



Colorado
Legislative
Council
Staff

Bill 5

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0274
Prime Sponsor(s):

Date: October 27, 2015
Bill Status: Wildfire Matters Review Interim
Committee Bill Request
Fiscal Analyst: Amanda Hayden (303-866-4918)

BILL TOPIC: IMPLEMENTATION OF FIRE PREVENTION AND CONTROL MEASURES

Fiscal Impact Summary	FY 2015-16	FY 2016-2017	FY 2017-2018
State Revenue	\$0	\$0	
<i>State Diversions</i>			
General Fund	(\$3.25 million)	(\$3.25 million)	
Local Firefighter and Disease Prevention Cash Fund	\$3.25 million	\$3.25 million	
<i>State Transfers</i>			
Severance Tax Operational Cash Fund		(\$1.1 million)	
Wildfire Risk Reduction Cash Fund		\$1.1 million	
General Fund		(\$1.5 million)	
Wildfire Risk Reduction Cash Fund		\$1.5 million	
State Expenditures		up to \$4.75 million	up to \$3.25 million
General Fund			
Local Firefighter and Disease Prevention Cash Fund		\$3.25 million	\$3.25 million
Wildfire Risk Reduction Cash Fund		\$2.6 million	
Tier 2 Operational Fund Programs		(\$1.1 million)	
FTE Position Change			
Appropriation Required: None required. Moneys in the affected cash funds are continuously appropriated to the Department of Public Safety and the Department of Natural Resources.			
Future Year Impacts: None			

Summary of Legislation

This bill, *recommended by the Wildfire Matters Review Committee*, clarifies terms related to the criminal offense of obstructing a peace officer, firefighter, or other emergency response personnel, and transfers or diverts state revenue to firefighter safety and wildfire risk reduction programs in the Department of Public Safety (DPS) and the Department of Natural Resources (DNR).

For both FY 2015-16 and FY 2016-17, the bill diverts \$3.25 million in insurance premium tax revenue that would otherwise be deposited in the General Fund to the Local Firefighters Safety and Disease Prevention Fund.

For FY 2016-17 only, the bill authorizes the transfer of \$1.5 million from the Severance Tax Operational Fund (operational fund) and \$1.5 million from the General Fund to the Wildfire Risk Reduction Grant Program Cash Fund.

Background

Local Firefighter Safety and Disease Prevention Fund. Created in 2014 and administered by the Division of Fire Prevention and Control (DFPC) within DPS, the fund awards need-based grants to governing bodies and volunteer fire departments for training or equipment intended to increase firefighter safety. Grant requests in the first year of the program totaled approximately \$19.0 million; however, funding was limited to two transfers of \$3.25 million (\$6.5 million total).

Wildfire Risk Reduction Fund (WRRF). Created in 2013, the WRRF funds grants administered by DNR for wildfire mitigation projects. The WRRF received an initial appropriation of \$9.8 million from the General Fund and \$1.0 million in additional funding in 2014 from the operational fund. To date, the program awarded 3 rounds of grants totaling approximately \$9.8 million to 89 projects across 26 counties. The DNR is currently completing a fourth round and plans to award additional grants this fall. The program is authorized until July 1, 2018.

Severance Tax Operational Fund. The operational fund receives 25 percent of severance tax receipts. Current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to the fund's Tier 2 programs when insufficient funds exist to fully fund those programs and still meet the account's statutory reserve requirement. Tier 2 programs include water-related programs, agriculture-related programs, clean and renewable energy development, soil conservation, the control of invasive species, low-income energy assistance, and the Species Conservation Trust Fund.

State Revenue

State diversions. For FY 2016-17 and FY 2017-18, the bill diverts \$3.25 million from the General Fund to the Local Firefighter Safety and Disease Prevention Fund.

State transfers. For FY 2016-17, the bill transfers \$1.5 million from the General Fund to the WRRF. For FY 2016-17, the bill also authorizes a statutory transfer of \$1.5 million from the operational fund to the WRRF, essentially continuing a Tier 2 program that would have expired under current law.

Based on the September 2015 Legislative Council Economic Forecast, the DNR will be required to make a 25 percent proportional reduction across all existing Tier 2 programs funded from the operational fund under current law. This bill authorizes the transfer of an additional \$1.5 million from the operational fund. This transfer increases the required proportional reduction for Tier 2 programs to 28 percent such that the actual transfer will be \$1.1 million. The remaining programs funded through the operational account are reduced in aggregate by the same amount.

State Expenditures

For FY 2016-17, the bill increases state expenditures in the Department of Natural Resources for grants from the Wildfire Risk Reduction Grant Program by \$2.6 million, and decreases total expenditures for other existing operational fund Tier 2 programs by about \$1.1 million. The bill increases state expenditures in the Department of Public Safety by up to \$3.25 million in both FY 2016-17 and FY 2017-18.

Table 1 shows the projected funding to all Tier 2 programs funded from the operational account under both current law and Bill 5.

Table 1. Operational Fund Tier 2 Programs Under Current Law and Bill 5			
Tier 2 Programs	Current Law	With LLS 0274 Bill 5	Difference
Wildfire Risk Reduction Grant Program	\$0	\$1,086,879	\$1,086,879
Water Supply Reserve Account	7,540,580	7,245,858	(294,722)
Soil Conservation Districts Matching Grants	339,326	326,064	(13,262)
Water Efficiency Grants	414,732	398,522	(16,210)
Species Conservation Trust Fund	3,770,290	3,622,929	(147,361)
Low Income Energy Assistance Program (LEAP)	9,802,754	9,419,615	(383,139)
Agriculture Value-Added Cash Fund	377,029	362,293	(14,736)
Interbasin Compacts	561,824	539,865	(21,959)
Forestry Grants / Bark Beetle	1,885,145	1,811,465	(73,681)
Tamarisk Control Grants	0	0	0
Aquatic Invasive Species	3,020,760	2,902,694	(118,066)
Forfeited Mine Sites	95,765	92,022	(3,743)
TOTAL TIER 2 PROGRAMS	\$27,808,206	\$27,808,206	\$0

Source- Department of Natural Resources
 All funds continuously appropriated to their respective administrative agencies.

Wildfire Risk Reduction Grant Program. The bill increases expenditures from this account by \$1,086,879 in FY 2016-17. The grant program funds two types of projects: fuel treatment projects that reduce the risk of property damage from wildfires, and/or limits the likelihood of wildfires spreading to populated areas; and, local government capacity-building projects that provide equipment to enable local governments to treat hazardous fuels on state and private lands.

Water Supply Reserve Account. The bill will reduce expenditures from this account by \$294,722 in FY 2016-17. The program provides grants and loans to assist Colorado water users to address their critical water supply issues and to aide eligible entities to complete water projects.

Conservation District Grant Fund. The bill reduces expenditures in this account by \$13,262. The grant fund assists Colorado Conservation Districts in implementing and encouraging sound natural resource planning, management and development particularly in minerals, energy, geology, and water resources.

Water Efficiency Grant Program Cash Fund. The bill will reduce expenditures from this account by \$16,210. The program provides financial assistance for developing and implementing water conservation plans, promoting the benefits of water resource conservation through public education and outreach projects, and developing drought mitigation plans.

Species Conservation Trust Fund. The bill will reduce expenditures from this account by \$147,361. The fund is used to support cooperative agreements, recovery programs, and other programs designed to meet obligations arising under the federal Endangered Species Act of 1973. The fund also supports studies and programs regarding species placed on the state endangered or threatened list, and the recovery or protection of candidate species to avoid listing of the species, and scientific research relating to listing or not listing specific species.

Low Income Energy Assistance (LEAP). The bill reduces expenditures on low-income energy assistance by a total of \$383,139. LEAP is a Federally-supported program that helps low-income households with their home energy bills.

Agriculture Value-Added Cash Fund. The bill reduces expenditures from this fund by \$14,736. The fund makes grants, loans and loan guarantees, and equity investments, and also offers tax credits to eligible agricultural value-added cooperatives.

Interbasin Compacts. The bill reduces expenditures for this program by \$21,959. Funding supports the Water Conservation Board, Interbasin Compact Committee, and Basin Roundtables.

Forestry Grants / Bark Beetle / Healthy Forests and Vibrant Communities Fund. The bill reduces expenditures from this fund by \$73,681. The fund supports increased efforts to address wildfire risk, provides resources to the Colorado State Forest Service to augment technical outreach capabilities, and provides loans and grants for market-based forest treatment solutions to reduce wildfire risk.

Division of Wildlife Aquatic Nuisance Species Fund. The bill reduces funding for this fund by \$118,066. The fund is used to prevent new introductions and reduce the spread of existing invasive species such as zebra mussels in Colorado.

Forfeited Mine Sites. The bill reduces funding for this program by \$3,743. This program provides funding for the Division of Reclamation, Mining, and Safety in the DNR to conduct reclamation projects at mine sites with insufficient or failed bonds.

Local Firefighter Safety and Disease Prevention Fund. The bill diverts a total of \$6.5 million from insurance premium tax revenue that would otherwise be deposited in the General Fund. The fund is administered by the Division of Fire Prevention and Control in the DPS, and provides need-based grants to local governments for equipment and training designed to increase firefighter safety and prevent occupation-related diseases.

Local Government Impact

The bill both increases and decreases local government revenue and expenditures. For local governments eligible to compete for grants under either the Local Firefighters Safety and Disease Prevention Fund or the Wildfire Risk Reduction Fund, any grant awards made will result in offsetting increases in revenue and expenditures. The number and size of local government grant awards has not been estimated.

The authorized transfer of \$1.5 million from the operational fund will result in a \$1.1 million decrease in funding to other Tier 2 programs some of which would have been distributed to local governments.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

No new appropriation is required. Money in the affected funds are continuously appropriated to the affected departments.

State and Local Government Contacts

Counties
Special Districts
Municipalities

Judicial
Sheriffs
Public Safety

Natural Resources
Regulatory Agencies