



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 22-0192 **Date:** January 20, 2022
Prime Sponsors: Rep. Cutter; Snyder **Bill Status:** House Energy & Environment
 Sen. Story; Lee **Fiscal Analyst:** Will Clark | 303-866-4720
 Will.Clark@state.co.us

Bill Topic: WILDFIRE MITIGATION INCENTIVES FOR LOCAL GOVERNMENTS

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates the Wildfire Mitigation Incentives Local Government Grant Program in the Colorado State Forest Service to provide matching funds to local governments that raise dedicated revenue for forest management or wildfire mitigation efforts. The bill increases state expenditures and local government workload and revenue on an ongoing basis.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$6.9 million to the Wildfire Mitigation Incentives for Local Government Grant Program Fund for use by the Colorado State Forest Service.

Fiscal Note Status: This fiscal note reflects the introduced bill. The bill was recommended by the Wildfire Matters Review Committee.

Table 1
State Fiscal Impacts Under HB 22-1011

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$6,861,203	\$19,965,196
	Centrally Appropriated	\$19,843	\$38,912
	Total Expenditures	\$6,881,046	\$20,004,108
	Total FTE	1.2 FTE	2.5 FTE
Transfers¹	General Fund	(\$6,881,046)	(\$20,004,108)
	Cash Funds	\$6,881,046	\$20,004,108
	Net Transfer	\$0	\$0
Other Budget Impacts	General Fund Reserve	\$1,032,157	\$3,000,616

¹The fiscal note assumes that funding for the program will be transferred to the program cash fund each year via an appropriation from the General Fund; the amount and timing of these appropriations may be set at the discretion of the General Assembly.

Summary of Legislation

The bill creates the Wildfire Mitigation Incentives for Local Government Grant Program in the Colorado State Forest Service (CSFS) at the Colorado State University. The program will provide grants to municipal and county governments to match dedicated revenue raised for wildfire mitigation. By March 1, 2023, the CSFS must adopt program policies and timelines for grant applications, eligibility and award amounts, and criteria for prioritization of grant awards. The CSFS must also make educational materials available on their public website, and engage in outreach activities to local governments in high priority wildfire mitigation areas.

An eligible local government must have a dedicated source of funding for forest management and wildfire mitigation. Grants must be used to match the dedicated revenues raised by the local governments for activities such as forest thinning, wildfire fuel reduction and outreach to property owners and the public. The bill creates a cash fund from the program, which will consist of any money appropriated to the fund by the General Assembly. The new cash fund is continuously appropriated to the CSFS.

The CSFS is required to annually report the uses of grant program funds from the preceding fiscal year. The Department of Higher Education must include a summary of these reports in its State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act hearings.

State Transfers

Based on the expenditures estimated below, the fiscal note estimates that \$6.9 million in FY 2022-23 and \$20.0 million in FY 2023-24 must be transferred to the Wildfire Mitigation Incentives Local Government Grant Program Fund. It is assumed that this transfer will be made via an appropriation from the General Fund to the program cash fund.

State Expenditures

The bill increases state expenditures in the CSFS by \$6.9 million and 1.2 FTE in FY 2022-23, and \$20 million and 2.5 FTE in FY 2023-24. These costs are paid from the Wildfire Mitigation Incentives for Local Government Grant Program Fund, which is continuously appropriated to the CSFS. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures under HB 22-1011

	FY 2022-23	FY 2023-24
Colorado State Forest Service		
Personal Services	\$87,183	\$154,664
Operating Expenses	\$1,620	\$3,374
Capital Outlay Costs	\$12,400	-
Outreach and Communication	\$60,000	\$50,000
Matching Grants ¹	\$6,700,000	\$19,757,158
Centrally Appropriated Costs ²	\$19,843	\$38,912
Total Cost	\$6,881,046	\$20,004,108
Total FTE	1.2 FTE	2.5 FTE

¹ Funding for matching grants may be set at the discretion of the General Assembly.

² Centrally appropriated costs are not included in the bill's appropriation.

Administration. In FY 2022-23, the CSFS will require staff to develop program rules, create application procedures and timelines for grants, review applications, communicate with applicants and grantees, distribute payments, and for program reporting and evaluation. Once the program is operational, the CSFS will require additional staff to oversee and administer program grants. Personal service costs in FY 2022-23 have been prorated for the bill's presumed August effective date.

Outreach and Communication. The CSFS will require funding in FY 2022-23 and subsequent fiscal years for program outreach, including informational and educational materials to promote grants to local governments, and making materials available on the web.

Grants. Funding for local matching grants is the largest cost of the bill. Assuming a program start date of March 1, 2023, the fiscal note estimates that about \$6.7 million is required for matching grants to municipalities and counties for forest management and wildfire mitigation activities in FY 2022-23. For FY 2023-24, \$19.8 million will be required on a full-year basis. The actual amount of funding for the grant program may be set at the discretion of the General Assembly, and may vary from this fiscal note estimate. The total number and amount of grants will depend on several factors, including the amount of funding provided, program criteria set by the CSFS, and the number of eligible local governments and amount of local revenue raises, among others.

Legal Services. Legal services for rulemaking provided by the Department of Law will increase by a minimal amount.

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. These costs, which include employee insurance and supplemental employee retirement payments are displayed in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$1,032,157 in FY 2022-23, and \$3,000,616 in FY 2023-24, which will decrease the amount of General Fund available for other purposes. This impact on the General Fund reserve will vary depending on the actual amount appropriated by the General Assembly from the General Fund to the Wildfire Mitigation Incentives for Local Government Grant Program Fund.

Local Government

Funding for forest management and wildfire mitigation activities may increase for eligible municipalities and counties that apply to the grant program and receive a matching grant. One-time costs will increase for municipalities and counties that apply to the grant program, and local governments that receive grants will have increased revenue, as well as ongoing costs to perform additional wildfire mitigation work using these funds.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$6,881,046 from the General Fund to the Wildfire Mitigation Incentives for Local Government Grant Program Fund. Moneys in this fund are continuously appropriated to the Colorado State Forest Service. In addition, the CSFS requires 1.2 FTE.

State and Local Government Contacts

Counties

Forest Service

Local Affairs

Municipalities