

**STATE
REVISED FISCAL IMPACT**

(replaces fiscal note dated April 28, 2011)

Drafting Number: LLS 11-0903	Date: May 10, 2011
Prime Sponsor(s): Sen. Schwartz Rep. Coram; Hamner	Bill Status: House Health and Environment Fiscal Analyst: Jonathan Senft (303-866-3523)

TITLE: CONCERNING MEASURES TO PROMOTE FOREST HEALTH, AND, IN CONNECTION THEREWITH, CREATING THE COLORADO FOREST BIOMASS USE WORK GROUP AND PROMOTING THE CREATION OF SUSTAINABLE MARKET-BASED MODELS FOR ACTIVE FOREST MANAGEMENT AND WOODY BIOMASS ENERGY DEVELOPMENT.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue Cash Funds Healthy Forests and Vibrant Communities Fund	Gifts, Grants and Donations.	
State Expenditures Cash Funds Healthy Forests and Vibrant Communities Fund	See State Revenue and Expenditures section.	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This *reengrossed* bill details a number of initiatives for the use and management of biomass derived from forest land located in the state. Specifically, the bill creates a 14-member work group to identify market-based models for forest management, including (i) methods to promote biomass to reduce insect infestation; (ii) air quality improvement using biomass as a fuel mitigation strategy; and (iii) funding sources for the development of biomass. The working group must also identify ways to improve information flow on using biomass for energy and other land management issues, including using federal initiatives, and examine ways to generate power using locally-produced biomass at public facilities. The group must report initial findings to the General Assembly by November 1, 2011 and final findings, which include specific legislative recommendations, by January 1, 2012.

The bill also requires the State Board of Land Commissioners to direct the State Forest Service for the appropriate use of bark beetle infested timber, and otherwise declining forest area, when contracting with each other. Finally, it encourages the Public Utilities Commission to explore all aspects of biomass energy production, as well as assist the working group.

State Revenue and Expenditures

The bill may increase both state revenue and expenditures. Revenue, if any, will be derived from gifts, grants and donations and will be credited to the Healthy Forests and Vibrant Communities Fund. Expenditures that may be incurred by the workgroup and agencies supporting the work group have not been estimated at this time, but may be paid from gifts, grants and donations. Costs not paid from gifts, grants, and donations will require another funding source. The amount needed to support the work group has not been estimated, but will entail document processing, printing, postage and meeting accommodations, at a minimum. Staff time dedicated to the working group will also detract from employees' regular activities.

Colorado State Forest Service - Colorado State University - Department of Higher Education. The state forest service is responsible for convening the working group and is presumed to be responsible for oversight of the final report.

State Land Board - Department of Natural Resources. The bill requires the State Board of Land Commissioners to direct the State Forest Service on the appropriate use of bark beetle infested timber on state lands, and otherwise declining forest area, when the two entities contract with each other. These new responsibilities will not drive any change in costs.

Public Utilities Commission - Department of Regulatory Agencies. Encouraging the commission to consider biomass for energy production has no fiscal impact. Any efforts by the commission in this area will be completed within existing appropriations.

Departments Contacted

Governor's Office
Public Health

Higher Education
Regulatory Agencies

Natural Resources