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Fiscal Note

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Prime Sponsors: Sen. Fenberg; Donovan Bill Status: Senate Agriculture
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Bill Topic: KEEP COLORADO WILD ANNUAL PASS

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

The bill creates the Keep Colorado Wild pass, the fee for which will be assessed when a motor vehicle is registered unless the vehicle owner declines to pay the fee. The pass grants entry into state parks and other public lands. It increases state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$502,646 to the Department of Natural Resources.

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

Table 1
State Fiscal Impacts Under SB 21-249

Table with 5 columns: Category, Sub-category, Budget Year FY 2021-22, Out Year FY 2022-23, Out Year FY 2023-24. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

Summary of Legislation

The bill directs the Colorado Division of Parks and Wildlife (CPW) in the Department of Natural Resources (DNR) to develop a new state parks and public lands pass with a fee assessed during vehicle registration. In addition, the bill repeals limitations on the amount the CPW Commission may increase fees for daily and annual park passes.

Keep Colorado Wild Pass. CPW must develop a new annual pass, called the *Keep Colorado Wild Pass*, which will be provided to individuals upon paying a fee assessed during vehicle registration. Implementation of the program must begin in calendar year 2023. CPW is authorized to enter into cooperative agreements with other land management agencies to provide access through the pass. CPW is directed to conduct a public outreach campaign concerning the new pass and the state parks and other lands it will access. The division must report annually to the General Assembly on the program.

The fee will be collected by default, but can be declined. The fee is assessed on passenger vehicles, light-weight trucks, motorcycles, and recreational vehicles; it is not assessed on commercial vehicles. The amount of the fee will be set by the CPW Commission, but cannot exceed half of what is currently charged for an annual state parks pass. The commission is also required to set a reduced pass fee for income-eligible households.

County Clerk and Recorders, who register vehicles on behalf of the Department of Revenue (DOR), are authorized to retain a portion of the fee revenue sufficient to cover costs associated with collecting and transmitting the fee.

Distribution and use of fee revenue. The first \$36.0 million of fee revenue is allocated as follows, adjusted annually for inflation:

- \$32.5 million to the Parks and Outdoor Recreation Cash Fund to ensure sufficient staffing and resources at Colorado's 42 existing state parks;
- \$2.5 million to the Search and Rescue Fund to support search and rescue work and promote backcountry safety; and
- \$1.0 million to the Colorado Avalanche Information Center Fund to conduct backcountry avalanche safety and awareness work.

Additional revenue is split evenly between the Parks and Outdoor Recreation Cash Fund and the Wildlife Cash Fund to finance the general mission of the division.

Background

Vehicle registration. There are currently 6.2 million vehicles registered in Colorado, of which 5.4 million are vehicle classes subject to the fee. For vehicle registrations in these classes, an average of \$725 is collected in specific ownership tax and \$570 is collected in fees and surcharges. Generally, older vehicles pay less and newer vehicles more. Of the taxes and fees associated with a vehicle registration, currently none offer the vehicle owner the option to opt-out of paying the fee.

Colorado Parks and Wildlife. CPW currently sells annual and daily passes directly at parks, regional offices, online, and through other authorized agents. Since FY 2015-16, visitation at Colorado state parks has increased from about 14 million to 17 million visitor days per year. Revenue for the state parks component of the agency has ranged between \$33.0 and \$37.0 million in recent years, roughly half from park entry fees and half from camping fees.

Colorado Search and Rescue. Search and rescue programs in Colorado are led by county sheriffs and rely on a network of professional volunteers. There is a grant program supported by the Search and Rescue Fund that receives revenue from sales of the Colorado Outdoor Recreation Search and Rescue Card and a \$0.25 surcharge on boat, snowmobile, and off-highway vehicle registrations, and hunting and fishing licenses. The grant program provides funding for search and rescue equipment and training.

State Revenue

The bill increases state revenue by an estimated \$17.6 to \$37.6 million per year. The fiscal note assumes an implementation date of January 1, 2023, which would lead to half of this impact in FY 2022-23, and the full impact in FY 2023-24 and future years. CPW is also directed to seek donations, which are not estimated in the fiscal note. Because CPW is designated as an enterprise, revenue is not subject to state limits established in TABOR.

Revenue is presented in Table 2 as a range due to the high degree of uncertainty from the following factors: (1) the fee amount and presentation of the opt-out have not yet been determined; and (2) no other DOR fees have an opt-out to draw inferences from. The revenue estimate is based on the following assumptions:

- the initial fee, which may be up to half the current rate for an annual state park pass (\$80), will be set at \$40; and
- between 75 percent and 85 percent of individuals will opt-out of the fee.

Table 2
Range of Revenue Estimated Under SB 21-249
Assuming a \$40 Fee

Fund	Annual Revenue: 85% opt-out ¹	Annual Revenue: 75% opt-out
Total Revenue Impact		
Keep Colorado Wild Pass	\$32.6 million	\$54.4 million
Lost Traditional Park Pass Sales	(\$15.0 million)	(\$16.8 million)
Total Net Revenue Impact	\$17.6 million	\$37.6 million
CPW Revenue Distribution		
Parks and Outdoor Recreation Cash Fund (<i>net</i>)	\$14.1 million	\$24.9 million
Search and Rescue Fund	\$2.5 million	\$2.5 million
Colorado Avalanche Information Center Fund	\$1.0 million	\$1.0 million
Wildlife Cash Fund	-	\$9.2 million
Net Revenue Impact by Fund	\$17.6 million	\$37.6 million

¹ The fiscal note assumes if less than \$36.0 million is collected, the Search and Rescue Fund and Avalanche Information Center Fund will be fully funded.

State Expenditures

The bill increases expenditures in the DNR by an estimated \$544,607 and 2.4 FTE in FY 2021-22, and \$322,647 and 3.0 FTE in FY 2022-23 and FY 2023-24. New revenue generated from the fee is presumed to further increase expenditures beginning in FY 2023-24—the department will seek appropriations through the annual budget process for these expenditures. Initial expenditures are from the Parks and Outdoor Recreation Cash Fund. These costs are shown on Table 3 and described below.

Table 3
Expenditures Under SB 21-249

	FY 2021-22	FY 2022-23	FY 2023-24
Department of Natural Resources			
Personal Services	\$198,506	\$264,676	\$264,676
Operating Expenses	\$3,240	\$4,050	\$4,050
Capital Outlay Costs	\$18,600	-	-
Systems Costs—CPW	\$176,100	-	-
Systems Costs—Department of Revenue	\$106,200	-	-
Centrally Appropriated Costs ¹	\$41,961	\$53,948	\$53,948
Total Cost	\$544,607	\$322,674	\$322,674
Total FTE	2.4 FTE	3.0 FTE	3.0 FTE

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

Expenditures in CPW consist of initial staffing to begin implementing the program, systems updates, and accomplishing the goals of the division using the increased revenue.

Staffing. CPW requires three additional staff members to begin implementing the new pass. Workload includes coordinating with other public land managers for program participation, updating licensing systems, marketing the program, and managing a donation program. First-year staffing costs are prorated to reflect a start date of October 1, 2021.

Systems. One-time system costs are required for CPW to implement changes to its integrated sales system to interface with DOR systems. CPW will also pay for updates to DOR's DRIVES system to automatically assign a pass to vehicles and assess a fee during registration, and transmit this information to DNR; this cost is estimated at 472 hours of programming at a rate of \$225 per hour. Additional programming costs of \$10,800 will be incurred each time the fee amount is updated.

Future Costs. CPW is anticipated to have an annual increase in revenue of \$17.6 to \$37.6 million beginning in FY 2023-24 to spend on various initiatives. This money must be appropriated by the General Assembly for purposes specified at that time.

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 estimated to be \$41,961 in FY 2021-22 and \$53,948 in FY 2022-23 and FY 2023-24.

Local Government

County Clerk and Recorders will incur costs to collect and transmit the fee associated with the new pass, and they are authorized to retain revenue sufficient to cover these costs.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2021-22, the bill requires an appropriation of \$502,646 to the Department of Natural Resources from the Parks and Outdoor Recreation Cash Fund, and 2.4 FTE. Of this amount, \$106,200 is reappropriated to the Department of Revenue.

State and Local Government Contacts

Information Technology

Natural Resources

Revenue