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Fiscal Note

Drafting Number: LLS 22-0860
Prime Sponsors: Sen. Fenberg

Date: April 22, 2022
Bill Status: Senate SVMA
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Bill Topic: **DISASTER PREPAREDNESS & RECOVERY RESOURCES**

Summary of Fiscal Impact:

| | |
|---|--|
| <input checked="" type="checkbox"/> State Revenue | <input checked="" 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 establishes the Disaster Resilience Rebuilding Program, Sustainable Rebuilding Program, and the Office of Climate Preparedness. The bill makes two transfers to fund the rebuilding programs. It creates a one-time state transfer in the current FY 2021-22, increases state revenue and expenditures on an ongoing basis beginning in FY 2022-23, and will provide grants and loans to local governments.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$905,218 to multiple state agencies.

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

Table 1
State Fiscal Impacts Under SB 22-206

| | | Current Year FY 2021-22 | Budget Year FY 2022-23 | Out Year FY 2023-24 |
|-----------------------------|---------------------------|------------------------------------|-----------------------------------|--------------------------------|
| Revenue | | - | - | - |
| Expenditures | General Fund | - | \$905,218 | \$913,985 |
| | Cash Funds | - | \$35,000,000 | - |
| | Centrally Appropriated | - | \$199,022 | \$211,615 |
| | Total Expenditures | - | \$36,104,240 | \$1,125,600 |
| | Total FTE | - | 7.8 FTE | 8.5 FTE |
| Transfers | General Fund | (\$35,000,000) | - | - |
| | Cash Funds | \$35,000,000 | - | - |
| | Net Transfer | \$0 | - | - |
| Other Budget Impacts | General Fund Reserve | - | \$135,783 | \$137,098 |

Summary of Legislation

This bill establishes state programs and creates a new office for addressing climate change.

Disaster Resilience Rebuilding Program. The Disaster Resilience Rebuilding Program is created in the Division of Local Government in the Department of Local Affairs (DOLA) to provide loans and grants to eligible applicants to rebuild their community after a declared disaster. Loans and grants may be used to subsidize the costs to repair a homeowner's primary residence; repair or reconstruct housing stock; provide operating capital to a business experiencing a business interruption or to cover the costs of replacing or repairing the business's property; rebuild neighborhoods; or otherwise reimburse a government entity for the costs associated with a declared disaster. The division is required to establish policies for the program and may contract with a third-party administrator. The bill transfers \$15 million from the General Fund into the newly created and continuously appropriated Disaster Resilience Rebuilding Program Fund. The division is required to report on the program to the relevant legislative committees by January 1, 2024, and annually thereafter. The division may seek, accept, and expend gift, grants, or donations.

Sustainable Rebuilding Program. The Sustainable Rebuilding Program is created in the Colorado Energy Office (CEO) to provide loans and grants to eligible homeowners and businesses seeking to rebuild high-efficiency homes and buildings after a declared disaster. Loans and grants may be used to rebuild or rehabilitate homes or buildings that are energy efficient and provide energy storage, renewable energy generation, and vehicle charging stations. The CEO is required to consult with the Colorado Resiliency Office and DOLA in creating the program. The CEO is required to establish policies for the program and may contract with a third-party administrator. The bill transfers \$20 million into the newly created and continuously appropriated Sustainable Rebuilding Program Fund. The CEO is required to report on the program to the relevant legislative committees by January 1, 2024, and annually thereafter. The CEO may seek, accept, and expend gift, grants, or donations.

Office of Climate Preparedness. The Office of Climate Preparedness is created in the Governor's Office to coordinate disaster recovery efforts as well as the development and implementation of the statewide climate preparedness roadmap. The office may establish interagency and intergovernmental task forces and community advisory groups and promote community engagement and information sharing. The office is required to direct the implementation of the roadmap, and integrate existing state climate plans. The roadmap is required to identify strategies for how the state will grow in population and develop in a manner that addresses climate mitigation, adaptation, resiliency, and recovery. The roadmap will also inform the development of statewide conservation goals in coordination with the Department of Natural Resources (DNR) and Department of Agriculture (CDA). The first statewide climate preparedness roadmap is due by December 1, 2023, with updates every three years thereafter.

State Revenue

The bill increases revenue to the Disaster Resilience Rebuilding Program Fund and the Sustainable Rebuilding Program Fund from the principal and interest paid on loans to eligible entities. This revenue will depend on the amount of funds disbursed as loans and the interest established in the loan terms, and is subject to TABOR. The bill also potentially increases state revenue to the funds

from gifts, grants, or donations. No sources have been identified at this time, and this revenue is not subject to TABOR.

State Transfers

The bill requires a transfer of \$15.0 million from the General Fund to the Disaster Rebuilding Program and \$20.0 million to the Sustainable Rebuilding Program Fund three days after the effective date of the bill in the current FY 2021-22.

State Expenditures

The bill increases state expenditures in multiple state agencies by \$1.1 million in FY 2022-23 and FY 2023-24 from the General Fund. DOLA will have \$15.0 million in continuous spending authority from the Disaster Resilience Rebuilding Program Fund and the CEO will have \$20.0 million in continuous spending authority from the Sustainable Rebuilding Program Fund. Expenditures exclusive of those amounts are shown in Table 2 and detailed below. Standard operating and capital outlay costs are included and personal services costs are prorated for the General Fund pay date shift.

**Table 2
 Expenditures Under SB 22-206**

| Cost Components | FY 2022-23 | FY 2023-24 |
|---|-------------------|-------------------|
| Department of Agriculture | | |
| Personal Services | \$84,387 | \$92,059 |
| Operating Expenses | \$1,350 | \$1,350 |
| Capital Outlay Costs | \$6,200 | - |
| Centrally Appropriated Costs ¹ | \$35,723 | \$37,717 |
| FTE – Personal Services | 0.9 FTE | 1.0 FTE |
| CDA Subtotal | \$127,660 | \$131,126 |
| Office of the Governor | | |
| Personal Services | \$304,297 | \$328,217 |
| Operating Expenses | \$4,455 | \$4,320 |
| Capital Outlay Costs | \$18,600 | - |
| Legal Services | \$14,786 | \$14,786 |
| Climate Roadmap | \$125,000 | \$125,000 |
| Grant Management Software | \$5,000 | \$5,000 |
| Centrally Appropriated Costs ¹ | \$57,399 | \$61,552 |
| FTE – Personal Services | 3.0 FTE | 3.2 FTE |
| FTE – Legal Services | 0.1 FTE | 0.1 FTE |
| Governor’s Office Subtotal | \$529,536 | \$538,874 |

**Table 2
 Expenditures Under SB 22-206 (Cont.)**

| Cost Components | FY 2022-23 | FY 2023-24 |
|---|--------------------|--------------------|
| Department of Local Affairs | | |
| Personal Services | \$196,267 | \$214,109 |
| Operating Expenses | \$4,185 | \$4,185 |
| Capital Outlay Costs | \$18,600 | - |
| Legal Services | \$14,786 | \$14,786 |
| Centrally Appropriated Costs ¹ | \$82,617 | \$87,104 |
| FTE – Personal Services | 2.8 FTE | 3.1 FTE |
| FTE – Legal Services | 0.1 FTE | 0.1 FTE |
| DOLA Subtotal | \$316,454 | \$320,183 |
| Department of Natural Resources | | |
| Personal Services | \$99,757 | \$108,825 |
| Operating Expenses | \$1,350 | \$1,350 |
| Capital Outlay Costs | \$6,200 | - |
| Centrally Appropriated Costs ¹ | \$23,283 | \$25,242 |
| FTE – Personal Services | 0.9 FTE | 1.0 FTE |
| DNR Subtotal | \$130,590 | \$135,417 |
| Total | \$1,104,240 | \$1,125,600 |
| Total FTE | 7.8 FTE | 8.5 FTE |

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Agriculture. The department requires 1.0 FTE policy advisor to coordinate conservation efforts between agencies, local governments, and stakeholders and conduct research and other work products for the Climate Preparedness Office.

Office of the Governor. The two programs in the office will requires resources, as detailed below:

- **Office of Climate Preparedness.** The newly created Office of Climate Preparedness requires 3.0 FTE to coordinate disaster recovery efforts and interagency climate strategies, and will also develop and implement the Statewide Climate Preparedness Roadmap. Costs include \$125,000 per year for a study to inform the roadmap.
- **Colorado Energy Office.** For the Sustainable Rebuilding Program, the CEO requires 0.3 FTE of a program manager in FY 2022-23 and 0.2 FTE in FY 2023-24 and onward to coordinate and consult with DOLA and the Resiliency Office on program design and to contract with a qualified administrator for the program. The CEO requires 150 hours of legal services for general counsel support on the development of loan and grant criteria and contract terms and negotiations with vendors.

Department of Local Affairs. For the Disaster Resilience Rebuilding Program, DOLA requires 3.1 FTE for program management, stakeholder engagement, outreach, planning, grant management to governments, and technical assistance with each declared disaster. Staff will also coordinate with the CEO and the Colorado Resiliency Office, draft policies and program descriptions, determine eligibility requirements, and other programmatic policies for establishing program offerings. DOLA requires 150 hours of legal services for general counsel support on the development of loan and grant criteria and contract terms and negotiations with vendors.

Department of Natural Resources. Colorado Parks and Wildlife requires 1.0 FTE of a scientist to provide relevant scientific information on the health of the state's lands, waters, wildlife, native biodiversity, and natural systems to the Office of Climate Preparedness in the development of the roadmap. This position will also coordinate with subject matter experts in the division and work with stakeholders and engage with the community.

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.

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 the amounts shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Local Government

Local governments will be eligible to seek grants for costs associated with a declared disaster that are not covered by other assistance programs so may receive funding from the Disaster Resilience Rebuilding Program.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires the following General Fund appropriations:

- \$91,937 to the Department of Agriculture and 0.9 FTE;
- \$472,137 to the Office of the Governor and 3.0 FTE, of which \$14,786 is reappropriated to the Department of Law, and 0.1 FTE;

- \$233,837 to the Department of Local Affairs and 2.8 FTE, of which, \$14,786 is reappropriated to the Department of Law, and 0.1 FTE; and
- \$107,307 to the Department of Natural Resources and 0.9 FTE.

State and Local Government Contacts

Colorado Energy Office
Information Technology
Municipalities

Counties
Law
Special Districts

Governor
Local Affairs