

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0905
Prime Sponsor(s): Sen. Lambert
 Rep. Gerou

Date: April 4, 2014
Bill Status: Senate Appropriations
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SHORT TITLE: WILDFIRE PREPAREDNESS & EMERGENCY RESPONSE FUNDS

Fiscal Impact Summary*	FY 2013-2014 Current Fiscal Year	FY 2014-2015	FY 2015-2016
State Revenue	\$0	\$0	\$0
State Transfers			
Cash Funds	285,000 (285,000)	95,000 (95,000)	95,000 (95,000)
State Expenditures	Reallocation between state agencies. No net change. See State Expenditures section.		
FTE Position Change			
Appropriation Required: None. Affected funds are continuously appropriated.			

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, adds transfers from two state cash funds to the Wildfire Preparedness Fund (WPF) in the Department of Public Safety (DPS).

Specifically, transfers to the WPF are provided from fund balances and future revenue in the Healthy Forests and Vibrant Communities Fund (HFVCF) and the operational account of the Severance Tax Trust Fund (operational account) as follows:

- On its effective date, the bill requires a one-time transfer of \$285,000 from the HFVCF to the WPF.
- For three successive fiscal years, starting in FY 2014-15 and ending in FY 2016-17, the bill reduces the amount of money transferred from the operational account to the HFVCF by \$95,000 in each fiscal year, and transfers this \$95,000 to the WPF in each of those fiscal years.

Transfers to the WPF under the bill may only be used for:

- upgrades to certain fire engines used in wildland firefighting;
- technical assistance for wildfire preparedness in counties and fire protection districts; and
- implementation of provisions of the wildfire preparedness plan produced by the Division of Fire Prevention and Control (DFPC) that build and maintain the capacity of state firefighting equipment or ensure the adequate training of county and fire protection district personnel on state firefighting equipment.

The bill also reduces by \$95,000 the total amount that may be expended from HFVCF for community and firefighter planning and preparedness. Finally, the bill exempts the WPF and the Wildfire Emergency Response Fund (WERF) in DPS from statutory limits on uncommitted cash fund reserves.

Background

HFVCF assistance. The HFVCF is administered by the Colorado State Forest Service (CSFS), under the Colorado State University Extension in the Department of Higher Education. Under current law, HFVCF assistance for community and firefighter planning and preparedness is available to a variety of community-based organizations, such as soil conservation districts, utilities, and local governments generally.

Community Wildfire Preparedness Plans. The HFVCF was created by House Bill 09-1199 to facilitate community and firefighter planning and preparedness among other goals and funding priorities. Under HB 09-1199, state funding was provided for technical assistance to counties and other local entities developing community wildfire preparedness plans (CWPPs), as a component of the state's participation in initiatives under the federal Healthy Forests Restoration Act. Today, CWPPs cover all or a portion of at least 53 of Colorado's 64 counties.

Severance Tax Trust Fund distributions. The operational account of the Severance Tax Trust Fund receives 25 percent of severance tax receipts. Money in the account is divided into two tiers. Tier 1 money is used to fund core programs, including staffing and operating costs in the Department of Natural Resources (DNR). Tier 2 is allocated to a variety of programs, including the Low-Income Energy Assistance Program, species conservation, forest health programs, and other programs both within and outside the DNR. Certain statutory distributions from the operational account are subject to reduction when revenue is insufficient to fully fund Tier 2 programs. Transfers to the HFVCF and WPF are both Tier 2 programs.

State Revenue

The bill results in no net change to state revenue. Under the bill, specific amounts are transferred between cash funds starting in FY 2013-14 and ending in FY 2016-17.

Assumptions. The fiscal note assumes that the bill takes effect in the current fiscal year (FY 2013-14) and the \$285,000 transfer from HFVCF fund balance therefore occurs in this fiscal year. Based on current state revenue forecasts, the fiscal note also assumes that revenue to the operational account is sufficient to fully fund Tier 2 programs in FY 2014-15 and FY 2015-16.

State transfers. The bill results in transfers to the WPF in four successive fiscal years, starting in the current fiscal year, FY 2013-14. These transfers are summarized in Table 1.

Fiscal Year	Source Fund	Amount
FY 2013-14	HFVCF	\$285,000
FY 2014-15	Severance tax operational account	95,000
FY 2015-16	Severance tax operational account	95,000
FY 2016-17	Severance tax operational account	95,000

State Expenditures

The bill results in no net change to state expenditures. However, the bill results in additional funding available to the DFPC and an equivalent reduction in funding to the CSFS. The amounts and fiscal years affected by the bill are as identified in the State Revenue section above.

Local Government Impact

The bill has a minimal effect on local government revenue and expenditures associated with wildfire preparedness. The bill shifts some responsibility for wildfire preparedness technical assistance from the CSFS to the DFPC, but does not change the total amount available for community and firefighter planning and preparedness. However, the bill limits the availability of DFPC technical assistance to counties and fire protection districts, rather than local governments generally. The amount of local government funding affected by this change is not estimated for this analysis, but is expected to be minimal based on the current status of wildfire planning and preparedness in Colorado communities.

Technical Note

According to Colorado State University, it initiated a transfer of \$285,000 from the HFVCF to the DPS in November 2012, and, according to the DPS, a \$285,000 fund balance is currently awaiting transfer from CSU to the DPS. This transfer is intended to fulfill the realignment of state firefighting functions under House Bill 12-1283, but the transfer lacked statutory authorization after it was initiated. The fiscal note assumes that Senate Bill 14-154 accomplishes this transfer and does not represent an additional transfer.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

The HFVCF and WPF are continuously appropriated. Therefore, no adjustment in appropriations is required to implement the bill.

State and Local Government Contacts

Public Safety	Higher Education
Natural Resources	Joint Budget Committee Staff
Counties	Office of State Planning and Budgeting
Sheriffs	Special Districts
Law	Governor