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Revised Fiscal Note

(replaces fiscal note dated April 22, 2022)

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

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Bill Status: Senate Appropriations
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Bill Topic: **DISASTER PREPAREDNESS & RECOVERY RESOURCES**

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

The bill establishes the Disaster Resilience Rebuilding Program, Sustainable Rebuilding Program, and the Office of Climate Preparedness. The bill transfers funds 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 \$19.4 million to multiple state agencies.

Fiscal Note Status: The revised fiscal note reflects the introduced bill as amended by the Senate State, Veterans, and Military Affairs Committee.

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 ¹	-	\$53,497,618	\$1,834,418
	Centrally Appropriated	-	\$2,259,332	\$706,341
	Total Expenditures	-	\$56,662,168	\$3,454,744
	Total FTE	-	24.7 FTE	25.4 FTE
Transfers/Diversions	General Fund	(\$35,000,000)	(\$230,000)	-
	Cash Funds	(\$15,500,000)	-	-
	Cash Funds	\$50,500,000	\$230,000	-
	Net Transfer/Diversion	\$0	\$0	-
Other Budget Impacts	General Fund Reserve	-	\$135,783	\$137,098

¹FY 2022-23 expenditures include \$35.0 million in continuously appropriated funds and may be spent in out years.

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 rental assistance for displaced renters, 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, DOLA, and the Colorado Energy Office (CEO) are required to collaborate on the implementation of the program. The division is required to report on the program, including demographic data, 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 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 for the Governor's Office, 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.

Statewide fire dispatch center and aerial firefighting. The bill requires the Division of Fire Prevention and Control in the Department of Public Safety to establish and maintain a statewide fire dispatch center to ensure rapid response of fire-based resources to emerging wildfire and all-hazard incidents in support of local, county, state, and federal agencies in Colorado. The Center of Excellence within the division is required to develop and implement a Colorado team awareness kit for interested

public safety agencies in the state. The bill includes a transfer of \$15.5 million in FY 2021-22 for establishing and maintaining the fire dispatch center, leasing aviation resources for wildfire suppression, and to develop and implement a Colorado team awareness kit system.

Study on homeowners' insurance. The Commissioner of Insurance in the Department of Regulatory Agencies is required to conduct a study and report on methods to address the stability, availability, and affordability of the homeowner's insurance market. The commissioner may contract for the study and is not required to comply with the state procurement code. The commissioner is required to submit the report to the relevant legislative committees and Joint Budget Committee by July 1, 2023, and may be considered in the budgeting process.

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 multiple transfers in FY 2021-22 as follows:

- \$15.0 million from the General Fund to the Disaster Resilience Rebuilding Program Fund;
- \$20.0 million from the General Fund to the Sustainable Rebuilding Program Fund; and
- \$15.5 million from the Disaster Emergency Fund to the Colorado Firefighting Air Corps Fund.

State Diversion

This bill diverts \$230,000 from the General Fund in FY 2022-23. This revenue diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

The bill increases state expenditures in multiple state agencies by \$21.7 million in FY 2022-23 and \$3.5 million FY 2023-24 from the multiple funding sources. Costs from the General Fund are approximately \$0.9 million in FY 2022-23 and \$0.9 million in FY 2023-24 for the CDA, DOLA, the Governor's Office, and the DNR. The DPS will have expenditures of \$20.3 million in FY 2022-23 and \$2.3 million in FY 2023-24 from the Colorado Firefighting Air Corps Fund. The Department of Regulatory Agencies will have expenditures of \$230,000 from the Division of Insurance Cash Fund in FY 2022-23 only.

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, excluding the \$35 million in continuously appropriated spending in DOLA and the CEO, 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	\$14,785	\$14,785
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
Department of Local Affairs		
Personal Services	\$196,267	\$214,109
Operating Expenses	\$4,185	\$4,185
Capital Outlay Costs	\$18,600	-
Legal Services	\$14,785	\$14,785
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

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

Cost Components	FY 2022-23	FY 2023-24
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
Department of Public Safety		
Personal Services	\$1,314,594	\$1,314,594
Operating Expenses	\$118,850	\$48,450
Capital Outlay Costs	\$142,800	-
Vehicle Lease	\$19,334	\$19,334
Vehicle Mileage	\$19,000	\$19,000
Training/Travel	\$66,000	\$66,000
Firefighter Trust	\$7,040	\$7,040
Overtime	\$60,000	\$60,000
COTAK	\$500,000	-
Dispatch Center Facilities	\$500,000	\$300,000
Digital Trunk Radio Infrastructure	\$120,000	-
Aviation Contracts	\$12,700,000	-
Airplane Hanger	\$2,700,000	-
Centrally Appropriated Costs ¹	\$2,060,310	\$494,726
FTE – Personal Services	17.0 FTE	17.0 FTE
DPS Subtotal	\$20,327,928	\$2,329,144
Department of Regulatory Agencies		
Actuarial Consultant	\$200,000	-
Consultant Costs	\$30,000	-
DORA Subtotal	\$230,000	-
Total Expenditures	\$21,662,168	\$3,454,744
Total FTE	24.8 FTE	25.5 FTE

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.

Department of Public Safety. The Division of Fire Prevention and Control will establish the Colorado State Fire Coordination Center to provide 24/7 capability for dispatching Colorado's fire based resources across Colorado. The center will be staffed with 16 FTE firefighters and one FTE of a telecommunications engineer. Costs include the one-time expense to convert a facility into a functional dispatch center including installing a backup power generator and costs to bring in radio and communication lines. The division will expand aviation support in firefighting by extending the current Large Air Tanker (LAT) contract, adding a 2nd LAT and Type 1 helicopters, and building a hanger for the airplanes and helicopters. Funding is included for specialized supplies, facilities, vehicles and aviation contracts. The Center of Excellence within the division will develop and implement a Colorado team awareness kit.

Department of Regulatory Agencies. The Division of Insurance will incur costs in FY 2022-23 only to contract for the study of homeowner's insurance markets. The study requires 500 hours at a rate of \$400 per hour for actuarial contracting support for data collection, analysis, and reporting. In addition, the division will contract for consultant support, to facilitate stakeholder discussions throughout the state and to obtain needed input from carriers, consumer groups, and other interested parties. This is estimated to require 120 hours at a rate of \$250 per hour.

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.

Technical Note

The bill includes an appropriation of \$15,500,000 to the DPS from the Colorado Firefighting Air Corps Fund for FY 2021-22 and FY 2022-23. Spending authority will be available in FY 2021-22 but the fiscal note shows expenditures occurring in FY 2022-23 in Table 1.

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.

For FY 2022-23, the bill requires the following cash fund appropriations:

- the Department of Regulatory Agencies requires an appropriation of \$230,000 from the Division of Insurance Cash Fund; and
- the Department of Public Safety requires an appropriation of \$18,267,618 from the Colorado Firefighting Air Corps Fund. Of this, the Department of Personnel and Administration requires \$19,334 in reappropriated funds for vehicle leases.

State and Local Government Contacts

Colorado Energy Office
Information Technology
Municipalities
Special Districts

Counties
Law
Public Safety

Governor
Local Affairs
Regulatory Agencies