

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 09-0464
Prime Sponsor(s): Rep. Scanlan
 Sen. Gibbs

Date: February 15, 2009
Bill Status: House Agriculture
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TITLE: CONCERNING INCREASED EFFORTS TO ADDRESS WILDFIRE RISK, AND, IN CONNECTION THEREWITH, PROVIDING RESOURCES TO THE COLORADO STATE FOREST SERVICE TO AUGMENT ITS TECHNICAL OUTREACH CAPABILITIES AND PROVIDE LOANS AND GRANTS FOR MARKET-BASED AND FOREST TREATMENT SOLUTIONS TO REDUCE WILDFIRE RISK.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
State Transfers or Diversions Transfer from the Operational Account of the Severance Tax Trust Fund to the:		
Healthy Forests and Vibrant Communities Fund	(\$ 2,950,000)	
Wildland-urban Interface Training Fund	(50,000)	(\$ 50,000)
State Expenditures		
Cash Funds		
Healthy Forests and Vibrant Communities Fund	\$ 2,950,000	
Wildland-urban Interface Training Fund	50,000	\$ 50,000
Stationary Sources Control Fund	49,915	24,931
FTE Position Change	0.5 FTE	0.3 FTE
Effective Date: The bill is effective 90 days following final adjournment of the General Assembly unless a referendum petition is filed (August 4, 2009, if final adjournment is May 6, 2009).		
Appropriation Summary for FY 2009-2010: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

HB09-1199 enacts the "Colorado Healthy Forests and Vibrant Communities Act of 2009." The act makes several changes regarding the care, protection, and use of Colorado's forests.

State Transfers and Diversions

The bill transfers moneys from the operational account of the Severance Tax Trust Fund as follows:

- ▶ \$2,950,000 to the Healthy Forests and Vibrant Communities Fund – one-time; and
- ▶ \$50,000 to the Wildland-urban Interface Training Fund – ongoing.

Operational Account of the Severance Tax Trust Fund. Based on the December 2008 Legislative Council Economic Forecast and the Department of Natural Resources' estimated expenditures from the operational account, revenue to the operational account of the Severance Tax Trust Fund is projected to be \$20.7 million short of existing spending obligations. As a result, programs identified as "Tier 2" will receive a proportional reduction in funding due to the requirements of HB08-1398. Any new legislation that requires funding from the operational account will increase the projected funding shortfall and increase the reductions taken from all Tier 2 programs, including funding for programs created by new legislation. The impact of the shortfall to other programs and to this bill have not been incorporated into this fiscal note.

State Expenditures

Total state expenditures under HB09-1199 are approximately \$3.0 million in FY 2009-10 and \$75,000 in FY 2010-11. Expenditures are from the operating account of the Severance Tax Trust Fund and the Stationary Sources Control Fund. Nearly all tasks are carried out by the Colorado State Forest Service (CSFS) at Colorado State University. Note that although the CSFS has been surveyed, specific information about implementation of the bill has not been provided at this time. The following sections describe the activities and the money provided for the activity.

Community Wildfire Protection Plan (CWPP – \$500,000). CWPPs are plans to identify and mitigate fire hazards that are developed with input from state, local, and federal government bodies and other interested parties. The bill requires the CSFS to collaborate with local governments, fire districts, and law enforcement bodies to develop CWPP standards. The CSFS must also provide technical assistance in the development of CWPPs, identification of hazard areas, and to ensure fire-fighting equipment is fully functional.

Wildfire Mitigation (\$250,000). The bill requires the CSFS to provide the following services to help communities address wildfire issues:

- ▶ expand the fuel mitigation program cost-share grants to land owners in the wildland-urban interface;
- ▶ hire temporary staff to implement and monitor mitigation grants;
- ▶ provide resources for aerial surveys to assess wildfire and insect risks; and
- ▶ provide resources to incorporate pathology information into forest analyses.

Community Watershed Restoration (\$1,100,000). To protect and improve watersheds, the CSFS is to hire temporary staff to assist in the implementation of Forest Restoration Pilot Program Grants. The CSFS is also to work with the Air Quality Control Commission in the Department of Public Health and Environment to examine increased use of prescribed fire as a tool to restore forests. Costs to the commission are discussed below.

Forest Treatment Revolving Loan Fund (\$80,000). The CSFS will administer a revolving loan program aimed at using beetle-killed timber and other timber for traditional and non-traditional uses. The loan fund may be used to support woody bio-mass in heating.

Wildfire Risk Mitigation Loan Program (\$320,000). The CSFS is to issue a statewide request for proposals to provide businesses with startup capital for equipment to harvest, remove, and use beetle-killed and other timber taken as part of wildfire risk reduction or fuels mitigation treatment.

Outreach and Technical Assistance (\$700,000). The CSFS is to secure full-time temporary staff to help carry out the activities mentioned above. Additionally, the CSFS is to secure sufficient GIS capabilities to be able to better provide wildfire, insect, and disease risk assessments. Finally, the CSFS is to develop a web-based clearinghouse for technical resources and funding resources related to the bill.

Fire Protection District Training (\$50,000). The bill provides an ongoing appropriation of \$50,000 for an existing training program offered by the Division of Fire Safety in the Department of Public Safety.

Department of Public Health and Environment – Air Quality Control Commission (\$49,915 and 0.5 FTE). The commission is instructed to assist the CSFS in determining barriers to increased use of prescribed fire and to develop a report on the issue. To advise the CSFS, the commission will conduct a study, including public outreach. Study and report costs are paid from the fund balance of the Stationary Sources Control Fund and shown in Table 1.

Table 1. Expenditures under HB09-1199		
Cost Components	FY 2009-10	FY 2010-11
Personal Services	\$33,172	\$19,903
<i>FTE</i>	0.5	0.3
Operating Expenses and Capital Outlay	3,089	–
Facilitator	12,000	4,500
Travel	1,654	528
TOTAL	\$49,915	\$24,931

- ▶ *Personal Services, Operating, and Capital Expenses.* An Environmental Protection Specialist II will plan internal and public meetings, form a workgroup, develop policy alternatives, work with the CSFS, and write the report.
- ▶ *Operating Expenses and Capital Outlay.* Standard operating expenses, telephone, computer, and furnishing are included in this cost.
- ▶ *Facilitator.* A facilitator will assist in 12 meetings in FY 2009-10 and 3 meetings in FY 2010-11. The facilitator is expected to require 80 hours in FY 2009-10 and 30 hours in FY 2010-11 at a rate of \$150 per hour.
- ▶ *Travel Expenses.* The specialist and facilitator will incur travel expenses for the 12 meetings in FY 2009-10 and 3 meetings in FY 2010-11.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included under HB09-1199*		
Cost Components	FY 2009-10	FY 2010-11
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$3,423	\$2,054
Supplemental Employee Retirement Payments	966	740
Indirect Costs	8,186	4,089
TOTAL	\$12,575	\$6,883

*More information is available at: http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2009/comsched/CommonPolicies2009.pdf

Local Government Impact

Local governments will be provided additional technical assistance from the CSFS towards developing CWPPs, wildfire risk mitigation, and watershed restoration. Depending on the manner in which the CSFS carries out the provisions of the act, local governments may have additional responsibilities with respect to these activities, however, additional resources will be available to carrying out these efforts.

State Appropriations

For FY 2009-10, the following cash funds appropriations are required:

- ▶ \$2,950,000 to the Department of Higher Education from the Healthy Forests and Vibrant Communities Fund;

- ▶ \$50,000 to the Department of Public Safety from the Wildland-urban Interface Training Fund; and
- ▶ \$49,915 and 0.5 FTE to the Department of Public Health and Environment from the Stationary Sources Control Fund.

Departments Contacted

Higher Education
Natural Resources
Public Safety

Public Health and Environment
Governor