

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

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

Date: July 9, 2009
Bill Status: Signed into Law
Fiscal Analyst: David Porter (303-866-4375)

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, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
Cash Funds		
Stationary Sources Control Fund*		\$ 44,900
State Transfers or Diversions		
Transfer from the Operational Account of the Severance Tax Trust Fund to the:		
Healthy Forests and Vibrant Communities Fund**	(\$ 1,450,000)	(\$ 626,463)
Forest Restoration Pilot Program Cash Fund**	(440,532)	(432,043)
Wildland-urban Interface Training Fund**	(50,000)	(21,602)
Transfer from the Disaster Emergency Fund to the Wildfire Emergency Response Fund	up to (600,000)	
State Expenditures		
Cash Funds		
Healthy Forests and Vibrant Communities Fund**	\$ 1,450,000	\$ 626,463
Forest Restoration Pilot Program Cash Fund**	1,000,000	432,043
Wildland-urban Interface Training Fund**	50,000	21,602
Stationary Sources Control Fund		33,647
FTE Position Change	0.5 FTE	0.5 FTE
Effective Date: The Governor signed the bill into law on June 3, 2009, and unless a referendum petition is filed, the bill will take effect August 5, 2009.		
Appropriation Summary for FY 2009-2010: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

* Fee revenue exceeds state expenditures in order to pay for costs noted in the Expenditures Not Included section of this fiscal note.

** These projected transfers and expenditures are based on the Legislative Council Staff March 2009 forecast and the package of bills that were passed in the 2009 legislative session affecting allocation of money in the Operational Account of the Severance Tax Trust Fund. Expenditure amounts shown in this fiscal note are based upon changes enacted by SB09-293.

Summary of Legislation

This bill 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.

Background

HB08-1398 established the default mechanism for balancing spending from the Operational Account of the Severance Tax Trust Fund by making proportional reductions to Tier 2 programs. Based on the March 2009 Legislative Council Staff revenue forecast and the bills passed in the 2009 legislative session affecting allocation of this money (including HB09-1199, SB09-106, SB09-124, SB09-125 and SB09-293), no proportional reductions will be necessary for Tier 2 programs in FY 2009-10. Proportional reductions will be necessary in FY 2010-11.

State Revenue

State revenue from HB09-1199 is estimated to be \$0 in FY 2009-10 and \$44,900 in FY 2010-11. Revenue is from fees charged for prescribed burns. Fees are charged by the Department of Public Health and Environment to assist with prescribed burns to ensure that proper procedures are followed to minimize hazards and air pollution. Fees are set to pay for the costs of the Colorado Smoke Management Program in the department and range from \$100 (for infrequent permittees) to \$1,200. Due to the increased number of permit applications, the department will hire an additional 0.5 FTE in FY 2010-11. Additional personal services costs will be offset by permit revenue from new applicants. If this is not sufficient to cover costs, the department may change the fee structure to cover costs.

State Transfers and Diversions

Based on the March 2009 Legislative Council Staff forecast, and the package of bills that were passed during the 2009 legislative session, this bill will result in the transfers from the Operational Account of the Severance Tax Trust Fund shown in Table 1.

Table 1. Transfers under HB09-1199		
From the Operational Account of the Severance Tax Trust Fund to the following:	FY 2009-10	FY 2010-11
Healthy Forests and Vibrant Communities Fund	\$1,450,000	\$626,463
Forest Restoration Pilot Program Cash Fund	440,532	432,043
Wildland-urban Interface Training Fund	50,000	21,602
TOTAL	\$1,940,532	\$1,080,108

The reduction in the out-year occurs because severance tax revenue is expected to be insufficient to fully fund Tier 2 programs. Note that the transfers to the Forest Restoration Pilot Program Cash Fund are not contained within this bill, but they are shown in this fiscal note as they result from the passage of this bill and the package of bills that balance Tier 2 programs.

State Expenditures

Total state expenditures under HB09-1199 are approximately \$2.5 million in FY 2009-10 and \$1,080,108 in FY 2010-11. Expenditures are from the operational account of the Severance Tax Trust Fund and the Stationary Sources Control Fund. Because of the required proportional reductions for Tier 2 programs, actual expenditures anticipated in FY 2010-11 are \$1,080,108, rather than a continuation of the bill's \$2.5 million in funding. For simplicity, expenditures funded by Severance Tax Trust Fund moneys are shown below based on full funding. Out-year funding reductions are anticipated but not identified. Cost components funded by Severance Tax Trust Fund moneys are indicated with an asterisk (*).

Nearly all tasks are carried out by the Colorado State Forest Service (CSFS) at Colorado State University. To meet the bill's staffing needs, the CSFS is authorized to use full-time temporary staff for some activities. The CSFS may also draw upon existing resources, use contract services, and hire part-time temporary or seasonal personnel. In total, this bill requires personnel capacity of up to 14.0 FTE. This fiscal note assumes that the personnel will be predominantly full-time temporary staff and any necessary FTE authorization will be granted by Colorado State University's governing board.

Community Wildfire Protection Plan (CWPP – \$475,000*). 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. Funding will be used to assist approximately 20 communities developing CWPPs, to upgrade 8 wildland fire engines, and to support air tankers and fire engines.

Wildfire Mitigation (\$200,000*). 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.

The CSFS' forest management and mitigation practices will be applied to an estimated 180 acres.

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.

The bill provides \$100,000 from the Healthy Forests and Vibrant Communities Fund and authorization to spend up to \$1,000,000 each year until July 1, 2012, from the Forest Restoration Pilot Program Cash Fund. Forest Restoration Pilot Program Cash Fund moneys are used for cost-share grants for forest restoration projects. Making community watershed restoration projects eligible for moneys from the fund may result in increased competition for forest restoration grants.

Forest Treatment Revolving Loan Fund (\$65,000*). 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 (\$200,000*). 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. The bill creates the continuously appropriated Wildfire Risk Mitigation Revolving Fund. Currently, no moneys are appropriated to the fund.

Outreach and Technical Assistance (\$360,000*). 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. Approximately 50 landowners and communities will be assisted with developing and implementing treatment plans. GIS assistance will be provided to an estimated 50 counties to better assess forest health and hazards.

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 Division (\$49,915 and 0.5 FTE). The division 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 division will conduct a study, including public outreach. Study and report costs are paid from the Healthy Forests and Vibrant Communities Fund and shown in Table 2. FY 2010-11 costs are to provide permits for a greater number of prescribed burns. These costs are paid from the Stationary Sources Control Fund and offset by fees from prescribed burns.

Table 2. Expenditures under HB09-1199		
Cost Components	FY 2009-10	FY 2010-11
Personal Services	\$33,172	\$33,172
<i>FTE</i>	0.5	0.5
Operating Expenses and Capital Outlay	3,089	475
Facilitator	12,000	
Travel	1,654	
TOTAL	\$49,915	\$33,647

- ▶ *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. In FY 2010-11, 0.5 FTE will process permits for prescribed burns.
- ▶ *Operating Expenses and Capital Outlay.* Standard operating expenses, telephone, computer, and furnishing are included in this cost.
- ▶ *Facilitator.* In FY 2009-10, a facilitator will assist in 12 meetings requiring 80 hours at \$150 per hour.
- ▶ *Travel Expenses.* The specialist and facilitator will incur travel expenses for the 12 meetings in FY 2009-10.

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 3.

Table 3. 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	\$3,423
Supplemental Employee Retirement Payments	966	1,234
Indirect Costs	8,186	5,518
TOTAL	\$12,575	\$10,175

*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

Consistent with this fiscal note, the bill contains the following FY 2009-10 cash funds appropriations:

- ▶ \$50,000 to the Department of Public Safety from the Wildland-urban Interface Training Fund; and
- ▶ 0.5 FTE to the Department of Public Health and Environment from the Healthy Forests and Vibrant Communities Fund (as the Healthy Forests and Vibrant Communities Fund is continuously appropriated, FTE authorization is shown for informational purposes only).

Departments Contacted

Higher Education
Governor

Public Health and Environment
Public Safety

Natural Resources