

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated April 13, 2009)

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

Date: April 20, 2009
Bill Status: Senate Appropriations
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 | (\$ 1,950,000) | (\$ 1,950,000) |
| Wildland-urban Interface Training Fund | (50,000) | (50,000) |
| State Expenditures | | |
| Cash Funds | | |
| Healthy Forests and Vibrant Communities Fund | \$ 1,950,000 | \$ 1,950,000 |
| Forest Restoration Pilot Program Cash Fund | 1,000,000 | 1,000,000 |
| Wildland-urban Interface Training Fund | 50,000 | 50,000 |
| Stationary Sources Control Fund | | 33,647 |
| FTE Position Change | 0.5 FTE | 0.5 FTE |
| Effective Date: The bill is effective August 5, 2009, if the General Assembly adjourns on May 6, 2009, as scheduled, and no referendum petition is filed. | | |
| 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.

Summary of Legislation

This *reengrossed bill, as amended by the Senate Agriculture and Natural Resources Committee*, 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 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

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

- ▶ \$1,950,000 to the Healthy Forests and Vibrant Communities Fund – for three years starting in FY 2009-10; and
- ▶ \$50,000 to the Wildland-urban Interface Training Fund – ongoing.

Operational Account of the Severance Tax Trust Fund. Based on the March 2009 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 \$26.0 million short of existing spending obligations in FY 2009-10 and \$15.9 million in FY 2010-11. 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 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. 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 18.0 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 (\$225,000). 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 200 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 (\$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. The bill creates the continuously appropriated Wildfire Risk Mitigation Revolving Fund. Currently, no moneys are appropriated to the fund.

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. Approximately 100 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 1. 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 1. 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 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 | \$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

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

- ▶ \$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