



## Legislative Council Staff

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# Revised Fiscal Note

(replaces fiscal note dated May 03, 2021)

<b>Drafting Number:</b>	LLS 21-0851	<b>Date:</b>	May 18, 2021
<b>Prime Sponsors:</b>	Rep. McLachlan Sen. Donovan	<b>Bill Status:</b>	Senate Appropriations
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**Bill Topic:** CREATE AGRICULTURAL DROUGHT & CLIMATE RESILIENCE OFFICE

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill creates the Agricultural Drought and Climate Resilience Office in the Department of Agriculture. It increases state expenditures and creates an additional ongoing transfer of cash funds to the Value-Added Development Board.

**Appropriation Summary:** For FY 2021-22, the bill requires an appropriation of \$101,333 to the Department of Agriculture.

**Fiscal Note Status:** The fiscal note reflects the reengrossed bill as amended by the Senate Agriculture and Natural Resources Committee.

**Table 1  
State Fiscal Impacts Under HB 21-1242**

	Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>	-	-
<b>Expenditures</b>		
General Fund	\$101,333	\$103,659
Centrally Appropriated	\$38,330	\$40,580
<b>Total Expenditures</b>	<b>\$139,663</b>	<b>\$144,239</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>1.0 FTE</b>
<b>Transfers</b>	-	-
<b>TABOR Refund</b>	-	-

## **Summary of Legislation**

This bill creates the Agricultural Drought and Climate Resilience Office in the Department of Agriculture (CDA) to advise the Commissioner of Agriculture, the Colorado Agricultural Value-Added Development Board, other state agencies, and the Governor on the impact to agriculture of drought and climate policies and programs. The office may provide voluntary technical assistance, nonregulatory programs, and incentives that increase agricultural producers' resiliency in responding to threats related to drought or the climate. The commissioner will appoint the head of the office and may promulgate rules for the office's assistance, programs, and incentives, including grants.

Prior to promulgating rules, the commissioner is required to convene a stakeholder group of agricultural producers to advise the commissioner on the needs of the agriculture industry to respond to and mitigate the impacts of climate change. The bill includes requirements for a grant-making program administered by the office and specifies what must be posted on the department's website about grants.

The bill adds the Value-Added Cash Fund to the Natural Resources and Energy Grant Programs eligible for severance tax transfers and authorizes an annual transfer of \$500,000 from the Severance Tax Operational Fund to the Value -Added Cash Fund beginning July 1, 2021, and ending July 1, 2029.

## **Background**

**Severance Tax Operational Fund.** The Severance Tax Operational Fund receives 25 percent of severance tax receipts. The fund is used for Core Departmental Programs and Natural Resources and Energy Grant Programs in the Department of Natural Resources (DNR). Core Departmental Programs are prioritized in the fund and include operations for the Oil and Gas Conservation Commission; the Geological Survey; the Avalanche Information Center; the Division of Reclamation, Mining, and Safety; the Water Conservation Board; the Division of Parks and Wildlife; and the fund's statutory reserve. Natural Resources and Energy Grant Programs include water-related programs, agriculture-related programs, soil conservation, the control of invasive species, the Species Conservation Trust Fund, and low-income energy assistance programs. Current law provides a mechanism for balancing spending from the operational fund by making proportional reductions to all Natural Resources and Energy Grant Programs when insufficient funds exist to fully fund those programs and still meet the fund's statutory reserve requirement.

## **State Transfers**

This bill authorizes transfers of up to \$500,000 from the Severance Tax Operational Fund to the Value-Added Cash Fund from July 1, 2021, through July 1, 2029. These transfers are conditioned upon the availability of funds each year. According to the March 2021 LCS forecast of severance tax revenue, these transfers are not expected to take place until at least FY 2024-25, so are not included in Table 1.

## State Expenditures

The bill will increase General Fund expenditures in the Agricultural Drought and Climate Resilience Office in the CDA by \$139,663 and 0.9 FTE in FY 2021-22 and \$144,239 and 1.0 FTE in FY 2022-23. These costs are shown in Table 2 and explained below.

**Table 2**  
**Expenditures Under HB 21-1242**

	FY 2021-22	FY 2022-23
<b>Department of Agriculture</b>		
Personal Services	\$93,783	\$102,309
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Centrally Appropriated Costs <sup>1</sup>	\$38,330	\$40,580
<b>Total Cost</b>	<b>\$139,663</b>	<b>\$144,239</b>
<b>Total FTE</b>	<b>0.9 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Colorado Department of Agriculture.** The Agricultural Drought and Climate Resilience Office will add one staff person to serve as the liaison for the department's programs and other state and federal climate and drought resilience programs. They will seek state and federal grants and advise and inform the commissioner, the Agricultural Value-Added Development Board, other state agencies, and Governor's Office on climate and drought policy initiatives related to agriculture. This person will advise and participate on interagency working groups, including cross-agency climate and natural and working lands task forces. Costs in FY 2021-22 reflect the General Fund pay date shift.

## Effective Date

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

## State Appropriations

For FY 2021-22, the bill requires a General Fund appropriation of \$101,333 and 0.9 FTE to the Department of Agriculture.

## State and Local Government Contacts

Agriculture

Information Technology

Law

Natural Resources