



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

<b>Drafting Number:</b>	LLS 21-0543	<b>Date:</b>	February 20, 2021
<b>Prime Sponsors:</b>	Rep. Will Sen. Donovan; Rankin	<b>Bill Status:</b>	House Energy & Environment
		<b>Fiscal Analyst:</b>	Max Nardo   303-866-4776 Max.Nardo@state.co.us

**Bill Topic:** GENERAL FUND MONEY FOR REINTRODUCTION OF WOLVES

<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill changes the fund source for the state's wolf reintroduction work, specifying that all costs must be paid exclusively from the General Fund. It has a neutral net impact on state expenditures.

**Appropriation Summary:** For FY 2021-22, the fiscal note requires an appropriation of at least \$311,768 to the Department of Natural Resources.

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

**Table 1  
State Fiscal Impacts Under HB 20-1040**

		Budget Year FY 2021-22	Out Year FY 2022-23
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	at least \$344,323	at least \$467,387
	Cash Funds	at least (\$344,323)	at least (\$467,387)
	<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

Proposition 114, which was approved by Colorado voters at the 2020 General Election, directs the Colorado Parks and Wildlife Commission to develop a plan to reintroduce gray wolves in Colorado and oversee the restoration and management of a self-sustaining population. The plan must provide fair compensation to livestock owners for losses of livestock caused by wolves.

This bill requires that all costs associated with gray wolf restoration and management, including compensation for livestock losses, be paid exclusively from the General Fund.

## Background

Current law, as established by Proposition 114, states that the General Assembly shall make appropriations as necessary to fund wolf reintroduction that cannot be paid from the Wildlife Cash Fund. The Department of Natural Resources is currently exploring options for financing wolf reintroduction, including the possibility of securing grants or donations. Legislative Council Staff is unaware of grants or donations having been secured, so for the purpose of the fiscal note the Wildlife Cash Fund is assumed to finance planning and implementation.

The Wildlife Cash Fund is the Colorado Parks and Wildlife's (CPW) primary source of funds for the wide range of wildlife-related operations under its jurisdiction. Revenue to this fund comes primarily from hunting and fishing licenses and permits. Senate Bill 18-143 raised a number of hunting and fishing fees and charges, which increased Wildlife Cash Fund revenue by an estimated \$16.2 million annually. A recent history of revenue to this fund is shown on Table 2.

**Table 2**  
**Wildlife Cash Fund Revenue**

<b>Fiscal Year</b>	<b>License Revenue*</b>
FY 2017-18	\$87.7 million
FY 2018-19	\$104.1 million
FY 2019-20	\$118.2 million

*\* This includes revenue from licenses, passes, fees, and permits. It excludes federal funds, Great Outdoors Colorado grants and other miscellaneous revenue sources that are designated for specific purposes.*

**Enterprise status.** CPW is designated as an enterprise for the purposes of TABOR. To maintain enterprise status, CPW can receive no more than 10 percent of its revenue from state and local governments. CPW is almost entirely cash funded, and its FY 2021-22 budget request currently includes no General Fund.

**State Expenditures**

The bill increases General Fund expenditures by at least \$344,323 in FY 2021-22 and \$467,387 in FY 2022-23. It is assumed to decrease cash fund expenditures by an equivalent amount based on assumptions discussed in the Background section. These totals reflect the estimates published in the fiscal impact statement accompanying the 2020 Blue Book, which are shown in Table 3 and described below. The General Assembly may opt to appropriate a greater amount of money to finance a more wide-reaching planning and public outreach process that has since been developed by the CPW Commission; these costs are discussed at the end of this section.

**Table 3  
Expenditures Under HB 21-1040**

	FY 2021-22	FY 2022-23
<b>Department of Natural Resources</b>		
Personal Services	\$74,425	\$195,625
Operating Expenses	\$6,240	\$18,720
Capital Outlay Costs	\$4,703	\$9,406
Management Plan Consultant	\$75,000	\$75,000
Public Meetings	\$44,000	\$44,000
CPW Commission Meetings	\$20,000	\$20,000
Temporary Public Information Staff	\$37,400	\$36,000
Public Survey	\$50,000	
Centrally Appropriated Costs <sup>1</sup>	\$32,555	\$68,636
<b>Total Cost</b>	<b>\$344,323</b>	<b>\$467,387</b>
<b>Total FTE</b>	<b>1.0 FTE</b>	<b>3.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Planning period.** Proposition 114 requires gray wolves to be reintroduced into Colorado by December 31, 2023, which falls in FY 2023-24. The two preceding years will be used to develop the plan for reintroduction and management. For FY 2021-22 this will require the following:

- 1.0 FTE wildlife manager to lead the reintroduction team and oversee the program;
- four facilitated public meetings;
- two additional half-day meetings for the CPW Commission;
- support from consultants to develop the plan;
- a public survey to gather information and gauge public perception; and
- the equivalent of 1.0 FTE of temporary staff support in CPW's public information section.

For FY 2022-23, CPW will add 2.0 FTE field biologists to prepare for reintroduction.

**Increased planning and public outreach scenario.** After conducting additional research and gathering stakeholder input, on January 14, 2021, the CPW Commission approved a planning process which is more expansive than what had previously been discussed in preparing the 2020 Blue Book fiscal impact statement. This plan includes all of the above costs, plus the following additions for three years each:

- a professional facilitator at a cost of \$300,000 per year;
- monthly public meetings for two working groups at an increased cost of \$154,000 per year;
- five additional CPW Commission meetings at an increased cost of \$105,000; and
- additional training on depredation in FY 2022-23 only at a cost of \$50,000.

If the General Assembly wishes to fund this planning process, it may appropriate a total of \$868,168 in FY 2021-22, and \$1,007,278 in FY 2022-23.

**Future years.** Following the planning period, costs will continue as the gray wolf reintroduction plan is implemented beginning in FY 2023-24. These costs will include:

- the continuation of planning costs for one additional year (if the increased planning scenario is implemented);
- the continuation of the 3.0 FTE to manage the program on an ongoing basis;
- the acquisition of gray wolves over a period of several years;
- transportation, housing, care, and tracking of the wolves;
- seasonal wildlife technicians to assist the permanent staff with tracking and otherwise managing the wolves;
- ongoing research; and
- compensation to owners of livestock for losses caused by wolves.

These ongoing costs will be appropriated through the annual budget process. Costs are currently estimated to be approximately \$800,000 per year in FY 2024-25 and beyond; however actual costs will depend on the details of the reintroduction plan, the degree to which wolves currently in Colorado progress toward becoming self-sustaining; the division of management authority between state and federal agencies; and the success of landowners in mitigating livestock losses caused by wolves.

**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 \$32,555 in FY 2021-22 and \$68,636 in FY 2022-23.

## Effective Date

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

## **State Appropriations**

For FY 2021-22, the bill requires a General Fund appropriation of \$311,768 to the Department of Natural Resources for Colorado Parks and Wildlife. No cash fund appropriation for wolf reintroduction has yet been made, so no corresponding reduction is necessary.

## **State and Local Government Contacts**

Natural Resources