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Fiscal Note

Drafting Number: LLS 21-0777
Prime Sponsors: Sen. Hansen; Rankin
Rep. McCluskie
Date: February 18, 2021
Bill Status: Senate Appropriations
Fiscal Analyst: Max Nardo | 303-866-4776
Max.Nardo@state.co.us

Bill Topic: TRANSFERS FOR WILDFIRE MITIGATION & RESPONSE

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

The bill transfers a total of \$13.0 million from the General Fund to three cash funds for use in wildfire prevention and recovery. It increases state expenditures in FY 2021-22 only.

Appropriation Summary: The bill includes an appropriation of \$4.0 million to the Department of Natural Resources. In addition, the bill transfers \$9.0 million from the General Fund to continuously appropriated cash funds in other state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill, as recommended by the Joint Budget Committee.

Table 1
State Fiscal Impacts Under SB 21-054

Table with 4 columns: Category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures (Cash Funds, Federal Funds, Total Expenditures), Transfers (General Fund, Cash Funds, Net Transfer), and TABOR Refund.

## **Summary of Legislation**

The bill initiates the following transfers from the General Fund upon its effective date:

- \$6.0 million to the Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund;
- \$3.0 million to the Wildfire Preparedness Fund, which must be used as the state match for federal wildfire hazard mitigation grants to local governments and for related strategic planning; and
- \$4.0 million to the Colorado Water Conservation Board (CWCB) Construction Fund, which is appropriated to the board for the Watershed Restoration Program.

## **State Transfers**

In the current FY 2020-21, bill transfers \$13.0 million from General Fund as follows:

**\$6.0 million to the Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund.** This program is administered by the Colorado State Forest Service housed in the Department of Higher Education. The program primarily issues grants to reduce hazardous fuels, such as dead trees, to reduce the potential risk for wildlife damage to property, infrastructure, or water supplies. The program's cash fund is continuously appropriated.

**\$3.0 million to the Wildfire Preparedness Fund.** This fund is administered by the Department of Public Safety. The bill specifies that the funds will be used as the state match for federal wildfire grants, and to support local government strategic planning related to those grants. The federal grants, which are distributed through FEMA, support communities in reducing future fire damage after experiencing wildfires. The cash fund is continuously appropriated.

**\$4.0 million to the CWCB Construction Fund for the Watershed Restoration Program.** This program is administered by the Colorado Water Conservation Board in the Department of Natural Resources. The program issues grants to support planning and implementation for watershed restoration and flood mitigation projects. This transfer is related to damage from the 2020 wildfire season.

## **State Expenditures**

State expenditures will increase in each respective agency by the amount transferred, as described above, which totals \$13.0 million. The fiscal note assumes the transfers will be fully expended in FY 2021-22. To the extent that state expenditures are used to draw federal matching funds, federal spending will also increase, however this amount is not estimated.

## **Local Government**

Local governments that opt to participate in the grant programs funded by the bill will receive revenue and may increase expenditures as a required match or for other purposes according to the terms of the grant.

### **Effective Date**

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

### **State Appropriations**

The bill includes an appropriation of \$4.0 million to the Department of Natural Resources.

### **State and Local Government Contacts**

Joint Budget Committee Staff