

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0123
Prime Sponsor(s): Sen. Roberts

Date: January 13, 2015
Bill Status: Senate Agriculture
Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: WILDFIRE RISK REDUCTION GRANT PROGRAM

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$0	
State Transfers		
General Fund	(9,800,000)	
Cash Funds	9,800,000	
State Expenditures	\$3,266,667	\$3,266,667
Cash Funds	3,260,168	3,259,910
Centrally Appropriated Costs	6,499	6,756
FTE Position Change	0.5 FTE	0.5 FTE
Appropriation Required: None, 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 **Wildfire Matters Review Committee**, transfers \$9,800,000 from the General Fund to the Wildfire Risk Reduction Cash Fund in the Department of Natural Resources (DNR) July 1, 2015. It changes terminology to expand references to hazardous fuels and specifies treatments for the removal or reduction of vegetative fuel. Where feasible, the DNR is required to encourage a grant applicant to use veterans in wildfire mitigation activities.

Background

Senate Bill 13-169 created the Wildfire Risk Reduction Grant Program funded through the Wildfire Risk Reduction Cash Fund which included an initial \$9,800,000 transfer from the General Fund. The grants are administered by the DNR. Up to 25 percent of the grant funds are dedicated to fund capacity-building efforts to provide local governments, community groups, and collaborative forestry groups with the resources necessary to provide site-based hazardous fuel reduction treatments. Moneys in the fund are continuously appropriated and available until expended. The grant program is repealed July 1, 2018.

State Revenue

State transfers. On July 1, 2015, the bill requires a transfer of \$9,800,000 from the General Fund to the Wildfire Risk Reduction Fund.

State Expenditures

Assuming the \$9,800,000 transfer is spent evenly over the program's three years, this bill increases annual expenditures for the DNR by \$3,266,677 and 0.5 FTE beginning in FY 2015-16 through FY 2017-18 when the grant program is repealed.

The DNR has administered the grant program since 2013 within existing appropriations but is unable to continue without additional staff due to the significant effort required and limited available staff resources. Table 1 shows the expenditures required to administer the grant program including personal services, operating, capital outlay and travel for site visits. The Colorado Forest Restoration Institute is expected to continue its contract to monitor and measure the grant program's effectiveness with an annual expenditure of \$163,333.

After administration, monitoring and measurement expenditures, approximately \$3.1 million are available for grant awards each year for the next three years. Grant distributions are not likely to be consistent from year to year but all available grant funds are expected to be disbursed before the program is repealed. The variability results from the uncertainty in the number and size of grants requested and due to the fact that funds are paid on a reimbursement basis rather than at the beginning of a project.

Table 1. Expenditures Under SB15-022		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$31,900	\$31,900
FTE	0.5	0.5
Operating Expenses and Capital Outlay Costs	5,178	475
Travel	636	636
Monitoring and Measurement Contract	163,333	163,333
Grants	3,059,121	3,063,567
Centrally Appropriated Costs*	6,499	6,756
TOTAL	\$3,266,667	\$3,266,667

* Centrally appropriated costs are not usually included in the bill's appropriation.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under SB15-022*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$4,026	\$4,026
Supplemental Employee Retirement Payments	2,473	2,730
TOTAL	\$6,499	\$6,756

*More information is available at: <http://colorado.gov/fiscalnotes>

Local Government Impact

The bill may increase 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 \$9.8 million transfer provided by the bill. Local governments that receive grants under the grant program will experience offsetting increases in revenue and expenditures.

Effective Date

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

State and Local Government Contacts

Counties

Higher Education

Municipalities

Natural Resources