

**FINAL
FISCAL NOTE**

Drafting Number: LLS 08-0237
Prime Sponsor(s): Sen. Gibbs
 Rep. Scanlan

Date: August 4, 2008
Bill Status: Signed into Law
Fiscal Analyst: Brad Denning (303-866-4777)

TITLE: CONCERNING EXTENSION OF THE REPEAL DATE OF THE FOREST RESTORATION PILOT PROGRAM, AND, IN CONNECTION THEREWITH, EXTENDING THE REPEAL DATE OF THE TECHNICAL ADVISORY PANEL, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Transfers or Diversions*		
Transfer from the Operational Account of the Severance Tax Trust Fund to the Forest Restoration Pilot Program Cash Fund	\$1,000,000	\$1,000,000
State Expenditures		
Cash Funds		
Forest Restoration Pilot Program Cash Fund	\$1,000,000	\$1,000,000
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: The Governor signed the bill into law on May 28, 2008, and Sections 5 and 6 took effect on that date. Sections 4 and 7 did not take effect due to the enactment of HB 08-1398.		
Appropriation Summary for FY 2008-2009: None.		
Local Government Impact: See Local Government Impact section.		

** As HB08-1398 was enacted, this amount is now a transfer from the Operational Account of the Severance Tax Trust Fund to the Forest Restoration Pilot Program Cash Fund and not an appropriation as the original bill required.*

Summary of Legislation

The bill extends the repeal date for the Forest Restoration Pilot Program and its related technical advisory panel from July 1, 2008, to September 1, 2012. It also includes an annual transfer of \$1.0 million from the operational account of the Severance Tax Trust Fund for four fiscal years beginning in FY 2008-09, and repeals this funding mechanism as of July 1, 2013.

The bill creates the Forest Restoration Pilot Program Cash Fund, which is to be administered by the Department of Higher Education, into which these funds are to be deposited. All moneys in the fund are continuously appropriated to the Department of Higher Education for the Forest Restoration Pilot Program. Any interest earned on money deposited in the Fund is required to remain in the Fund.

Background

Forest Restoration Pilot Program. The General Assembly created the Forest Restoration Pilot Program through HB07-1130 as part of the Colorado Forest Restoration Act. It directed the Colorado State Forest Service and the Division of Forestry, Department of Natural Resources, to solicit proposals for experimental forest restoration projects that protect water supplies. It also established a technical advisory panel to assist the state forest service in the proposal selection process.

Severance Tax Trust Fund - Operational Account. The Operational Account receives 25 percent of severance tax receipts. Moneys in the account have traditionally been used to fund the following programs in the Department of Natural Resources: Oil and Gas Conservation Commission; Geological Survey; Minerals and Geology; and Water Conservation Board.

In the past two years, several bills were enacted that transferred money out of the Operational Account. Of these, eight bills made funding from the account contingent on various reserve requirements. The March 2008 Legislative Council Staff forecast indicates that there is enough money available in fiscal years 2008-09 and 2009-10 to meet statutory reserve requirements and fund current law programs, *but not necessarily to fund additional programs*. However, in the current fiscal year, there is not enough revenue to meet the reserve requirements — \$20.9 million in FY 2008-09, and \$21.7 million in FY 2009-10. Current law does not specify how those programs should be prioritized if there is insufficient revenue to fund them all and to fully fund the reserve requirements.

State Transfers or Diversions

Each year from FY 2008-09 through FY 2011-12, the state treasurer will transfer \$1.0 million from the Operational Account of the Severance Tax Trust Fund to the Forest Restoration Pilot Program Cash Fund.

State Expenditures

The bill increases state expenditures for the Department of Higher Education by \$1.0 million in FY 2008-09, and \$1.0 million annually for 3 fiscal years thereafter. These costs are for forest restoration activities approved by the Board of Governors of the Colorado State University System.

Local Government Impact

Communities located in or near designated community wildfire protection areas can expect additional resources in the form of approved reforestation program grants.

Departments Contacted

Higher Education Natural Resources