

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0866	Date: April 18, 2013
Prime Sponsor(s): Sen. Nicholson; Roberts Rep. Coram; McLachlan	Bill Status: Senate Agriculture Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE CREATION OF A GRANT PROGRAM TO ASSIST WITH EFFORTS TO REDUCE THE RISK OF CATASTROPHIC WILDFIRES TO FORESTED LANDS IN COLORADO, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Transfers or Diversions Transfer from the General Fund to the Wildfire Risk Reduction Fund	\$10,300,000	
State Expenditures Cash Funds Wildfire Risk Reduction Fund	\$2,549,250	\$2,549,250
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill creates the Wildfire Risk Reduction Grant Program (WRRGP), including a new cash fund established to provide funding for grants, the Wildfire Risk Reduction Fund (WRRF).

The Department of Natural Resources (DNR) administers the WRRGP with a focus on reducing hazardous forest fuels in the wildland-urban interface. The DNR's duties include establishing application requirements, making periodic reports, and monitoring projects funded by WRRGP grants. Within the scope allowed by existing funding, the bill requires the Colorado State Forest Service to collaborate with the DNR and provide technical assistance to grant applicants.

The bill creates the Wildfire Risk Reduction Grant Program Advisory Committee, consisting of 8 members appointed by the executive director of the DNR to represent various interests involved in, or concerned with, the mitigation of catastrophic wildfires, such as federal land management, local government, and the forest products industry. The advisory committee prepares a request for

grant proposals, reviews applications, and awards grants. Grant applicants must provide matching funds and include a plan for utilizing any woody material generated by a project proposed for grant funding. In addition, the advisory committee must prioritize grant applications with a project in high-risk wildland-urban interface areas.

The bill directs the state treasurer to transfer \$10,300,000 from the General Fund to the Wildfire Risk Reduction Fund on July 1, 2013. Moneys in the fund are continuously appropriated for the purposes of the WRRGP, and up to 5 percent of moneys available in the WRRF may be used for monitoring and measurement of effectiveness of grants.

The DNR makes annual reports to the General Assembly while the bill is in effect. The WRRGP is repealed July 1, 2018.

State Transfers

On July 1, 2013, the bill results in a transfer of \$10,300,000 from the General Fund to the Wildfire Risk Reduction Fund.

State Expenditures

The bill increases cash funds expenditures in the Department of Natural Resources by an estimated \$2,549,250 in FY 2013-14 and the next three fiscal years, up to and including FY 2016-17. In FY 2017-18, final administrative efforts prior to the repeal of the WRRGP require state expenditures of \$103,000.

Of the \$10,300,000 transferred to the Wildfire Risk Reduction Fund by the bill, up to 5 percent of this money is available for administrative efforts by the DNR. This 5 percent, amounting to \$515,000, will be allocated by the DNR to contract services. The fiscal note assumes that each fiscal year the program is effective prior to repeal of the grant program on July 1, 2018, a 1 percent allocation of \$103,000 for contract services will be required to support the WRRGP.

The fiscal note assumes that grants will be awarded in a multi-year process. Accordingly, grant expenditures in the first four fiscal years of the WRRGP (*i.e.*, between FY 2013-14 and FY 2016-17) are estimated at \$2,446,250 based on equal distribution of the \$9,785,000 available for grants.

Based on the DNR's discretion in the use the WRRF, actual allocations and expenditures in any given fiscal year may vary from fiscal note estimates. Without additional transfers or appropriations to the WRRF, expenditures under the bill will total \$10,300,000 on July 1, 2018.

Local Government Impact

The bill conditionally increases local government revenue and expenditures. To the extent that local governments are located in the wildland-urban interface and engage in hazardous forest fuel reduction treatments, local governments are eligible to compete for grants under the bill. The number and size of local government grant awards have not been estimated for this fiscal analysis, but are likely to be a significant portion of the \$10.3 million transfer provided by the bill. Local governments that receive grants under the WRRGP will experience offsetting increases in revenue and expenditures.

At least one member of the advisory committee will be a local government official. The fiscal note assumes representation of local government interests on the advisory committee, in presentations to the advisory committee, and in the preparation of grant applications will be accomplished with existing local government resources.

State Appropriations

The introduced bill contains an appropriation of \$10,300,000 cash funds from the Wildfire Risk Reduction Fund, allocated to the Wildfire Risk Reduction Grant Program. However, the Wildfire Risk Reduction Fund is continuously appropriated and this appropriation is therefore not required and assumed to be informational.

Departments Contacted

Natural Resources
Local Affairs
Counties

Public Health and Environment
Personnel and Administration
Municipalities

Public Safety
Higher Education