



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1494

PRINTERS NO. 1904

PRIME SPONSOR: Rapp

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	See Fiscal Impact

SUMMARY: House Bill 1494, Printer's Number 1904, authorizes the Commonwealth to enter into Federal cooperative agreements to conduct forest management activities upon Federal lands.

ANALYSIS: This bill amends Section 318 of Act 18 of 1995 relating to contracts and agreements by adding a subsection providing for Federal cooperative agreements. As authorized by the Agricultural Act of 2014 (Public Law 113-79, 128 Stat. 921), the Commonwealth may enter into Federal cooperative agreements between the Governor or the Governor's designee and participating Federal agencies for the purposes of harvesting and selling timber, engaging in activities which promote artificial and natural forest regeneration and other activities to restore or improve the health of forests and watersheds and forested habitats upon Federal land within this Commonwealth.

The Governor may authorize employees of the Department of Conservation and Natural Resources (DCNR) or contract with private contractors to perform forest management activities on Federal land under the terms of a Federal cooperative agreement.

All money received from the sale of timber on Federal land under a Federal cooperative agreement shall be used to administer, implement and pay all costs associated with the Federal cooperative agreement.

This legislation would take effect in 60 days upon enactment.

FISCAL IMPACT: If the Commonwealth enters into a Federal cooperative agreement, the bill states that "all money received from the sale of timber on Federal land under a Federal cooperative agreement shall be used to administer, implement and pay all costs associated with the Federal cooperative agreement."

Therefore, timber sale revenues generated from forest management activities on Federal land under the terms of a Federal cooperative agreement shall be used to pay the operational costs of DCNR employees or the contract price with private operators.

However, while agency costs would be reimbursed for timber operations from the resulting stumpage sales, it should be noted DCNR will have some up-front costs and need to ensure that timber sales generated meet revenue projections to cover project costs.

For example, all costs related to a Federal cooperative agreement would initially be borne by DCNR's existing operational budget to allocate existing staff and resources for the project. DCNR would also need to utilize existing resources near the cooperative agreement project to minimize any costs and potential loss of agency timber sale revenues on State forest lands. DCNR Timber Sale revenues provided \$19.9 million for its operating budget in FY 2015-16.

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House Appropriations Committee (R)

DATE: June 19, 2017

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.