



Colorado Legislative Council Staff Fiscal Note

STATE and LOCAL REVISED FISCAL IMPACT

(replaces fiscal note dated January 21, 2014)

Drafting Number: LLS 14-0198
Prime Sponsor(s): Sen. Nicholson
Rep. Exum

Date: February 18, 2014
Bill Status: Senate Appropriations
Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: LOCAL FIREFIGHTER SAFETY GRANT PROGRAM

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue	\$0	\$0
<i>State Transfers</i>		
Cash Funds	(3,250,000)	(3,250,000)
	3,250,000	3,250,000
State Expenditures	\$3,250,000	\$3,250,000
Cash Funds	3,238,115	3,237,521
Centrally Appropriated Costs**	11,885	12,479
FTE Position Change	1.5 FTE	1.5 FTE
Appropriation Required: None. 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.

** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

This bill, as amended by the **Senate Local Government Committee**, creates a grant program for local fire departments to invest in equipment and training that increases firefighter safety. The grant program is administered by the Division of Fire Prevention and Control (DFPC) in the Department of Public Safety.

Following rulemaking, the DFPC makes grant awards to the governing body of a fire department on the basis of need. To assess the need of grant applicants, the DFPC is required to conduct a Colorado Fire Service Needs Assessment (needs assessment) at least every other year. In addition, the DFPC must consider criteria and peer-review of applications as recommended by the Fire Service Training and Certification Advisory Board (the advisory board), as well as the local fire department's other efforts to finance equipment and training.

The bill creates the continuously appropriated Local Firefighter Safety and Disease Prevention Fund (the fund). Each year, for five successive fiscal years starting July 1, 2014, the Department of Local Affairs (DOLA) transfers \$3.25 million in federal mineral lease (FML) revenue to the fund. The DFPC is required to make an annual report regarding the use of moneys in the fund and may expend up to three percent of the fund each year for administrative costs, including both direct and indirect costs.

Background

Federal mineral lease revenue. A portion of FML revenue paid to the state is allocated to the Mineral Lease Fund in DOLA. The Mineral Lease Fund is used for both grants to local governments impacted by mineral extraction and direct distributions to local governments, including counties, municipalities, and school districts. Starting in FY 2006-07 and continuing each fiscal year through FY 2013-14, with the exception of FY 2011-12, statute directed DOLA to make an off-the-top transfer of \$3.25 million from the Mineral Lease Fund, for deposit in the Wildfire Preparedness Fund. Based on authority in Senate Bill 13-270, funding for the Wildfire Preparedness Fund is proposed from other sources starting in FY 2014-15.

Colorado Fire Service. There are approximately 400 fire departments in Colorado. Of this number, 315 are operated by local governments. Specifically, there are 256 special district (fire protection district) fire departments and 49 municipal fire departments, as well as small number of local government fire authorities. The remainder of Colorado fire departments are operated by nongovernmental volunteer organizations, federal agencies, private industry, or tribes.

State Revenue

There is no change in state revenue under the bill. The bill results in an annual transfer between state cash funds.

State transfers. For fiscal years FY 2014-15 through FY 2019-20, the bill transfers \$3.25 million each year from the Mineral Lease Fund in DOLA to the Local Firefighter Safety and Disease Prevention Fund administered by the Department of Public Safety. The transfer occurs on July 1 each year and is facilitated by the state treasurer.

State Expenditures

The bill increases costs in the Department of Public Safety by **\$3,250,000 and 1.5 FTE** in each fiscal year between FY 2014-15 and FY 2019-20. These costs in the DFPC are summarized in Table 1.

Table 1. Expenditures Under SB 14-046		
Cost Components	FY 2014-15	FY 2015-16
Personal Services	\$73,563	\$73,563
FTE	1.5	1.5
Standard Operating Costs	1,425	1,425
Capital Outlay	4,703	0
Advisory board (4 additional meetings)	1,400	1,400
Grants to local fire departments	3,157,024	3,161,133
Centrally Appropriated Costs*	11,885	12,479
TOTAL	\$3,250,000	\$3,250,000

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

Assumptions. The needs assessment will provide comprehensive and essential data on the capacity and deficiencies of fire departments in Colorado. The needs assessment will be an immediate priority in FY 2014-15 and will require continuing work by the DFPC to maintain and update relevant information. Many fire departments are affected by outstanding capital budget and training needs, especially rural districts funded exclusively by a property tax base that has been diminished by damage from wildfire. Other districts have stable revenues and adequate equipment and training. The fiscal note assumes that approximately 100 fire departments will make an application for grant funding each fiscal year.

Division of Fire Prevention and Control. In FY 2014-15, the bill results in costs for the DFPC to compose the needs assessment, conduct rulemaking for the grant process, establish application instructions, review a first round of grant applications, make awards, and perform other administration, including required reports. Personal services and operating costs, including expenses of the advisory board, total \$76,388 and 1.5 FTE in FY 2014-15. The fiscal note assumes that capital outlay costs of \$4,703 in FY 2014-15 will be incurred for 1.0 FTE out of the total 1.5 FTE increase at the DFPC.

In FY 2015-16 and subsequent years, an estimated \$76,388 and 1.5 FTE in DFPC costs cover continuing work on the needs assessment, review of grant applications, and administration of the program.

After accounting for DFPC's program administration costs, the remainder of \$3.25 million is available for, and expended on, grants to local fire departments in each year: \$3,157,024 in FY 2014-15, and \$3,161,133 in FY 2015-16 and each subsequent year through FY 2019-20.

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. As indirect costs of the bill, these amounts are applied against the 3 percent portion of the \$3.25 million available for DFPC costs. 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 SB 14-046*		
Cost Components	FY 2014-15	FY 2015-16
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,632	\$6,777
Supplemental Employee Retirement Payments	5,108	5,702
TOTAL	\$11,885	\$12,479

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

Local Government and School District Impact

The bill results in no net change in overall local government revenue or expenditures for the five fiscal years commencing July 1, 2014. However, in those years, the bill reduces by \$3.25 million the total amount of FML available for energy impact grants and direct distributions to local governments. Counties, municipalities, and school districts that benefit from the Mineral Lease Fund will experience a proportional reduction in revenue and expenditures associated with those distributions. In the same five fiscal years, the bill increases local government revenue by

up to \$3.25 million for municipalities, special districts, and improvement districts with fire departments that receive grants. Statewide, local government expenditures will increase by up to \$3.25 million each year, as local fire departments expand capacity and training programs with grants under the bill.

Effective Date

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

State Appropriations

The bill does not require an appropriation. State expenditures from the Local Firefighter Safety and Disease Prevention Fund are continuously appropriated.

State and Local Government Contacts

Public Safety
Municipalities
Sheriffs

Natural Resources
Special Districts
Fire Chiefs

Agriculture
Counties
Corrections