


Colorado Legislative Council Staff Fiscal Note
STATE
FINAL FISCAL IMPACT
(replaces fiscal note dated March 15, 2007)

Drafting Number: LLS 07-0493
Prime Sponsor(s): Rep. Gibbs
 Sen. Penry

Date: May 4, 2007
Bill Status: Postponed Indefinitely
Fiscal Analyst: Bill Goosmann (303-866-3561)

TITLE: CONCERNING SUPPORT FOR THE CONTROL OF NONNATIVE PLANTS FROM COLORADO'S WATERSHEDS.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue	\$0	\$0
Transfer and Diversions		
Cash Funds		
Operational Account of the Severance Tax Trust Fund transfer to the Noxious Weed Management Fund	(\$1,000,000)	(\$1,000,000)
State Expenditures		
Cash Funds		
Noxious Weed Management Fund	\$1,000,000	\$1,000,000
FTE Position Change	2.0 FTE	2.0 FTE
Effective Date: The bill was postponed indefinitely by the House Appropriations Committee on March 30, 2007.		
Appropriation Summary for FY 2007-2008: See the State Appropriations section.		
Local Government Impact: See the Local Government Impact section.		

Summary of Legislation

This bill transfers \$1.0 million each year for the next four fiscal years – FY 2007-08 through FY 2010-11 – from the Operational Account of the Severance Tax Trust Fund to the Noxious Weed Management Fund in the Department of Agriculture (DOAg). These funds will be used to award grants for riparian restoration projects involving control of tamarisk and other detrimental nonnative plants. Grants may be submitted by "watershed partnerships" involving political subdivisions of the state and nonprofit organizations. Projects may be on private and non-federal public lands. The department may also use the funds to cover the direct and indirect costs of developing and administering the program. DOAg is directed to operate the program in cooperation with the Interbasin Compact Committee, the Colorado Water Conservation Board, and the Colorado Noxious Weed Advisory Committee. Annual reports to the Governor and the General Assembly are required. All funds remaining at that time revert to the Severance Tax Trust Fund.

Background – Operational Account of the Severance Tax Trust Fund

The Operational Account of the Severance Tax Trust Fund receives 25 percent of severance tax receipts. Moneys in the account have traditionally been used to fund the following programs in the Department of Natural Resources (DNR) – Colorado Oil and Gas Conservation Commission, Colorado Geological Survey, Division of Minerals and Geology, and Colorado Water Conservation Board.

A total of 11 bills that spend money out of the operational account were enacted in 2006. Of these, 6 made funding from the account contingent on various reserve requirements, as shown in Table 1 below. The December 2006 Legislative Council Staff forecast indicates that there *may* be enough money available in FY 2006-07 through FY 2008-09 to meet statutory reserve requirements and fund current law programs, *but not necessarily to fund additional programs*. Should actual revenues be lower than is currently forecasted, there will not be enough revenue to fully fund current programs. Current law does not specify how those programs would be prioritized should there be insufficient revenue to fund them all and to fully fund the reserve requirements.

Statutory reserve requirements. Current law requires that the year-end fund balance in the account be equal to the sum of the 2-year statutory reserve and the "LEAP reserve" (Low-Income Energy Assistance Program). The **2-year statutory reserve** was enacted by HB 02-1041, which required a reserve equal to twice the size of current year appropriations from the account to the core programs funded by the account. They include the Oil and Gas Commission, the Geological Survey, Minerals and Geology, and the Water Conservation Board. The "**LEAP reserve**" is a set amount required by HB 06-1200 to ensure sufficient revenue to fund each year's appropriation pursuant to that bill. The sum of the 2 reserves is estimated to be \$35.0 million in FY 2007-08 and \$21.8 million in FY 2008-09.

Table 1. Programs Enacted in 2006 that Spend Money from the Operational Account of the Severance Tax Trust Fund, Contingent on Reserve Requirements			
Current Law Program (Enacting Bill)	FY 2006-07 Allocation	FY 2007-08 Allocation	FY 2008-09 Allocation
Programs contingent on the 2-year statutory reserve			
Soil and Water Conservation (HB 06-1393)	\$450,000	\$450,000	\$450,000
Colorado Water Conservation Board - Water Projects (SB 06-179)	\$10,000,000	\$10,000,000	\$10,000,000
Programs contingent on the 2-year statutory reserve and the LEAP reserve			
Low Income Energy Assistance (HB 06-1200)	\$11,000,000	\$12,000,000	\$13,000,000
Clean Energy Development Fund (HB 06-1322)	\$2,635,000	\$2,500,000	\$2,500,000
Colorado Water Resources Research Institute (SB 06-183)	\$500,000	\$0	\$0
Programs contingent on both reserve requirements and all other programs having been funded			
National Deep Underground Science Laboratory (SB 06-229)	\$0	\$1,000,000	\$5,000,000

State Expenditures

For FY 2007-08 and FY 2008-09, the Department of Agriculture will require spending authority of \$1.0 million each year. A total of 2.0 FTE will be needed to administer the program and provide technical expertise to grant applicants (Table 2).

Table 2. Expenditure Detail		
Administration of Nonnative Plant Eradication Grant Program		
	FY 2007-08	FY 2008-09
Personal Services	\$148,795	\$148,795
FTE	2.0	2.0
Operating Expenses, Travel, Capital Outlay	\$25,707	\$22,948
TOTAL	\$174,502	\$171,743

Please note that the transfer of funds from the operational account is made based on a Legislative Council Staff forecast of severance tax collections. That forecast could indicate that collections are insufficient to allow the transfers proposed in this bill. In addition, if actual revenues are lower than what had been forecasted, the operational account may face a revenue shortfall in the future. Because the amount collected is subject to global market forces, total collections can be very volatile.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance
- inflation indices
- amortization equalization disbursements
- supplemental amortization equalization disbursements
- short-term disability
- leased space
- indirect costs

Local Government Impact

Additional resources will become available to local governments for control and eradication of nonnative plants.

State Appropriations

For FY 2007-08, the bill requires a cash fund appropriation from the Noxious Weed Management Fund to the Department of Agriculture of \$1.0 million, and 2.0 FTE.

Departments Contacted

Agriculture Natural Resources Local Affairs