



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 21-0287	<b>Date:</b>	February 16, 2021
<b>Prime Sponsors:</b>	Rep. Arndt; Catlin Sen. Cooke; Hansen	<b>Bill Status:</b>	House Agriculture
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**Bill Topic:** FOREST HEALTH PROJECT FINANCING

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**Summary of Fiscal Impact:**

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

The bill establishes a new form of intergovernmental agreement to finance forest health projects and extends the authorization for the Colorado Water Resources and Power Development Authority to finance such projects. Local government revenue and expenditures may increase, conditional upon voluntary participation.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill

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## Summary of Legislation

Current law provides a mechanism for counties, municipalities, special districts, or other political subdivisions of the state to collaborate and form a separate legal entity to provide certain public improvements or functions for mutual benefit. The bill authorizes these entities to establish Special Improvement Districts and levy property taxes to finance a district's work, which may include forest health projects. The bill specifies the methods for creating a special improvement district, approving property assessments, and governing the district.

The bill specifically empowers the following entities to participate in and financially contribute to forest health projects: counties, municipalities, special districts, water conservancy districts, forest improvement districts, the Colorado River Water Conservation District, and the Southwestern Water Conservation District.

Lastly, the bill extends the ability of the Colorado Water Resources and Power Development Authority (authority) to issue bonds to fund watershed protection projects and forest health projects of partner governmental agencies. This ability is currently scheduled to repeal on July 1, 2023; the bill extends the repeal date to July 1, 2033.

## **Background**

**Colorado Water Resources and Power Development Authority.** The authority is a statutory public entity that provides low-cost financing to government entities primarily for water and wastewater infrastructure development. The authority is authorized to issue bonds, and receives federal funds that may be used as a security for the payment of bonds. In 2008 the authority was specifically authorized to issue bonds of up to \$50 million to fund watershed protection or forest health projects, though no such projects have been undertaken to date. The authority does not receive a state appropriation.

**Forest Health Project.** Current law broadly defines a forest health project as an undertaking that improves the health of a forest, or a project to harvest woody vegetation for, or use woody vegetation in, the production of energy, fuels, forest products, or other applications.

## **Local Government**

Local governments, special districts, or other political subdivisions of the state that elect to participate in forest health projects through Special Improvement Districts will have revenue and expenditures according to the agreed upon terms of the district. Such costs include the work of the district, as well as costs to collect assessments for the district and facilitate elections required for the formulation or financing of the district.

## **Statutory Public Entity**

By extending the authority's ability to finance forest health projects and authorizing Special Improvement Districts, which may act as a new form of borrower, bond issuances, loans, and expenditures may increase. Any such activity will consist of federal and private fund sources.

## **Effective Date**

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

## **State and Local Government Contacts**

Counties	Fire Chiefs	Higher Education
Local Affairs	Public Safety	Municipalities
Special Districts	Natural Resources	