



Colorado
Legislative
Council
Staff

Bill 9

FISCAL NOTE

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

Drafting Number: LLS 16-0277
Prime Sponsor(s):

Date: October 27, 2015
Bill Status: Wildfire Matters Review Interim
Committee Bill Request
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: BROADCAST BURN REDUCE WILDFIRE RISK REPLENISH FUND

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$0</u>	
State Transfers		
General Fund	(\$1.5 million)	
Wildfire Risk Reduction Cash Fund	\$1.5 million	
Severance Tax Operational Fund	(\$1.1 million)	
Wildfire Risk Reduction Cash Fund	\$1.1 million	
State Expenditures	<u>\$1.5 million</u>	
General Fund		
Wildfire Risk Reduction Cash Fund	<u>\$2.6 million</u>	
Tier 2 Operational Fund Programs	<u>(\$1.1 million)</u>	
FTE Position Change		
Appropriation Required: None required. Money in the affected cash funds is continuously appropriated.		
Future Year Impacts: None.		

Summary of Legislation

Under current law, the Department of Natural Resources (DNR) administers the Wildfire Risk Reduction Grant Program to assist with funding community-level and statewide actions to protect populations and property in wildland-urban interface areas, and to promote forest health and the use of forest products and biomass.

This bill, **requested by the Wildfire Matters Review Committee**, adds broadcast burning to the types of projects and methods for which the DNR may award grants from the Wildfire Risk Reduction Cash Fund, and authorizes the transfer of a total of \$3.0 million into the cash fund: \$1.5 million from the General Fund and \$1.5 million from the Severance Tax Operational Fund (operational fund).

Background

To date, the Wildfire Risk Reduction Grant Program has 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.

The severance tax 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 transfers. For FY 2016-17, the bill transfers \$1.5 million from the General Fund to the Wildfire Risk Reduction Cash fund. The bill also authorizes a statutory transfer of \$1.5 million from the operational fund to the wildfire fund.

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, and results in a reduction in actual funding for these programs by approximately \$1.1 million for deposit in the Wildfire Risk Reduction Cash Fund.

State Expenditures

The bill both increases and decreases state expenditures for FY 2016-17 and FY 2017-18. The bill increases state expenditures for grants from the Wildfire Risk Reduction Grant Program by \$2.6 million, and decreases total expenditures for other existing Tier 2 programs by about \$1.1 million. Table 1 shows the projected funding to all Tier 2 programs under both current law and Bill 9.

Table 1. Operational Fund Tier 2 Programs Under Current Law and Bill 9			
Tier 2 Programs	Current Law	With LLS 0277 Bill 9	Difference
<i>Wildfire Risk Reduction Grant Program</i>	\$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. State expenditures from the Wildfire Risk Reduction Grant Program increase by \$1.5 million as a result of the General Fund transfers to the Wildfire Risk Reduction Cash fund. The grant program will also spend an additional \$1.1 million as a result of a corresponding reduction in all other Tier 2 programs. 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 Government Impact

Counties and other local governments will continue to apply for and receive grant funding for wildfire risk reduction projects in their jurisdictions. The bill expands funding for grant programs, thereby increasing funding available for local governments.

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 appropriations are required. Moneys in the affected funds are continuously appropriated.

State and Local Government Contacts

Higher Education

Local Affairs

Natural Resources