

**STATE AND LOCAL
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 15, 2008)

Drafting Number: LLS 08-0237

Date: February 21, 2008

Prime Sponsor(s): Sen. Gibbs
Rep. Scanlan

Bill Status: Senate Appropriations

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TITLE: CONCERNING EXTENSION OF THE REPEAL DATE OF THE FOREST RESTORATION PILOT PROGRAM, AND, IN CONNECTION THEREWITH, EXTENDING THE REPEAL DATE OF THE TECHNICAL ADVISORY PANEL.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue	\$0	\$0
State Expenditures		
Cash Funds		
Operational Account of the Severance Tax Trust Fund	\$1,000,000	\$1,000,000
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Upon signature of the Governor, or upon the bill becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill, *as amended by the Senate Agriculture, Natural Resources and Energy Committee*, extends the repeal date for the Forest Restoration Pilot Program and its related technical advisory panel from July 1, 2008, to July 1, 2012. It also includes an annual appropriation of \$1.0 million from the operational account of the Severance Tax Trust Fund for four fiscal years beginning in FY 2008-09. In years where insufficient funds exist to appropriate the \$1.0 million, the appropriation is to be pro rated to accommodate the demands on the fund.

Background

Forest Restoration Pilot Program. The General Assembly created the Forest Restoration Pilot Program through HB07-1130 as part of the Colorado Forest Restoration Act. It directed the Colorado State Forest Service and the Division of Forestry, Department of Natural Resources, to solicit proposals for experimental forest restoration projects that protect water supplies. It also established a technical advisory panel to assist the state forest service in the proposal selection process.

Severance Tax Trust Fund - Operational Account. The Operational Account 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: Oil and Gas Conservation Commission; Geological Survey; Minerals and Geology; and Water Conservation Board.

In the past two years, several bills were enacted that transferred money out of the Operational Account. Of these, eight bills made funding from the account contingent on various reserve requirements. The December 2007 Legislative Council Staff forecast indicates that there is enough money available in fiscal years 2008-09 and 2009-10 to meet statutory reserve requirements and fund current law programs, *but not necessarily to fund additional programs*. However, in the current fiscal year, there is not enough revenue to meet the reserve requirements — \$20.9 million in FY 2008-09, and \$21.7 million in FY 2009-10. Current law does not specify how those programs should be prioritized if there is insufficient revenue to fund them all and to fully fund the reserve requirements.

State Expenditures

State expenditures for the Department of Natural Resources will be \$1 million annually for forest restoration projects each year from FY 2008-09 to FY 2011-12. This amount is subject to sufficient funds being available in the Operational Account.

Local Government Impact

Communities located in or near designated community wildfire protection areas can expect additional resources in the form of approved reforestation program grants.

State Appropriations

For FY 2008-09, the bill appropriates \$1.0 million to the Department of Natural Resources from the Operational Account of the Severance Tax Trust Fund.

Departments Contacted

Natural Resources