



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0883 - Generally revise state finance (Jones, Llew)

Status: As Amended in Senate Committee

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:					
General Fund	\$152,000,000	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$30,000,000	\$30,000,000	\$15,000,000	\$15,000,000
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$152,000,000	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$152,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 883 as amended changes the process for transfers from general fund into the fire suppression fund, requiring an initial transfer of \$152 million from general fund in FY 2023, and requiring the fund balance be brought to an amount equal to 6% of all general fund appropriations in the second year of each biennium thereafter. The bill sets maximum appropriations for specific non-suppression purposes in future biennia as described in 76-13-150, section (4)(b) through (4)(h), as amended in section 1 of the bill, or in section 4 of the bill if the coordination provision there were to take effect.

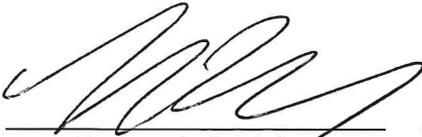
FISCAL ANALYSIS

Assumptions:

- Section 3 of the bill requires a \$152 million transfer from general fund prior to the end of FY 2023 that is anticipated to result in a fund balance of approximately \$186 million on July 1, 2023. This fund balance is expected to exceed the minimum balance of 3% of all general fund appropriations for FY 2025, estimated to be \$90 million, allowing for a total of approximately \$60 million in specific statutory appropriations for non-suppression purposes to occur beginning in FY 24.

2. Section 1, subsection (5) of the bill (or section 4, subsection (5) if the coordination instruction in section 4 is applicable), requires transfers to occur every biennium sufficient to bring the fund balance to an amount equal to 6% of all general fund appropriations in the second year of the biennium, estimated to be \$180 million for the FY 2025 biennium. The amounts of future transfers and their impacts on the fund balance are not estimated here, but it is assumed this transfer mechanism will continue to keep the fund balance at levels sufficient to allow regular appropriations and expenditures to occur each biennium as allowed for in subsection (7).
3. As described in section 1, subsection (7), (or section 4, subsection (7) if the coordination instruction in section 4 is applicable), a statutory appropriation up to an amount equal to 1% of all general fund appropriation for the second year of each biennium, estimated to be \$30 million, is assumed to become available at the beginning of each future biennium for certain non-suppression purposes as described in subsection (4)(b) through (4)(g).
4. The Department of Natural Resources and Conservation (DNRC) envisions utilizing this estimated appropriation of \$30 million each biennium, spending at the rate of \$15 million per year, to support the accomplishment of forest management goals through implementation of Forest Action Plan projects on state, tribal, and private lands, and Good Neighbor Authority (GNA) projects on federal lands. Project activities would include fuels reduction and mitigation, forest restoration, forest management, support for collaborative groups, and the purchase and development of additional fire suppression equipment for local government resources in county cooperatives.
 - a. Expenses that would be incurred to accomplish these activities are anticipated to include Personal Services for Modified FTE to administer contracts and grants; oversee projects; engage with interagency counterparts to coordinate projects and programs; perform fuels management activities such as prescribed fire and mitigation; and develop fire suppression equipment. Operating expenses would likely consist primarily of contracted services to accomplish forest management goals on the ground and provide National Environmental Protection Act (NEPA) analysis and support through the GNA program. Capital Equipment budget would allow for purchase of vehicles for field staff and for purchase and development of fire suppression equipment. Grants would be awarded for projects intended to mitigate wildfire risk through fuels reduction and other forest management priorities.
5. As described in section 1, subsection (8), (or section 4, subsection (8) if the coordination instruction in section 4 is applicable), a statutory appropriation up to an amount equal to 0.5% of all general fund appropriation for FY 25, estimated to be \$15 million, is assumed to become available for the purpose described in subsection (4)(h): fire preparedness, on July 1, 2023, and the same amount again on July 1, 2024.
6. The annual \$15 million appropriations for fire preparedness in both FY 2024 and FY 2025 would allow the DNRC to increase the overall number and variety of resources available to respond to wildfires throughout critical periods in the fire year; support high-priority fuel reduction projects to protect communities from wildfire; and participate in prescribed fire projects to achieve more resilient landscapes.
 - a. Fire preparedness expenses are anticipated to include Personnel Services for Modified FTE to oversee the development and acquisition of ground, aerial and support firefighters and mitigation resources; administer contracts; and ensure appropriate tactical application of resources. Operating expenses would include contracted assets that bolster program capacity and preparedness, including both ground-based and aviation resources. Capital Equipment budget would allow for the purchase and upgrade of DNRC and county cooperative-operated wildfire suppression equipment, apparatus, and airframes, with a focus on modernizing assets and elevating readiness, reliability, and response capability.

	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>					
<u>Expenditures:</u>					
Personal Services	\$0	\$3,000,000	\$3,000,000	\$2,000,000	\$2,000,000
Operating Expenses	\$0	\$18,000,000	\$18,000,000	\$7,000,000	\$7,000,000
Equipment	\$0	\$4,000,000	\$4,000,000	\$1,000,000	\$1,000,000
Grants	\$0	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
Transfers	\$152,000,000	\$0	\$0	\$0	\$0
TOTAL Expenditures	<u>\$152,000,000</u>	<u>\$30,000,000</u>	<u>\$30,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
<u>Funding of Expenditures:</u>					
General Fund (01)	\$152,000,000	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$30,000,000	\$30,000,000	\$15,000,000	\$15,000,000
TOTAL Funding of Exp.	<u>\$152,000,000</u>	<u>\$30,000,000</u>	<u>\$30,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>
<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$152,000,000	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$152,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>					
General Fund (01)	(\$152,000,000)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$152,000,000	(\$30,000,000)	(\$30,000,000)	(\$15,000,000)	(\$15,000,000)



 Sponsor's Initials

_____ Date



 Budget Director's Initials

_____ Date

4-28-23