated by Senate Bill 09-080 is
storage facility may be operated in such a manner as to cause material injury to the senior appropriative rights of others." In an application for a decree allowing the artificial recharge and storage of water in an underground aquifer, the applicant bears the burden of demonstrating that such activity will not materially injure the decreed water rights of the aquifer's senior surface or ground water users. Again, the burden of proof is placed on the initiator of the activity, which is the state in cases regarding rainwater harvesting.

Whether the ultimate burden of proof is placed on the senior appropriator, as the party asserting the takings claim, or a scheme of shifting burdens of proof between the state and the senior appropriator is used, the senior appropriator must meet its evidentiary burden. Given the cost of developing technical information, the evidentiary presumptions that a court is willing to make become crucial.

In the context of plans of augmentation, which employ the same scheme of burden of proof shifting as new diversions and changes in water rights, the Colorado Supreme Court has stated that "injury 'must be demonstrated by evidential facts and not potentialities.'" However, with plans of augmentation, the Colorado Supreme Court has presumed that tributary ground water depletions injure senior exempt from the prior appropriation doctrine, even a seemingly exempt activity can still injure senior water rights. See Gallegos v. Colo. Ground Water Comm'n, 147 P.3d 20, 32 (Colo. 2006). See generally §§ 37-92-602 (1)(a)-(g) (enumerating exemptions). 397. See § 37-87-101(1)(a).


399. See e.g., id.

400. See supra note 193 and accompanying text. The information developed by the ten pilot programs authorized by House Bill 09-1129, such as precipitation capture efficiencies, return flow patterns, and native plant consumption, would provide the state with the necessary evidence, especially for an expanded rainwater harvesting scheme that avoids injuring vested water rights based on net depletions and augmentations. See supra Section III.B. One issue is whether information from ten widely scatter sites will be sufficient to meet the state's burden of proof for additional sites in other locations.


surface water rights when a stream system is over-appropriated. In addition, a prima facie case of material injury to senior water rights can be established by a preponderance of evidence of injury to senior appropriators generally rather than to a particular senior water rights owner. Thus, relative to the burden placed on the senior appropriator to show substantial damage to water rights via a multi-factor balancing test used in partial regulatory takings, the burden of proving material injury to water rights in the physical takings context is lower based on the presumptions that Colorado courts are willing to make. With this lower burden, the material injury issue should not prevent a senior appropriator from taking advantage of the per se physical takings standard.

D. Just Compensation

As the United States Supreme Court noted in Loretto v. Teleprompter Manhattan CATV Corp. "the issue of the amount of compensation that is due, on which we express no opinion, is a matter for the state courts to consider on remand." In Colorado, the legal remedy of damages is usually the appropriate remedy and the preferred method of calculating damages, at least in eminent domain actions, is the fair and reasonable market value of the property. The property right holder bears the burden of "establishing the existence of damages and the amount of compensation." Possible methods of calculating market value include looking at comparable sales transactions or the replacement value for the amount of water taken out of priority at the time of the taking. For a claim involving rainwater harvesting, this amount will be small and difficult to trace from the activities of rainwater harvesters to a given senior water rights owner. A downstream senior appropriator who asserts that rainwater harvesting constitutes a taking may not seek just compensation for a total regulatory taking and will likely fail under either a claim for a partial regulatory taking or substantial

404. See id. at 684-85.
405. 458 U.S. 419, 441 (1982).
408. See Davenport & Bell, supra note 177, at 60-63, 65.
The *de minimus* nature of the quantity of water appropriated undermines a claim for liability as well as damages. In the multi-factor balancing test used in both a partial regulatory takings and a substantial damages analysis, the small quantities of water at issue minimize both the economic impact of any more expansive rainwater harvesting legislation and the extent of its interference with senior appropriator's investment-backed expectations and the substantiality of damages. By definition, *de minimus* damages are not substantial enough to trigger the requirement of just compensation.

By contrast, in a *per se* physical taking analysis, the small quantities of water at issue can lead to damages. In *Loretto*, the fact that the physical invasion arguably increased the value of New York City apartments by allowing them to be wired for cable television, did not prevent the United States Supreme Court from declaring that the requirement amounted to taking that constitutionally required just compensation. In *Dugan*, the United States Supreme Court explicitly declined to hold that "the absence of specificity as to the amount of water to be taken prevents the assessment of damage." In *Tulare*, the fact that "the restrictions resulted in an overall reduction in water availability of approximately 0.11% and 2.92%" did not prevent a ruling in favor of the senior appropriators. Given the presumptions that favor the senior appropriator in determining the materiality of the injury, the small quantities of water affected are only relevant to the issue of damages, at least until rainwater harvesting becomes more widespread and involves more and larger collection systems.

However, determining damages and just compensation is no small hurdle for senior appropriators challenging expanded rainwater legislation in Colorado. Unless a court could be persuaded that

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409. See *supra* Part IV.C.3.
411. See, e.g., id. at 348; Animas Valley Sand & Gravel, Inc. v. Bd. of County Comm'rs of La Plata, 38 P.3d 59, 65-66 (Colo. 2001).
rainwater harvesting obliterates a senior appropriator’s priority and destroys the water right,\textsuperscript{415} the cost of developing evidence to meet the burden of establishing the fact and amount of damages could outweigh the damages, especially for a more junior appropriator as the more senior water rights are taken into account.\textsuperscript{416} Downstream senior appropriators would need to show that the stream system was over-appropriated, use discovery to determine the amount of rainwater captured by each rainwater harvester in the stream system, develop or take advantage of existing technical evidence to account factors such as runoff and evapotranspiration rates, and establish market values.\textsuperscript{417} Given the problem of proving damages and the costs of litigation for all involved, incorporating market solutions with the state acting as a market maker in any expanded rainwater harvesting legislation may be a better alternative than simply allowing that legislation to be challenged by takings claims.

**CONCLUSION**

Recent scholarship at the intersection of water rights and regulatory takings focuses on reductions in water diversions imposed on senior agricultural appropriators required by the Endangered Species Act to maintain instream flows on rivers and streams to protect aquatic species, primarily in California.\textsuperscript{418} The right to water in the American West and the control of that water are critical and contentious issues, so it is not surprising that the scholarship on the issue of whether such regulatory action amounts to a takings has produced divergent views. The outcome of various lawsuits brought by agricultural irrigators parallels the divide among legal scholars.\textsuperscript{419} However, the most recent cases in key appellate courts, such as *Casitas* in the Federal Circuit and the Tenth Circuit’s decision vacating multiple district court opinions relating to instream flows to protect the Rio Grande silvery minnow on mootness grounds,\textsuperscript{420}

\textsuperscript{415} See Lock, supra note 240, at 100.
\textsuperscript{416} See supra notes 79, 303 and accompanying text.
\textsuperscript{417} See generally Part IV.C (discussing factors necessary to show total and partial takings).
\textsuperscript{418} See supra notes 16-18 and accompanying text.
\textsuperscript{419} See supra notes 344-75 and accompanying text.
\textsuperscript{420} See Rio Grande Silvery Minnow v. Bureau of Reclamation, 601 F.3d 1096, 1097, 1133 (10th Cir. 2010); see also Casitas Mun. Water Dist. v. United States,
benefit the interests of senior water rights holders. The recent passage of rainwater harvesting legislation in Colorado provides a new opportunity to explore whether water property rights are protected from a regulatory taking. The public interest at stake with rainwater harvesting is weaker than with instream flows, since the goal is not to protect the environment and endangered species. Instead, rainwater harvesting legislation places the interests of residential property owners and lessees before the interests senior water rights owners, who tend to be agricultural irrigators and their transferees. Under the prior appropriation doctrine, senior appropriators are entitled to the amount of water and priority of use represented by their water rights, so rainwater harvesting legislation circumvents senior water rights by allowing a rainwater harvester as a junior appropriator to have the prior, consumptive use of rainwater. By effectively transferring water property rights from one private party to another private party, such legislation potentially creates a takings. Current Colorado rainwater harvesting statutes avoid this problem of creating out-of-priority diversions by working within the confines of the prior appropriation doctrine. However, the current statutes contemplate further rainwater harvesting legislation.

The two key issues that determine the outcome in a regulatory takings favor the senior water rights owner – the nature of the private property right and the nature of the government action. Private property rights in water in Colorado are clear and strong, and even the requirement of material injury is satisfied by burdens of proof and presumptions that favor the senior water rights owner. The normally difficult issue of determining the nature of the government action in connection with water rights is less difficult with rainwater harvesting given the physical diversion of rainwater and the importance placed on protecting a water right’s priority in

543 F.3d 1276, 1277 (Fed. Cir. 2008) (holding that a Bureau of Reclamation directive to divert water to operate a fish ladder constituted an “uncompensated physical taking”).
421. See supra note 375 and accompanying text.
422. Id.
423. See supra Part II.
424. Id.
425. See supra Part IV.A.2.
426. See supra Part IV.C.
427. See supra notes 382-404 and accompanying text.
These two factors indicate that a per se physical takings standard should apply, and, under this standard, the property rights owner tends to prevail over the state. 

Despite these advantages, the outcome is far from certain. The senior water rights owner still has the difficult issue of proving damages to obtain just compensation. An even larger issue is whether the per se physical takings standard even applies to water rights given the United States Supreme Court’s decision and rationale in Tahoe-Sierra. If not, then the senior water rights owner must pursue its takings claim under the less favorable partial regulatory takings standard of Penn Central or the similar substantial damages standard under the Colorado Constitution. In the absence of a categorical rule, rainwater harvesting in Colorado could be freed from the full effect of the prior appropriation doctrine. However, given the United States Supreme Court’s decisions in Gerlach and Dugan and the physical diversion and storage of water with a rainwater collection system, the risk of losing the per se rule appears to be lower for takings in the context of rainwater harvesting than takings in the context of maintaining instream flows for endangered species.

The political clout of Colorado’s urban areas combined with over appropriated water systems and climate change will pressure the state legislature to broaden rainwater harvesting beyond the confines of Senate Bill 09-080 and House Bill 09-1129. The Colorado General Assembly would do well to heed property rights in water and the protections afforded water rights by the prior appropriation doctrine in crafting future rainwater harvesting legislation. Failing to include concepts such as net depletion and to require replacement water via plans of augmentation risks a backlash by senior water rights owners in the form of a valid claim for a regulatory taking based on the per se physical taking standard. Despite the frustrations of suburban homeowners who want to install rain barrels, rainwater harvesting legislation should not be an occasion to weaken property rights in water because doing so carries a larger cost. Uncertain priorities in appropriative water rights undermine water markets and inhibit water
transfers in response to demands by urban water users, further locking water rights into their historical agricultural uses.