



Colorado
Legislative
Council
Staff

SB16-003

REVISED
FISCAL NOTE

(replaces fiscal note dated January 26, 2016)

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0277
Prime Sponsor(s): Sen. Roberts; Jones
Rep. Becker K.

Date: April 18, 2016
Bill Status: Senate Appropriations
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: BROADCAST BURNS WILDFIRE RISK REDUCTION FUNDING

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	\$0	
State Transfers		
General Fund	(\$1.5 million)	
Wildfire Risk Reduction Cash Fund	\$1.5 million	
Severance Tax Operational Fund	(\$253,633)	
Wildfire Risk Reduction Cash Fund	\$253,633	
State Expenditures	\$1.50 million	
Wildfire Risk Reduction Cash Fund	\$1.75 million	
Tier 2 Operational Fund Programs	(\$253,633)*	

Appropriation Required: None required. Money in the affected cash funds is continuously appropriated.

Future Year Impacts: None.

* All Tier 2 Operational Fund programs are reduced proportionally to allow for the required transfer from the Severance Tax Operational Fund to the Wildfire Risk Reduction Fund.

This fiscal note is revised to include information from the March 2016 Legislative Council Staff Economic and Revenue Forecast.

Summary of Legislation

Under current law, the Department of Natural Resources (DNR) administers the Wildfire Risk Reduction Grant Program to assist with funding community-level and statewide actions to protect populations and property in wildland-urban interface areas, and to promote forest health and the use of forest products and biomass.

This bill, **recommended by the Wildfire Matters Review Committee**, adds broadcast burning to the types of projects and methods for which the DNR may award grants from the Wildfire Risk Reduction Cash Fund, and authorizes the transfer of a total of \$3.0 million into the cash fund: \$1.5 million from the General Fund and \$1.5 million from the Severance Tax Operational Fund (operational fund).

Background

To date, the Wildfire Risk Reduction Grant Program has awarded 4 rounds of grants totaling approximately \$10.7 million to 106 projects across 27 counties. The program is authorized until July 1, 2018.

The operational fund receives 25 percent of severance tax receipts. Current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to the fund's Tier 2 programs when insufficient funds exist to fully fund those programs and still meet the account's statutory reserve requirement. For FY 2016-17, the Legislative Council March 2016 Economic and Revenue Forecast (LCS forecast) indicates that funds will be insufficient to fully fund Tier 2 programs, therefore triggering these proportional reductions. The reductions are applied to all programs in Tier 2.

State Revenue

State transfers. For FY 2016-17, the bill transfers \$1.5 million from the General Fund to the Wildfire Risk Reduction Cash fund. The bill also authorizes a statutory transfer of \$1.5 million from the operational fund to the wildfire fund.

Based on the March 2016 LCS forecast, there is not enough severance tax revenue to fully fund all Tier 2 programs in the operational fund and still meet the account's statutory reserve requirement. Therefore, the DNR is required to make proportional reductions across all existing Tier 2 programs funded from the operational fund. This bill authorizes the transfer of \$1.5 million from the operational fund. This transfer increases the required proportional reduction for Tier 2 programs to about 83 percent, and results in a reduction in actual funding for these programs by approximately \$253,633 for deposit in the Wildfire Risk Reduction Cash Fund.

Essentially, by authorizing a transfer of \$1.5 million from the operational fund proportional reductions across all Tier 2 programs frees about \$254,000 for transfer to the Wildfire Risk Reduction Cash Fund.

State Expenditures

The bill both increases and decreases state expenditures for FY 2016-17 and FY 2017-18. The bill increases state expenditures for grants from the Wildfire Risk Reduction Grant Program by about \$1.75 million, and decreases total expenditures for other existing Tier 2 programs by \$253,633. Table 1 shows the projected funding to all Tier 2 programs under current law.

Table 1. Operational Fund Tier 2 Program Fund Projections			
Tier 2 Programs	Current Law	With SB 16-003	Difference
Wildfire Risk Reduction Grant Program	\$0	\$253,633	\$253,633
Water Supply Reserve Account	1,759,661	1,690,884	(68,777)
Soil Conservation Districts Matching Grants	79,185	76,090	(3,095)
Water Efficiency Grants	96,781	92,999	(3,782)
Species Conservation Trust Fund	879,830	845,442	(34,388)
Low Income Energy Assistance Program (LEAP)	2,287,559	2,198,150	(89,409)
Agriculture Value-Added Cash Fund	87,983	84,544	(3,439)
Interbasin Compacts	131,106	125,982	(17,194)
Forestry Grants / Bark Beetle	439,915	422,721	(17,194)
Tamarisk Control Grants	0	0	0
Aquatic Invasive Species	704,921	677,369	(27,552)
Forfeited Mine Sites	22,347	21,475	(872)
TOTAL TIER 2 PROGRAMS	\$6,489,288	\$6,489,288	\$0

Source- Department of Natural Resources

All funds continuously appropriated to their respective administrative agencies.

Wildfire Risk Reduction Grant Program. State expenditures from the Wildfire Risk Reduction Grant Program increase by \$1.5 million as a result of the General Fund transfers to the Wildfire Risk Reduction Cash fund. The grant program will also spend an additional \$253,633 as a result of a corresponding reduction in all other Tier 2 programs. The grant program funds two types of projects: fuel treatment projects that reduce the risk of property damage from wildfires, and/or limits the likelihood of wildfires spreading to populated areas; and, local government capacity-building projects that provide equipment to enable local governments to treat hazardous fuels on state and private lands.

Water Supply Reserve Account. This program provides grants and loans to assist Colorado water users to address their critical water supply issues and to aide eligible entities to complete water projects.

Conservation District Grant Fund. This grant fund assists Colorado Conservation Districts in implementing and encouraging sound natural resource planning, management and development particularly in minerals, energy, geology, and water resources.

Water Efficiency Grant Program Cash Fund. This program provides financial assistance for developing and implementing water conservation plans, promoting the benefits of water resource conservation through public education and outreach projects, and developing drought mitigation plans.

Species Conservation Trust Fund. This fund is used to support cooperative agreements, recovery programs, and other programs designed to meet obligations arising under the federal Endangered Species Act of 1973. The fund also supports studies and programs regarding species placed on the state endangered or threatened list, and the recovery or protection of candidate species to avoid listing of the species, and scientific research relating to listing or not listing specific species.

Low Income Energy Assistance (LEAP). LEAP is a Federally-supported program that helps low-income households with their home energy bills and assists qualified households with a weatherization assistance program. LEAP funding is administered by the Department of Human Services and by the Governor's Energy Office.

Agriculture Value-Added Cash Fund. The fund makes grants, loans and loan guarantees, and equity investments, and also offers tax credits to eligible agricultural value-added cooperatives.

Interbasin Compacts. Funding supports the Water Conservation Board, Interbasin Compact Committee, and Basin Roundtables.

Forestry Grants / Bark Beetle / Healthy Forests and Vibrant Communities Fund. The fund supports increased efforts to address wildfire risk, provides resources to the Colorado State Forest Service to augment technical outreach capabilities, and provides loans and grants for market-based forest treatment solutions to reduce wildfire risk.

Division of Wildlife Aquatic Nuisance Species Fund. This fund is used to prevent new introductions and reduce the spread of existing invasive species such as zebra mussels in Colorado.

Forfeited Mine Sites. This program provides funding for the Division of Reclamation, Mining, and Safety in the DNR to conduct reclamation projects at mine sites with insufficient or failed bonds.

Local Government Impact

Counties and other local governments will continue to apply for and receive grant funding for wildfire risk reduction projects in their jurisdictions. The bill expands funding for grant programs, thereby increasing funding available for local governments.

The authorized transfer of \$1.5 million from the operational fund will result in a \$253,633 decrease in funding to other Tier 2 programs some of which would have been distributed to local governments.

Effective Date

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

State and Local Government Contacts

Higher Education

Local Affairs

Natural Resources

Research Note Available

An LCS Research Note for Senate Bill 16-003 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.