

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF A HIGH-RISK COMMUNITIES WILDFIRE MITIGATION GRANT PROGRAM.

Prime Sponsors: Sens. Kopp and Gibbs  
Reps. King S. and Scanlan

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Phone: 303-866-4952  
Date Prepared: March 11, 2009

**Summary of Amendments Made to the Bill After the 02/26/09 Legislative Council Staff Revised Fiscal Note Was Prepared**

None.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

Concurs

Does Not Concur

Updated Analysis

**Reason for the Update**

Last year, H.B. 08-1398 divided all expenditures from the Operational Account of the Severance Tax Trust Fund into two categories. Tier 1 expenditures support salaries and on-going core programs of the Department of Natural Resources. Tier 2 programs support grants, loans, research, and construction. Due to the variability of severance tax revenues, there are reserve requirements to ensure sufficient funds. The reserve requirement for tier 1 programs is equal to one full year of operating appropriations. The reserve requirement for tier 2 programs is equal to fifteen percent of authorized expenditures. In addition to the reserve requirements, if a mid-year projection indicates there will be insufficient revenues to the Operational Account to support all statutorily authorized expenditures, the tier 2 programs are automatically proportionally reduced to fit the projections.

The Legislative Council Staff Revised Fiscal Note dated February 26, 2009 assumed that the appropriation from the Operational Account of the Severance Tax Trust Fund to the High-risk Communities Wildfire Mitigation Grant Program Fund would be treated as a tier 2 expenditure and subject to proportional reduction if there are insufficient revenues to the Operational Account. However, the bill did not insert the appropriation into either the tier 1 or tier 2 category. It appears that the \$180,000 appropriation would not be subject to proportional reduction, or the reserve requirements. Legislative Council Staff agrees with this assessment, but did not have time to revise the fiscal note prior to the Appropriations Committee meeting.

**Amendments/Appropriation Status**

The bill requires, but does not contain, an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$180,000 cash funds from the Operational Account of the Severance Tax Trust Fund to the Wildfire Mitigation Grant Program Fund in FY 2009-10.

**Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

1. In its current form, the bill overrides reserve requirements and proportional reductions that were set up last year to ensure that the Operational Account would not be over-obligated if severance tax revenues are less than expected. Should the bill be modified to make the \$180,000 a tier 2 expenditure?
2. Based on the December 2008 Legislative Council Staff revenue forecast, tier 2 expenditures from the Operational Account will need to be reduced proportionally to match the available revenue. This bill would increase the proportional reduction necessary for the tier 2 programs.