



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated March 31, 2022)

<b>Drafting Number:</b>	LLS 22-0192	<b>Date:</b>	May 4, 2022
<b>Prime Sponsors:</b>	Rep. Cutter; Snyder Sen. Story; Lee	<b>Bill Status:</b>	Senate Appropriations
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**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 from FY 2022-23 through FY 2025-26.

**Appropriation Summary:** No appropriation is required. Funding in the Wildfire Mitigation Incentives for Local Government Grant Program Fund is continuously appropriated.

**Fiscal Note Status:** This fiscal note reflects the reengrossed 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
<b>Revenue</b>		-	-
<b>Expenditures</b>	Cash Funds	\$3,373,702	\$3,313,149
	Centrally Appropriated	\$19,843	\$9,583
	<b>Total Expenditures</b>	<b>\$3,393,545</b>	<b>\$3,322,732</b>
	<b>Total FTE</b>	<b>1.2 FTE</b>	<b>0.6 FTE</b>
<b>Transfers</b>	General Fund	(\$10,000,000)	-
	Cash Funds	\$10,000,000	-
	<b>Net Transfer</b>	<b>\$0</b>	-
<b>Other Budget Impacts</b>		-	-

## 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, including \$10.0 million transferred to the fund in FY 2022-23. 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. The program is repealed on September 1, 2025, and requires a sunset review by the Department of Regulatory Agencies before that date.

## State Transfers

For FY 2022-23, the bill transfers \$10.0 million to the Wildfire Mitigation Incentives Local Government Grant Program Fund from the General Fund.

## State Expenditures

The bill increases state expenditures in the CSFS by \$3.3 million and 1.2 FTE in FY 2022-23, and \$3.3 million and 0.6 FTE per year from FY 2023-24 through FY 2024-25, paid from the Wildfire Mitigation Incentives for Local Government Grant Program Fund, at which point the \$10.0 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
<b>Colorado State Forest Service</b>			
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 <sup>1</sup>	\$3,212,499	\$3,212,499	\$3,212,499
Centrally Appropriated Costs <sup>2</sup>	\$19,843	\$9,583	\$9,583
<b>Total Cost</b>	1.2 FTE	0.6 FTE	0.6 FTE
<b>Total FTE</b>	<b>\$3,393,545</b>	<b>\$3,322,732</b>	<b>\$3,322,732</b>

<sup>1</sup> The timing of grants issued may differ from this estimate.

<sup>2</sup> 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 ends on September 1, 2025. 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 three year life of the program, it is estimated that about \$9.6 million, or \$3.2 million per year, will be available for grants. The total number and amount of grants will depend on several factors, including 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.

## Local Government

Funding for forest management and wildfire mitigation activities may increase for eligible municipalities, counties, cities and counties, and special districts 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 and Local Government Contacts

Counties	Forest Service
Local Affairs	Municipalities