



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated January 20, 2022)

Drafting Number:	LLS 22-0192	Date:	March 31, 2022
Prime Sponsors:	Rep. Cutter; Snyder Sen. Story; Lee	Bill Status:	House Appropriations
		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 \$20.0 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, as amended by the House Energy and Environment Committee. It has been revised to reflect these amendments as well as new information. 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	\$4,031,203	\$3,970,650
	Centrally Appropriated	\$19,843	\$9,583
	Total Expenditures	\$4,051,046	\$3,980,233
	Total FTE	1.2 FTE	0.6 FTE
Transfers¹	General Fund	(\$20,000,000)	-
	Cash Funds	\$20,000,000	-
	Net Transfer	\$0	-
Other Budget Impacts	General Fund Reserve	\$3,000,000	-

¹The fiscal note assumes that funding for the program will be transferred to the program cash fund in FY 2022-23 via an appropriation from the General Fund; the amount and timing of cash fund expenditures will depend on actual annual grant distribution.

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 local governments to match dedicated revenue raised for wildfire mitigation or existing funding for long-term wildfire mitigation projects and programs. 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, including examples and guidelines for long-term investments in wildfire mitigation, 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 existing wildfire mitigation program or project funding, as well as 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 identified below, the fiscal note assumes that \$20.0 million in FY 2022-23 will 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. The General Assembly, at its discretion, may decide how much funding to allocate to the program.

State Expenditures

The bill increases state expenditures in the CSFS by \$4.1 million and 1.2 FTE in FY 2022-23, and \$4.0 million and 0.6 FTE per year from FY 2023-24 through FY 2026-27, paid from the Wildfire Mitigation Incentives for Local Government Grant Program Fund, at which point the \$20 million allocated for the program will be exhausted. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures under HB 22-1011

	FY 2022-23	FY 2023-24	FY 2024-25
Colorado State Forest Service			
Personal Services	\$87,183	\$39,840	\$39,840
Operating Expenses	\$1,620	\$810	\$810
Capital Outlay Costs	\$12,400	-	-
Outreach and Communication	\$60,000	\$60,000	\$60,000
Matching Grants ¹	\$3,870,000	\$3,870,000	\$3,870,000
Centrally Appropriated Costs ²	\$19,843	\$9,583	\$9,583
Total Cost	1.2 FTE	0.6 FTE	0.6 FTE
Total FTE	\$4,051,046	\$3,980,233	\$3,980,233

¹ Funding for matching grants will depend on the amount appropriated by the General Assembly. Also, the timing of grants issued may differ from this estimate.

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

Administration. In FY 2022-23, the CSFS will require 1.2 FTE 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, staff expenses are reduced to 0.6 FTE for the remainder of the program, which is assumed to last five years. 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 about \$60,000 per year 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. After accounting for administrative expenses over the five year life of the program, it is estimated that about \$19.4 million, or \$3.9 million per year, will be available for grants, assuming \$20 million is allocated for the program. The total number and amount of grants will depend on several factors, including funding levels, program criteria set by the CSFS, the number of eligible local governments, and the amount of local revenue raised by existing program and project funding, 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 \$3,000,000 in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

Local Government

Funding for forest management and wildfire mitigation activities may increase for eligible municipalities, counties, cities and counties, special districts, school districts, districts, authorities, public or quasi-public corporations, or any other form of political subdivision of the state that apply to the grant program and receive a matching grant. One-time costs will increase for local governments that apply to the grant program, and those that receive grants will have increased revenue, as well as ongoing costs to perform additional wildfire mitigation work.

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 \$20,000,000 from the General Fund to the Wildfire Mitigation Incentives for Local Government Grant Program Fund. The CSFS requires 1.2 FTE.

State and Local Government Contacts

Counties

Forest Service

Local Affairs

Municipalities