



Legislative Council Staff
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Fiscal Note

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Prime Sponsors:

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Bill Status: Bill Request
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Bill Topic: WILDFIRE MITIGATION AND RECOVERY

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill creates the Wildfire Mitigation and Recovery Grant Program in the Department of Public Health and Environment. The bill also requires the Colorado State Forest Service to make certain upgrades and improvements to the nursery. Beginning in FY 2022-23, the bill increases state and local government expenditures.

Appropriation Summary: For FY 2022-23, the bill requires appropriations totaling at least \$11.5 million to various state agencies. See Technical Note.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Wildfire Matters Review Committee

Table 1
State Fiscal Impacts Under Bill 3

Table with 3 columns: Category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

1 This estimate includes \$1 million in FY 2022-23 and FY 2023-24 for the Wildfire Mitigation and Recovery Grant Program. The amount of grant funding for this program is at the discretion of the General Assembly and a different amount may be appropriated.

Summary of Legislation

The bill creates the Wildfire Mitigation and Recovery Grant Program within the Colorado Department of Public Health Environment (CDPHE) and directs the Colorado State Forest Service (CSFS) to make certain upgrades to tree nursery infrastructure. These provisions are discussed below.

Wildfire Mitigation and Recovery Grant Program. The CDPHE is directed to create a grant program to help counties with forested areas prevent and recover from wildfires by removing wildfire fuel and debris in a manner that reduces the amount of carbon that enters the atmosphere. Grant money may be spent on wood-removal equipment and labor, as well as reforestation efforts such as tree seedling planting. The State Board of Health is directed to promulgate rules as necessary to implement the grant program. Grant applications must be reviewed by CDPHE in consultation with the Division of Fire Prevention and Control in the Department of Public Safety and the Colorado Forest Health Council. Counties that received a grant are required to submit a report to CDPHE on or before November 1 each year that, at a minimum, must include an itemization of how the grant money was spent. The CDPHE must submit a summarized report on or before January 1 each year beginning in 2023 to the relevant legislative committees and the Governor. The grant program is repealed September 1, 2028, following a sunset review.

Forest Service nursery upgrades. The bill also directs the CSFS Nursery to make certain investments in its tree nursery infrastructure, informed by an analysis, and to hire two full-time managers to improve its administration. The State Forester must report its expenditures to the Joint Budget Committee and relevant legislative committees by January 1 each year beginning in 2023.

State Expenditures

The bill increases General Fund expenditures by \$11.6 million in FY 2022-23 and \$1.5 million in FY 2023-24 in the CDPHE and CSFS. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under Bill 3

Cost Components	FY 2022-23	FY 2023-24
Department of Public Health and Environment		
Personal Services	\$106,927	\$132,802
Operating Expenses	\$2,430	\$2,700
Capital Outlay Costs	\$12,400	-
Central Administrative Costs	\$160,000	\$160,000
Grant Funding ¹	\$1,000,000	\$1,000,000
Centrally Appropriated Costs ²	\$25,628	\$33,221
FTE – Personal Services	1.6 FTE	2.0 FTE
CDPHE Subtotal	\$1,307,385	\$1,327,460

**Table 2
Expenditures Under Bill 3 (Cont.)**

Cost Components	FY 2022-23	FY 2023-24
Department of Higher Education-Forest Service		
Personal Services	\$134,624	\$151,241
Operating Expenses	\$2,700	\$2,700
Capital Outlay Costs	\$12,400	-
Investment Analysis	\$30,000	-
Nursery Upgrades	\$10,122,500	-
Centrally Appropriated Costs ²	\$30,122	\$33,618
FTE – Personal Services	1.8 FTE	2.0 FTE
CDHE Subtotal	\$10,332,346	\$187,559
Total	\$11,639,731	\$1,515,019
Total FTE	3.4 FTE	4.0 FTE

¹ The estimated amount of grant funding is for informational purposes only. The General Assembly may choose to appropriate a different amount.

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

Department of Public Health and Environment. The CDPHE requires staffing and administrative resources to implement the grant program and support the State Board of Health rulemaking. Costs for personal services, operating capital, and centrally appropriated costs for an additional 2.0 FTE once fully implemented in the CDPHE are shown in Table 2 above, as well as additional costs to administer the grant program. Costs for FY 2022-23 reflect the General Fund pay date shift.

- **Grant funding.** Funding for the grant program is at the discretion of the General Assembly. This fiscal note assumes that \$1 million per year will be appropriated for making grants, which would support about 10 projects per year at an average award amount of \$100,000. Estimated costs are included in Table 2 and will be updated depending on selected program funding levels. For informational purposes, a similar grant program, the Forest Restoration and Wildfire Risk Mitigation grant program administered by the CSFS, provided 42 grants ranging from around \$40,000 to \$700,000 in 2021.

Department of Higher Education – Colorado State Forest Service. The CSFS operates within the Colorado State University in the Department of Higher Education. The CSFS requires one-time funding to make improvements to the tree and shrub nursery identified in the bill, and to contract for the analysis of additional investments to further modernize the nursery. In addition, the CSFS requires ongoing funding to hire two full-time nursery managers. This fiscal note assumes that two nursery managers will be hired in July 2022, and includes personal services, operating capital, and centrally appropriated costs for this staff as shown in Table 2 above. First-year costs also include \$30,000 to conduct the capacity, expertise, and infrastructure analysis required by the bill.

- **Nursery upgrades.** The bill also requires that appropriations be provided for nursery improvements, estimated at \$10.1 million. This includes updates and expansions of the greenhouses (\$7.5 million), shade structure improvement and expansion (\$550,000), bare root field upgrades (\$1.3 million), delivery trucks (\$120,000), and seed coolers and other growing supplies (\$620,000). The General Assembly, at its discretion, may appropriate a different amount than this estimate, and the number and scope of projects would be adjusted accordingly.

Department of Natural Resources. Beginning in FY 2022-23, the Department of Natural Resources will have an increased workload associated with reviewing grant applications and reports. This workload can be accommodated within existing resources.

Department of Public Safety. Beginning in FY 2022-23, the Department of Public Safety will have an increased workload associated with reviewing grant applications and reports. This workload can be accommodated within existing resources.

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 shown in Table 2.

Local Government

Beginning in FY 2022-23, local governments that apply for and are awarded grants will receive additional revenue and have additional workload and expenditures to conduct wildfire prevention and recovery efforts.

Technical Note

The current bill draft requires the General Assembly to appropriate funds to the Colorado State Forest Service in FY 2021-22 for improvements to the nursery, to hire professional staff, and to conduct analysis for further improvements to the nursery. The bill's petition clause however means that the bill will not go into effect until FY 2022-23. This fiscal note therefore reflects expenditures and appropriations in FY 2022-23.

In addition, the bill authorizes the CDPHE to use up to 3 percent of the funding annually appropriated for the grant program to pay the direct and indirect costs of administering the grant program. The costs provided in this fiscal note assume a \$1 million grant program, requiring staff and administrative costs that exceed the three percent limit.

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 the following General Fund appropriations:

- \$1,281,757 to the Department of Public Health and Environment, assuming that grant funding of \$1 million is appropriated for wildfire mitigation grants; and
- \$10,302,224 to the State Forest Service in the Department of Higher Education, assuming that nursery upgrade costs are fully appropriated.

State and Local Government Contacts

Counties
Natural Resources

Higher Education
Public Safety