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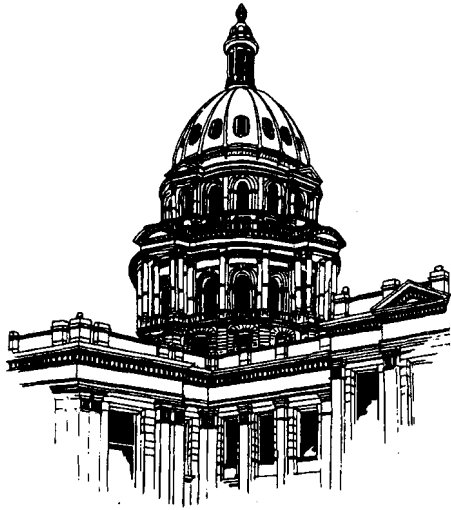
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Study of the Division of Wildlife

**Report to the
COLORADO
GENERAL ASSEMBLY**

**Colorado Legislative Council
Research Publication No. 481
December 2000**

RECOMMENDATIONS FOR 2001

STUDY OF THE DIVISION OF WILDLIFE

**Report to the
Colorado General Assembly**

**Research Publication No. 481
December 2000**

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December 2000

To Members of the Sixty-second General Assembly:

Submitted herewith is the final report of the Study of the Division of Wildlife. This committee was created pursuant to House Joint Resolution 00-1027. The purpose of the study is to examine the policies, management practices, and state funding mechanisms of the division.

At its meeting on October 16, 2000, the Legislative Council reviewed the report of this committee. A motion to forward this report and the bills therein for consideration in the 2001 session was approved.

Respectfully submitted,

/s/ Representative Doug Dean
Chairman
Legislative Council

DD/AP/mm

TABLE OF CONTENTS

	PAGE
LETTER OF TRANSMITTAL	iii
TABLE OF CONTENTS	v
RECOMMENDED BILLS AND FISCAL NOTES	vii
MEMBERS OF THE COMMITTEE	ix
EXECUTIVE SUMMARY	xi
Committee Charge	xi
Committee Activities	xi
Committee Recommendations	xii
STATUTORY AUTHORITY AND RESPONSIBILITIES	1
COMMITTEE ACTIVITIES	3
Division of Wildlife's Responsibilities	3
Division of Wildlife's Revenue and Budgets	5
Audits and Reviews	8
SUMMARY OF RECOMMENDATIONS	11
Bill A — Wildlife Commission's Authority to Decrease License Fees	11
Bill B — Changes in the Fiscal Policies of the Division of Wildlife to Allow Operation as an Enterprise for Purposes of Section 20 of Article X of the State Constitution	11
Bill C — Financial Incentives for Commercial Fish Hatcheries that Test Positive for Whirling Disease	12
Bill D — The Creation of the Habitat Partnership Program, and, in connection therewith, Changing the Duties of the Habitat Partnership Council, Habitat Partnership Committee, and Director of the Division of Wildlife, and funding the Habitat Partnership Cash Fund	12
RESOURCE MATERIALS	13
Meeting Summaries	13
Memoranda and Reports	14

RECOMMENDED BILLS AND FISCAL NOTES

	PAGE
Bill A — Concerning the Wildlife Commission's Authority to Decrease License Fees	15
— Fiscal Note	17
Bill B — Concerning Changes in the Fiscal Policies of the Division of Wildlife to Allow Operation as an Enterprise for Purposes of Section 20 of Article X of the State Constitution	19
— Fiscal Note	23
Bill C — Concerning Financial Incentives for Commercial Fish Hatcheries that Test Positive for Whirling Disease	27
— Fiscal Note	29
Bill D — Concerning the Creation of the Habitat Partnership Program, and, in connection therewith, Changing the Duties of the Habitat Partnership Council, Habitat Partnership Committee, and Director of the Division of Wildlife, and funding the Habitat Partnership Cash Fund	31
— Fiscal Note	35

STUDY OF THE DIVISION OF WILDLIFE

Members of the Committee

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Representative Mark Larson
Representative Tom Plant

Senator Ken Chlouber
Vice-Chairman

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EXECUTIVE SUMMARY

Committee Charge

The Interim Committee to Study the Division of Wildlife was created pursuant to House Joint Resolution 00-1027 and charged with examining the policies and state funding mechanisms of the division. Specifically, the committee was charged with considering the division's land acquisition and leasing activities; revenue sources; internal budgeting and revenue allocation processes; management policies for big game and endangered species; proposed whirling disease policy; and implementation of the 1999 State Auditor's recommendations.

Committee Activities

The committee held six meetings and visited three areas of the state outside Denver to hear public testimony on the Division of Wildlife's programs and policies. For example, in Grand Junction, the committee heard testimony from sportspersons who expressed concern about declining deer and elk populations in the state. During the committee's visit to Pueblo, the division described big game management policies and the committee heard testimony from hunters in the area. The committee also visited a private fish hatchery near Leadville and heard citizens' reaction to the Wildlife Commission's proposed whirling disease policy. The committee further discussed fishing issues with the division and the commission at a public meeting the following day.

During its study of the division, the committee learned that the division's revenue comes primarily from the sale of hunting and fishing licenses. Over the next four years, the division's operating expenses are expected to increase and the sale of licenses is expected to decline. The division described its fish and game management policies. Many division programs such as the Habitat Partnership Program, which provides quality habitat for game animals on private land, are funded through license sales. The division also discussed federal funding for hunting and fishing related activities and the Endangered Species Act. The U.S. Fish and Wildlife Service explained how it applies provisions in the Endangered Species Act. The division described its programs and policies to keep certain Colorado species off the federal endangered species list.

The committee heard from several state entities that work with or oversee the division. The State Auditor's office explained how the division is implementing recommendations from the 1999 performance audit. Representatives of Great Outdoors Colorado (GOCO) described how GOCO funds are allocated to the division. The committee examined GOCO's policies that govern the division's use of these funds. The Department of Local Affairs discussed its administration of the search and rescue fund. A percentage of hunting and fishing license fees is used to reimburse authorized agencies for certain expenses incurred during search and rescue operations.

Committee Recommendations

As a result of committee discussion and deliberation, the committee recommends four bills for consideration in the 2001 legislative session.

Bill A – Wildlife Authority to Decrease License Fees. The Wildlife Commission currently has authority to lower license fees in certain conditions such as to promote a larger harvest of game. This bill broadens the commission's authority to lower any license fee when it deems that lower fees are appropriate for better management of the state's wildlife resources.

Bill B – Designate Division of Wildlife an Enterprise. The committee heard from the division regarding an expected increase in operating costs relative to declining revenue in the coming years. As a result, the committee discussed alternate sources of funding to meet the future needs of wildlife management in Colorado. Bill B would designate the division as an enterprise for purposes of TABOR, thus giving the commission more flexibility to request increases in license fees without affecting funding for other government services. The division would be exempt from TABOR as long as it receives less than ten percent of its revenues in grants and has the authority to issue revenue bonds. The bill also specifies that moneys from the Great Outdoors Colorado Trust Fund are not grants and authorizes the commission to issue up to \$10 million in revenue bonds, subject to approval by both houses of the General Assembly and the governor.

Bill C – Financial Incentives for Fish Hatcheries. The committee heard testimony about whirling disease and a new policy proposed by the Wildlife Commission to prohibit the release of whirling disease positive fish into many of the state's waters. To lessen the impact of this proposed policy on private fish hatcheries and create incentives for compliance, the committee recommends Bill C.

Bill C would provide loans and an income tax credit to private fish hatcheries that test positive for *Myxobolus Cerebralis*, the source of whirling disease, and are taking steps to becoming whirling disease negative. The financial tax incentives could be used by private hatcheries to purchase water rights and construct rearing space and conveyances manufactured with impermeable materials. The tax credit would be available for income tax years between January 1, 2001 to December 31, 2004, and would be permitted for up to 50 percent of the total amount spent on eliminating whirling disease each year or \$100,000, whichever is less. Any credit not used can be carried forward for three years. Loans would be made by the Colorado Water Conservation Board.

Bill D – Habitat Partnership Program. The bill amends the Habitat Partnership Program to assist the division in the prevention and resolution of wildlife conflicts. Beginning in FY 2002-03, program funding will consist of five percent of the proceeds from the sale of big game licenses in program areas and any grants received by the program. Currently, the program is funded through annual appropriations.

STATUTORY AUTHORITY AND RESPONSIBILITIES

Pursuant to House Joint Resolution 00-1027, the Interim Committee to Study the Division of Wildlife was created to examine the policies, management practices, and state funding mechanisms of the division. The committee was composed of six members, three from the House of Representatives and three from the Senate. The committee was charged with, but not limited to, considering:

- the division's land acquisition and leasing activities, its real estate and maintenance plan, and whether the division should have a critical habitat and migratory conservation program;
- the division's revenue sources including license fees, federal grants and state Great Outdoors Colorado (GOCO) board grants and whether the division should continue using GOCO monies;
- internal budgeting and revenue allocation processes;
- new technology to improve customer service and efficiency;
- funding for lobbying and the Wildlife Management Public Education Advisory Council, the cost and value of the division's educational programs;
- the division's primary management concepts and outsourcing opportunities;
- predator, big game and endangered species management policies;
- fish policies including whirling disease management and fish hatchery programs; and
- the division's implementation of the 1999 State Auditor's recommendations.

COMMITTEE ACTIVITIES

Division of Wildlife's Responsibilities

Overview of division's responsibilities. The Division of Wildlife (division) manages and protects wildlife and habitat for both game and nongame species. Specifically, it regulates hunting and fishing activities, maintains three regional service centers and 16 area service centers across the state, and manages more than 230 wildlife areas for public recreation. It also conducts research, provides technical assistance to private and other public landowners concerning wildlife and habitat management, and protects threatened and endangered species. The Department of Natural Resources oversees the division. The ten-member Wildlife Commission has independent regulatory authority and may establish policies for the state's game and fish.

Scope of the issues considered by the committee. The committee examined the division's management policies and practices for fish and big game, including land acquisition and the sale of hunting and fishing licenses. These areas were identified as important to sportspersons, wildlife conservationists, and the public. The committee heard testimony from citizens and the division about urban fishing programs and the Wildlife Commission's proposed whirling disease policy. Sportspersons expressed concern about the division's method of determining big game populations in several regions of the state. The committee heard testimony about the quality and quantity of wildlife habitat in the state. The division briefed the committee on endangered species in Colorado and programs designed to protect other species from declining to a point that triggers provisions in the federal Endangered Species Act. The committee learned how division activities relate to search and rescue operations and public education about wildlife management.

Fish management. The division and the Wildlife Commission provided information on the commission's proposed whirling disease policy. Whirling disease is caused by a parasite that attacks and kills certain types of fish, including trout, in their juvenile stage. This resistant disease has been detected in many streams, rivers, lakes and fish hatcheries in Colorado. Under the proposed policy, only whirling disease negative fish may be stocked in waters where the fish can reproduce. Some members of the public testified that the policy will negatively impact the state's fishing industry and financially burden commercial hatcheries that test positive for the disease. Whirling disease positive hatcheries will have three years to eliminate the disease and comply with the proposed policy. Several members of Colorado's Fish Health Board requested that the commission delay policy decisions until more is known about the impact stocking whirling disease positive fish has on the state's waters. The five-member, statutory Fish Health Board reviews proposed recommendations and rules to control the spread of aquatic diseases.

The committee also heard testimony about the division's urban fishing programs. The committee learned that despite Colorado's growing population, the sale of fishing licenses

has stagnated and municipalities often need division assistance to operate fishing programs. The division said that by providing assistance and increasing fishing opportunities in urban areas, it hopes to improve fishing license sales.

Recommendation. The committee recommends Bill C, which will provide loans and an income tax credit for private fish hatcheries that have tested positive for whirling disease and have taken steps to become whirling disease negative.

Big game management. The size of big game herds, such as deer and elk, fluctuates over time and throughout the state. Disease, predation, and changes in climate and habitat affect herd populations. The division described its method of estimating how many big game animals are in Colorado. Based on the estimates, the division decides what management practices will help increase, decrease or maintain herd populations. The number of big game hunting licenses sold is also based on the estimates. For example, the division concluded that the state's mule deer population is declining and, therefore, lowered the number of mule deer hunting licenses. The committee heard testimony from sportspersons who support a method of determining herd size that is used in other western states called "sightability." The sportspersons presented data to support this alternative method and the division agreed to compare the two methods.

Total Licensing Project. Currently, hunting and fishing licenses may be purchased from the division and certain retail stores. The division testified that it is developing a "Total Licensing Project" that would facilitate license sales using the phone or Internet. The division described the benefits of the proposed project including greater customer satisfaction, automatic license calculations, and faster, more accurate information for managing fish and big game harvests. The division is currently examining funding alternatives for the project including out-sourcing or assessing a fee on each license sold.

Recommendation. The committee recommends Bill A. The bill broadens the Wildlife Commission's authority to lower any license fee when it deems that lower fees are appropriate for better management of the state's wildlife resources.

Land management. The expansion of housing and other development in formerly rural areas has reduced and fragmented wildlife habitat. The division identified protection of habitat as an important wildlife management tool. The committee learned that the division protects habitat through land acquisition, leasing land, and establishing conservation easements. The division also promotes cooperative habitat management programs with private landowners. For example, the Ranching for Wildlife program encourages private landowners to improve or maintain wildlife habitat on their property. In exchange, program participants receive a percentage of hunting licenses for each big game season.

Recommendation. The committee recommends Bill D, which amends the Habitat Partnership Program. The program develops partnerships between landowners, land managers, sportspersons, the public, and the division to resolve conflicts between big game animals and livestock on private and public lands.

Endangered species. The committee heard testimony from the U.S. Fish and Wildlife Service regarding the federal classification of species in Colorado as endangered or threatened. Currently, Colorado has 16 species federally classified as threatened or endangered. The state is concerned that an additional 58 species could potentially be classified as threatened or endangered. The division explained that its threatened and endangered species recovery programs prevent other species from declining to a point that would trigger Endangered Species Act provisions.

Search and Rescue Fund. The committee heard testimony about the Search and Rescue Fund that is administered by the Colorado Department of Local Affairs. The fund reimburses expenses incurred by county sheriffs and other search and rescue agencies. Revenue for the fund is obtained from a \$0.25 fee on each hunting, fishing, snow mobile, and off-highway license and hiking certificate sold. Only search and rescue missions for parties with licenses and hiking certificates are allowed to be reimbursed from the fund. However, any monies remaining in the fund at the end of a fiscal year may be allocated to search and rescue organizations for the purchase of search and rescue training and equipment. The law does not prohibit this equipment from being used for searches and rescues of parties that did not purchase a license or hiking certificate.

Public education about wildlife management. The chairman of the Wildlife Management Public Education Advisory Council told the committee that many of the state's new residents are unfamiliar with wildlife management policies. To help educate the public on wildlife issues important to Colorado, the General Assembly created the council in 1998 to oversee a media-based public information program. Since then, the council has received \$60,000 in donations to help pay for its activities. The council's program explains the economic, recreation, and conservation benefits of wildlife management, including hunting and fishing, to the public. Members of the council are appointed by the division's director, big game and fishing license holders, rural counties and municipalities, farmers, and the media.

Division of Wildlife's Revenue and Budget

Overview of the division's operating budget and revenue sources. For Fiscal Year (FY) 2000-01, the division was appropriated \$71.2 million from the Wildlife Cash Fund and 752.5 full time equivalent (FTE) employees. Hunting and fishing license fees pay for approximately 70 percent of the division's operations. Other funding sources for the division include \$15.8 million from the Great Outdoors Colorado (GOCO) board, \$9.7 million from federal sources, and \$400,000 from the Nongame Tax Checkoff. See Table 1, concerning the division's operating budget and revenue sources.

**TABLE 1 - Division of Wildlife's Operations and Revenue Sources for
FY 2000-01**

<u>Line Item Name</u>	<u>Wildlife Cash</u>	<u>Wildlife Cash as % of Total</u>	<u>Other Cash Funds 6</u>	<u>GOCO Funds</u>	<u>GOCO Funds as % of Total</u>	<u>Other Cash Funds Exempt 7</u>	<u>Federal Funds</u>	<u>TOTAL</u>
Executive Director's Office Costs 1	6,003,618	94.5%	0	0	0.0%	14,056	335,067	6,352,741
Wildlife & Species Management	7,290,196	39.3%	0	6,961,752	37.5%	387,394	3,905,839	18,545,181
Wildlife Related Recreation 2	18,747,054	81.8%	6,500	193,437	0.8%	0	3,969,003	22,915,994
Wildlife Education & Information	7,884,699	76.5%	501,030	1,081,000	10.5%	143,180	703,215	10,313,124
Responsive Management 3	14,790,650	98.3%	1,500	105,067	0.7%	0	153,572	15,050,789
Special Purpose 4	3,328,495	100.0%	0	0	0.0%	0	0	3,328,495
Capital Construction 5	13,135,976	61.2%	0	7,500,000	34.9%	170,000	663,075	21,469,051
TOTAL DOW BUDGET	71,180,688	72.7%	509,030	15,841,256	16.2%	714,630	9,729,771	97,975,375

Notes:

1. "Executive Director's Office Costs" include vehicle leases, health/life/dental insurance costs for division employees, salary survey and anniversary increase costs, capital outlay, and other centrally allocated division expenses.
2. "Wildlife Related Recreation" includes hunting, fishing, watchable wildlife, law enforcement, and licensing.
3. "Responsive Management" includes public policy, human resources, and internal systems.
4. "Special Purpose" includes Commission discretionary funding as well as indirect cost used to fund the Division's share of costs of the Department of Natural Resources' Executive Director's Office.
5. "Capital Construction" includes GOCO Funds used for capital construction, even though these funds are not reflected in the capital section of the FY 2000-01 Long Bill.
6. "Other Cash Funds" consists almost entirely of Colorado Outdoors Magazine subscription revenues
7. "Other Cash Funds Exempt" consists primarily of non-game income tax check-off donations and \$170,000 in duck stump revenues used for waterfowl habitat capital projects.

Overview of GOCO's wildlife grants. The committee heard testimony from GOCO regarding its wildlife grant program. GOCO is an independent state board that allocates Lottery proceeds to state, local and private organizations for outdoor recreation and environmental preservation. In FY 2000-01, the division received 16 percent of its total budget and 35 percent of its capital construction budget from GOCO. The Colorado Constitution requires GOCO to allocate its funds for the enhancement of wildlife resources, outdoor recreation resources, open space and natural areas, and open lands and parks. GOCO is not required to obtain legislative approval of its grants. However, the division must obtain approval from the Capital Development Committee before it acquires title to land purchased with GOCO grants.

GOCO grants for capital acquisition and operations. Some critics contend that GOCO grants have enabled the division to acquire more land than it can adequately manage. In response to this criticism, GOCO testified that it provides money to the division for on-going costs such as maintenance and operations. In FY 1999-00, the division received \$4.5 million for operations and \$5.9 million for capital development from GOCO. Critics also contend that the Colorado Constitution does not authorize GOCO to deny or amend the division's grant requests. In response, GOCO testified that it rarely denies grant requests from the division. Rather, grants are often compromises between the division's preference for operations and maintenance and GOCO's preference for land purchases and other capital acquisitions.

Budget challenges. The committee heard testimony about the division's growing budget challenge caused by declining license revenues and increasing operating expenses. Adjusted for inflation, annual license revenues from FY 1999-00 through FY 2003-04 are expected to average about \$10 million less than FY 1998-99 license revenue. This decline is due primarily to inflation and a drop in deer license sales. Specifically, the decline in deer licenses is caused by a decline in the mule deer population. Also, except for nonresident big game fees, license fees are set in statute and are not adjusted for inflation. Since revenue is declining, the division testified that it is searching for cost-saving opportunities in travel and vehicle expenses, telecommunications, and capital construction costs. For example, spending on new capital construction is projected to decline from \$20 million in FY 1999-00 to \$4.7 million in FY 2001-02. The division explained that increases in operating expenses are the result of new priorities, such as purchasing whirling disease negative trout and cleaning whirling disease positive fish hatcheries. The division will address these expenses by redirecting monies from existing programs. The division also plans on holding meetings with sportspersons to determine their support for a possible increase in residential hunting and fishing license fees.

Recommendation. To help address the division's budget challenges, the committee considered alternate funding sources and methods. Bill B designates the division as an enterprise for purposes of TABOR. As an enterprise, the commission will have more flexibility to request license fee increases without affecting funding for other government services. The division would be exempt from TABOR as long as it receives less than ten percent of its revenues in grants and has the authority to issue revenue bonds.

Audits and Reviews

Scope of the issue. The committee heard testimony from the division and the State Auditor's Office about the three audits and three reviews of the division since 1994. These include two state audits, one federal audit, the 1995 Legislative Interim Committee on Wildlife, and the 1994 Deloitte & Touche management review. The division also underwent an 18-month review of its mission and activities while developing its 1994 Long Range Plan. As a result of these audits and reviews, the division has undergone numerous changes in its operations and mission.

1999 and 1995 performance audits. In 1999, the State Auditor's Office examined the division's property management, capital construction, program management, and customer service activities. The auditor made several recommendations related to property management, including maintaining better control over the division's vehicle fleet and reducing its inventory of confiscated firearms. The auditor also determined that the division should improve the accountability of its capital construction funds and ensure that such projects have accurate budgets and are completed on time. The 1995 audit examined revenue and accountability, fish hatcheries and aquatic functions, law enforcement activities, and support functions. Among other issues, it recommended that the division obtain new sources of funding and propose legislation to improve the predictability of license revenues. The report also recommended that the division improve the grant making process for the "Fishing is Fun" program and better control law enforcement training costs.

1998 federal aid audit. In 1998, the federal Inspector General's audit considered the division's use of the approximately \$11 million that it receives annually from federal taxes on hunting and fishing equipment. To receive these monies, the division is required to spend its hunting and license revenue on wildlife purposes. The federal audit determined that properties purchased with license fee revenue and operated by State Parks were not being used for wildlife. Most of these properties were acquired by State Parks in 1972 when the state's former Game, Fish, and Parks Department was split into separate divisions. The division testified that it will use four non-monetary mechanisms for addressing the federal audit including land exchanges, reversions, partitions and consolidations, and GOCO credits. The proposal affects 16 properties including Steamboat Lakes, Golden Gate, and Rifle Gap Falls.

1995 Wildlife Committee. This legislative interim committee met seven times to examine customer service, game damage, law enforcement, land acquisition, and revenue issues. It recommended four bills. The first bill pertained to training qualifications for wildlife peace officers and implemented the Deloitte & Touche's management review recommendations. The other three bills continued the Habitat Partnership Council, prohibited the division from adopting rules that restrict the taking of raccoons and coyotes to a specific season, and made the state liable for damage to livestock caused by any animal if the taking is regulated by the division.

Deloitte & Touche management review. The 1994 Deloitte & Touche report determined that certain long-term problems have affected the division, including little accountability for accomplishment of plans, low employee morale, and lack of program monitoring. To address these problems, the division made several management changes, such as reducing the number of management-level employees; creating a central planning, budgeting, and evaluation unit; implementing a modified zero base budget system; streamlining the licensing processes; and simplifying the game damage claims procedures.

1994 Long-range Plan. The 1994 Long-range Plan guides the division's policies and programs. The plan originated from an 18-month process that included meetings with sportspersons and members of the general public. As a result of the process, the division increased its support for non-consumptive wildlife programs such as watchable wildlife and endangered species protection. The division also commissioned the Deloitte & Touche management review to identify changes in its organization and management strategies that would help the division implement the 1994 Long-range Plan.

SUMMARY OF RECOMMENDATIONS

As a result of the committee's activities, the following bills are recommended to the Colorado General Assembly.

Bill A — Concerning the Wildlife Commission's Authority to Decrease License Fees

The Wildlife Commission currently has authority to lower license fees in certain conditions, such as to promote a larger harvest of game. This bill broadens the commission's authority to lower any license fee when it deems that lower fees are appropriate for better management of the state's wildlife resources.

Bill A does not have a fiscal impact because it does not affect state or local government revenue or expenditures.

Bill B — Concerning Changes in the Fiscal Policies of the Division of Wildlife to Allow Operation as an Enterprise for Purposes of Section 20 of Article X of the State Constitution

The committee heard from the division regarding an expected increase in operating costs relative to declining revenue in the coming years. As a result, the committee discussed alternate sources of funding to meet the future needs of wildlife management in Colorado. Bill B would designate the division as an enterprise for purposes of TABOR, thus giving the commission more flexibility to request increases in license fees without affecting funding for other government services. The division would be exempt from TABOR as long as it receives less than ten percent of its revenues in grants and has the authority to issue revenue bonds. The bill also specifies that moneys from the Great Outdoors Colorado Trust Fund are not grants and authorizes the commission to issue up to \$10 million in revenue bonds, subject to approval by both houses of the General Assembly and the governor.

The bill has a state fiscal impact because, while it would not affect DOW revenues, it would change the size of TABOR revenues, thus changing the size of the TABOR refund and the size of the excess General Fund reserve. The bill would cause a decrease in the TABOR refund of \$620,000 and an increase in the excess General Fund reserve of \$650,000 in FY 2002-03. However, the TABOR refund would increase and the excess General Fund reserve would decrease each year thereafter.

Bill C — Concerning Financial Incentives for Commercial Fish Hatcheries that Test Positive for Whirling Disease

The committee heard testimony about whirling disease and a new policy proposed by the Wildlife Commission to prohibit the release of whirling disease positive fish into many of the state's waters. To lessen the impact of this proposed policy on private fish hatcheries and create incentives for compliance, the committee recommends Bill C.

Bill C would provide loans and an income tax credit for private fish hatcheries that have been tested positive for *Myxobolus Cerebralis*, the source of whirling disease, and that take steps to becoming whirling disease negative. The financial incentives could be used by private hatcheries to purchase water rights and construct rearing space and conveyances manufactured with impermeable materials. The tax credit would be available for income tax years between January 1, 2001 to December 31, 2004, and would be permitted for up to 50 percent of the total amount spent on eliminating whirling disease each year or \$100,000, whichever is less. Any credit not used can be carried forward for three years. While the bill allows loans to be made by the Colorado Water Conservation Board, the bill precludes hatcheries who borrow money from the Colorado Water Conservation Board from claiming the credit. The bill has a state fiscal impact because, to the extent that hatcheries claim the tax credit, state revenues will be reduced. However, state revenues are expected to be reduced by less than \$20,000 each year, since most hatcheries are not expected to be able to claim a significant tax credit.

Bill D — Concerning the Creation of the Habitat Partnership Program, and, in connection therewith, Changing the Duties of the Habitat Partnership Council, Habitat Partnership Committee, and Director of the Division of Wildlife, and funding the Habitat Partnership Cash Fund

The bill creates the Habitat Partnership Program to assist the division in the prevention and resolution of wildlife conflicts. Beginning in FY 2002-03, program funding will consist of five percent of the proceeds from the sale of big game licenses in program areas and any grants received by the program. Currently, the program is funded through annual appropriations.

Bill D has a state fiscal impact because it would increase cash fund expenditures by \$664,440 annually.

RESOURCE MATERIALS

The resource materials listed below were provided to the committee or developed by Legislative Council staff during the course of the meetings. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver. For a limited time, the meeting summaries and materials developed by Legislative Council Staff are available on our web site at:

www.state.co.us/gov_dir/leg_dir/lcsstaff/2000/00interim.

Meeting Summaries

Topics Discussed

July 29, 2000	Overview of division of wildlife policies and structure, land acquisition, operation and maintenance, disposal of surplus property, federal issues, financial status, public participation process, and predator and big game management.
August 9, 2000	Review of 1999 State Auditor's Performance Audit and implementation of the audit's recommendations; overview of GOCO grants awarded through the division; resolution of the 1998 federal aid audit; review of the division's four year budget plan and zero based budget; and discussion on funding alternatives for the division.
August 24, 2000	Overview of the division's whirling disease control program; review of the draft whirling disease policy and Fish Health Board's whirling disease policy alternative; and review of draft bag limits policy.
September 11, 2000	Overview of federal endangered species policies and programs in Colorado; presentation by Public Education Advisory Council; review of the division's Habitat Partnership Program and eastern Colorado wildlife management.
September 26, 2000	Review of the division's Urban Fishing Program; overview of the search and rescue fee; and committee action on proposed legislation.

Memoranda and Reports

Division of Wildlife Performance Audit, Report of the State Auditors (October 1999).

Evaluation of Actions Taken on the 1999 Division of Wildlife Performance Audit, Report of the State Auditors (May 2000).

Audit Report, U.S. Department of Interior Office of Inspector General (January 1998).

Final Report of the Wildlife Legislative Interim Committee, Colorado Legislative Council Research Publication No. 409 (October 1995).

Division of Wildlife Performance Audit, Report of the State Auditor (October 1995).

Deloitte & Touche LLP Management Review Final Report, Division of Wildlife, (June 1995).

Bill A

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Chlouber and Dyer

A BILL FOR AN ACT

CONCERNING THE WILDLIFE COMMISSION'S AUTHORITY TO DECREASE LICENSE FEES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Study of the Division of Wildlife. Broadens the wildlife commission's authority to lower license fees, allowing discounts whenever the commission deems it proper for management of the division of wildlife or otherwise beneficial for the management of the state's wildlife resources.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 33-4-102 (1.6) (a) (II), Colorado Revised Statutes, is amended to read:

33-4-102. Types of licenses and fees - repeal. (1.6) (a) By promulgation of appropriate rule, the commission may from time to time authorize the issuance of any of the licenses provided for in this section for a

fee less than that specified in this section, AND MAY BY PROMULGATION OF APPROPRIATE RULE LATER RAISE SUCH LICENSE FEE UP TO THE STATUTORY LIMIT, when in the judgment of the commission one of the following conditions applies:

(II) When the commission determines it is ~~necessary to promote a larger harvest of game than would otherwise occur~~ PROPER FOR MANAGEMENT OF THE DIVISION OR OTHERWISE BENEFICIAL TO THE MANAGEMENT OF STATE WILDLIFE RESOURCES. Licenses so discounted ~~in order to promote larger harvests of game~~ may be limited to certain geographic areas, by sex, or AS otherwise ~~limited in order to achieve specific wildlife management goals~~ DEEMED APPROPRIATE BY THE COMMISSION.

SECTION 2. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

Bill A

Colorado Legislative Council Staff
NO FISCAL IMPACT

Drafting Number: LLS 01-0157

Date: October 6, 2000

Prime Sponsor(s): Rep. Stengel
Sen. Chlouber

Bill Status: Study of the Division of Wildlife
Fiscal Analyst: Steve Tammeus (303-866-2756)

TITLE: CONCERNING AN INCREASE IN THE WILDLIFE COMMISSION'S AUTHORITY TO DECREASE LICENSE FEES.

Summary of Assessment

This bill authorizes the Wildlife Commission to promulgate rules to raise previously discounted hunting license fees up to the statutory limit under certain conditions, including when the commission determines it is proper for management of the Division of Wildlife or otherwise beneficial to the management of state wildlife resources. The bill will become effective upon the signature of the Governor.

This bill will not affect state revenues or expenditures. Therefore, it is assessed as having no fiscal impact.

Departments Contacted

Natural Resources

Bill B

HOUSE SPONSORSHIP

Stengel and Plant

SENATE SPONSORSHIP

Dyer

A BILL FOR AN ACT

CONCERNING CHANGES IN THE FISCAL POLICIES OF THE DIVISION OF WILDLIFE
TO ALLOW OPERATION AS AN ENTERPRISE FOR PURPOSES OF SECTION
20 OF ARTICLE X OF THE STATE CONSTITUTION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Study of the Division of Wildlife. Designates the division of wildlife and the wildlife commission as an enterprise for purposes of section 20 of article X of the state constitution (TABOR), so long as the commission retains the authority to issue revenue bonds and the division receives less than 10% of its total annual revenues in grants.

Clarifies that the division is authorized to continue to expend its revenues consistent with current law. Also clarifies that the division and the commission shall have all the powers and duties authorized by current law.

Specifies that, for purposes of the limits of TABOR, the term "grant" does not include moneys from the great outdoors Colorado trust fund.

Authorizes the commission to issue revenue bonds in an amount not to exceed \$10,000,000 in the aggregate for expenses of the division.

Requires approval from both houses of the general assembly and the governor before the commission may issue revenue bonds.

Sets the requirements for the issuance of revenue bonds.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 33-1-103, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

33-1-103. Wildlife commission - wildlife division - enterprise status. (9.5) (a) THE DIVISION AND THE COMMISSION, CREATED IN SECTION 24-1-124 (3) (h) (I), C.R.S., SHALL CONSTITUTE AN ENTERPRISE FOR THE PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION, SO LONG AS THE COMMISSION RETAINS THE AUTHORITY TO ISSUE REVENUE BONDS AND THE DIVISION RECEIVES LESS THAN TEN PERCENT OF ITS TOTAL ANNUAL REVENUES IN GRANTS, AS DEFINED IN SECTION 24-77-102 (7), C.R.S., FROM ALL COLORADO STATE AND LOCAL GOVERNMENTS COMBINED. SO LONG AS IT CONSTITUTES AN ENTERPRISE PURSUANT TO THIS SECTION, THE DIVISION AND THE COMMISSION SHALL NOT BE SUBJECT TO ANY OF THE PROVISIONS OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

(b) THE ENTERPRISE CREATED PURSUANT TO THIS SECTION SHALL HAVE ALL THE POWERS AND DUTIES AUTHORIZED BY ARTICLES 1 TO 6 OF THIS TITLE.

(c) NOTHING IN THIS SECTION SHALL BE CONSTRUED TO LIMIT OR RESTRICT THE AUTHORITY OF THE DIVISION TO EXPEND ITS REVENUES CONSISTENT WITH THE PROVISIONS OF ARTICLES 1 TO 6 OF THIS TITLE.

SECTION 2. Article 1 of title 33, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

33-1-124. Revenue bonds - authority - issuance - requirements - covenants. (1) (a) THE COMMISSION MAY, BY RESOLUTION THAT MEETS THE

REQUIREMENTS OF SUBSECTION (2) OF THIS SECTION, AUTHORIZE AND ISSUE REVENUE BONDS IN AN AMOUNT NOT TO EXCEED TEN MILLION DOLLARS IN THE AGGREGATE FOR EXPENSES OF THE DIVISION. SUCH BONDS MAY BE ISSUED ONLY AFTER APPROVAL BY BOTH HOUSES OF THE GENERAL ASSEMBLY ACTING EITHER BY BILL OR JOINT RESOLUTION AND AFTER APPROVAL BY THE GOVERNOR IN ACCORDANCE WITH SECTION 39 OF ARTICLE V OF THE STATE CONSTITUTION. SUCH BONDS SHALL BE PAYABLE ONLY FROM MONEYS ALLOCATED TO THE DIVISION FOR EXPENSES OF THE DIVISION PURSUANT TO SECTION 33-1-112.

(b) ALL BONDS ISSUED BY THE COMMISSION SHALL PROVIDE THAT:

(I) NO HOLDER OF ANY SUCH BOND MAY COMPEL THE STATE OR ANY SUBDIVISION THEREOF TO EXERCISE ITS APPROPRIATION OR TAXING POWER; AND

(II) THE BOND DOES NOT CONSTITUTE A DEBT OF THE STATE AND IS PAYABLE ONLY FROM THE NET REVENUES ALLOCATED TO THE DIVISION FOR EXPENSES AS DESIGNATED IN SUCH BOND.

(2) (a) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS UNDER THE TERMS OF THIS SECTION SHALL STATE:

(I) THE DATE OF ISSUANCE OF THE BONDS;

(II) A MATURITY DATE OR DATES DURING A PERIOD NOT TO EXCEED THIRTY YEARS FROM THE DATE OF ISSUANCE OF THE BONDS;

(III) THE INTEREST RATE OR RATES ON, AND THE DENOMINATION OR DENOMINATIONS OF, THE BONDS; AND

(IV) THE MEDIUM OF PAYMENT OF THE BONDS AND THE PLACE WHERE THE BONDS WILL BE PAID.

(b) ANY RESOLUTION AUTHORIZING THE ISSUANCE OF BONDS UNDER THE TERMS OF THIS SECTION MAY:

(I) STATE THAT THE BONDS ARE TO BE ISSUED IN ONE OR MORE SERIES;

(II) STATE A RANK OR PRIORITY OF THE BONDS; AND

(III) PROVIDE FOR REDEMPTION OF THE BONDS PRIOR TO MATURITY, WITH OR WITHOUT PREMIUM.

(3) ANY BONDS ISSUED PURSUANT TO THE TERMS OF THIS SECTION MAY BE SOLD AT PUBLIC OR PRIVATE SALE. IF BONDS ARE TO BE SOLD AT A PUBLIC SALE, THE COMMISSION SHALL ADVERTISE THE SALE IN SUCH MANNER AS THE COMMISSION DEEMS APPROPRIATE. ALL BONDS ISSUED PURSUANT TO THE TERMS OF THIS SECTION SHALL BE SOLD AT A PRICE NOT LESS THAN THE PAR VALUE THEREOF, TOGETHER WITH ALL ACCRUED INTEREST TO THE DATE OF DELIVERY.

(4) NOTWITHSTANDING ANY PROVISIONS OF LAW TO THE CONTRARY, ALL BONDS ISSUED PURSUANT TO THIS SECTION ARE NEGOTIABLE.

(5) (a) A RESOLUTION PERTAINING TO ISSUANCE OF BONDS UNDER THIS SECTION MAY CONTAIN COVENANTS AS TO:

(I) THE PURPOSE TO WHICH THE PROCEEDS OF SALE OF THE BONDS MAY BE APPLIED AND TO THE USE AND DISPOSITION THEREOF;

(II) SUCH MATTERS AS ARE CUSTOMARY IN THE ISSUANCE OF REVENUE BONDS INCLUDING, WITHOUT LIMITATION, THE ISSUANCE AND LIEN POSITION OF OTHER OR ADDITIONAL BONDS; AND

(III) BOOKS OF ACCOUNT AND THE INSPECTION AND AUDIT THEREOF.

(b) ANY RESOLUTION MADE PURSUANT TO THE TERMS OF THIS SECTION SHALL BE DEEMED A CONTRACT WITH THE HOLDERS OF THE BONDS, AND THE DUTIES OF THE COMMISSION UNDER SUCH RESOLUTION SHALL BE ENFORCEABLE BY ANY APPROPRIATE ACTION IN A COURT OF COMPETENT JURISDICTION.

(6) BONDS ISSUED UNDER THIS SECTION AND BEARING THE SIGNATURES OF THE COMMISSION IN OFFICE ON THE DATE OF THE SIGNING SHALL BE DEEMED VALID AND BINDING OBLIGATIONS REGARDLESS OF WHETHER, PRIOR TO DELIVERY AND PAYMENT, ANY OR ALL OF THE PERSONS WHOSE SIGNATURES APPEAR THEREON HAVE CEASED TO BE MEMBERS OF THE COMMISSION.

(7) (a) EXCEPT AS OTHERWISE PROVIDED IN THE RESOLUTION AUTHORIZING THE BONDS, ALL BONDS OF THE SAME ISSUE UNDER THIS SECTION SHALL HAVE A PRIOR AND PARAMOUNT LIEN ON THE NET REVENUES PLEDGED THEREFOR. THE COMMISSION MAY PROVIDE FOR PREFERENTIAL SECURITY FOR ANY BONDS, BOTH PRINCIPAL AND INTEREST, TO BE ISSUED UNDER THIS SECTION TO THE EXTENT DEEMED FEASIBLE AND DESIRABLE BY SUCH COMMISSION OVER ANY BONDS THAT MAY BE ISSUED THEREAFTER.

(b) BONDS OF THE SAME ISSUE OR SERIES ISSUED UNDER THIS SECTION SHALL BE EQUALLY AND RATABLY SECURED, WITHOUT PRIORITY BY REASON OF NUMBER, DATE, SALE, EXECUTION, OR DELIVERY, BY A LIEN ON THE NET REVENUE PLEDGED IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION AUTHORIZING THE BONDS.

SECTION 3. 24-77-102 (7) (b), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

24-77-102. Definitions. As used in this article, unless the context otherwise requires:

(7) (b) "Grant" does not include:

(IV) ANY MONEYS RECEIVED BY THE DIVISION OF WILDLIFE, CREATED IN SECTION 24-1-124 (3) (h) (I), FROM THE GREAT OUTDOORS COLORADO TRUST FUND ESTABLISHED IN SECTION 2 OF ARTICLE XXVII OF THE STATE CONSTITUTION.

SECTION 4. Effective date. This act shall take effect July 1, 2001.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

DRAFT

Colorado Legislative Council Staff

STATE
FISCAL IMPACT

Drafting Number: LLS 01-0158
Prime Sponsor(s): Rep. Stengel
Sen. Dyer

Date: October 10, 2000
Bill Status: Study of the Division of Wildlife
Fiscal Analyst: Steve Tammeus (303-866-2756)

TITLE: CONCERNING CHANGES IN THE FISCAL POLICIES OF THE DIVISION OF WILDLIFE TO ALLOW OPERATION AS AN ENTERPRISE FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

Fiscal Impact Summary	FY 2001/2002	FY 2002/2003
State Revenues General Fund		
State Expenditures General Fund		
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: TABOR Impact, See Table 2		
Effective Date: July 1, 2001		
Appropriation Summary for FY 2001-02: None		
Local Government Impact: None		

Summary of Legislation

This bill designates the Division of Wildlife and the Wildlife Commission as an enterprise for purposes of Article X, Section 20 of the State Constitution so long as the Commission retains the authority to issue revenue bonds and the Division receives less than 10 percent of its total revenues in grants. The bill clarifies that the Division is authorized to continue to expend its revenues consistent with current laws, and that the Division and the Commission have all the powers and duties authorized by current law.

The bill authorizes the Commission, with approval of the General Assembly and the Governor, to issue revenue bonds in an amount not to exceed \$10,000,000. The bill specifies certain conditions the Commission must meet to issue such bonds. The bill clarifies that the definition of "grant" does not include any moneys received by the Division from the Great Outdoors Colorado Trust Fund. The bill will become effective July 1, 2001.

State Revenues

This bill will not affect cash revenue streams to the Division of Wildlife from license fees, license sales, or other sources. However, the bill will exempt the amounts of those revenues from being considered for state spending purposes under the provisions of TABOR starting in FY 2001-02. Table 1 provides a summary of the amount of revenue that would be converted from non-exempt cash fund status to cash fund exempt status, and a comparison to the allowable TABOR growth rate.

Table 1. DOW Revenue to be Considered Exempt from TABOR
(Million)

Fiscal Year	Projected Amount to be Exempt	Projected Revenue Growth Rate	Projected Allowable TABOR Growth Rate
FY 2001-02	\$65.4	6.0%	5.8%
FY 2002-03	67.2	2.7	5.2%
FY 2003-04	69.1	2.8	4.7%
FY 2004-05	71.2	3.0	4.8%
FY 2005-06	73.4	3.1	5.0%

Table 2 provides a summary of the fiscal impact of this bill on the amounts of the projected annual TABOR refund and the year-end General Fund Reserve starting in FY 2002-03.

Table 2. Fiscal Impact
(Million)

	FY 2001-02	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06
General Fund Revenue			\$0.01	(\$0.1)	(\$0.1)
General Fund Appropriations					
TABOR Cash Fund Revenue	(\$65.4)	(\$67.2)	(69.1)	(71.2)	(73.4)
Exempt Cash Fund Revenue	65.4	67.2	69.1	71.2	73.4
SB 97-1 Diversion					(\$8.6)
Excess General Fund Reserve		0.1	(1.4)	(4.3)	
Federal Income Taxes Paid by Colorado Taxpayers					
TABOR Refund		(0.1)	\$1.5	2.9	4.1

State Appropriations

No new state appropriations will be required for FY 2001-02.

Departments Contacted

Legislative Council Staff

Natural Resources

Bill C

HOUSE SPONSORSHIP

Plant

SENATE SPONSORSHIP

Dyer

A BILL FOR AN ACT

CONCERNING FINANCIAL INCENTIVES FOR COMMERCIAL FISH HATCHERIES
THAT TEST POSITIVE FOR WHIRLING DISEASE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Study of the Division of Wildlife. For commercial fish hatcheries that test positive for whirling disease:

- Creates a temporary tax credit for up to half of the money that a hatchery has spent to become whirling disease negative subject to a maximum of \$100,000 in available credit; and
 - Provides low-interest loans that can be used for the purpose of becoming whirling disease negative.
-

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 1 of article 22 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-22-127. Credit for commercial aquaculturists - repeal.

(1) FOR INCOME TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2001, AND ENDING ON OR BEFORE DECEMBER 31, 2004, ANY TAXPAYER WHO IS A COMMERCIAL AQUACULTURIST, AS DEFINED IN SECTION 35-24.5-103 (7), WHOSE AQUACULTURE FACILITY IS A FISH PRODUCTION FACILITY THAT TESTED POSITIVE FOR *MYXOBOLUS CEREBRALIS* SHALL BE ALLOWED A CREDIT AGAINST THE INCOME TAX IMPOSED BY THIS ARTICLE IN AN AMOUNT EQUAL TO FIFTY PERCENT OF THE TOTAL VALUE OF THE AMOUNT OF MONEY EXPENDED BY THE COMMERCIAL AQUACULTURIST TO MAKE THE FISH PRODUCTION FACILITY ACHIEVE A *MYXOBOLUS CEREBRALIS* NEGATIVE CERTIFICATION FROM THE DIVISION OF WILDLIFE IN THE DEPARTMENT OF NATURAL RESOURCES, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (2) AND (3) OF THIS SECTION.

(2) (a) MONETARY EXPENDITURES TO MAKE A FISH PRODUCTION FACILITY ACHIEVE A *MYXOBOLUS CEREBRALIS* NEGATIVE CERTIFICATION SHALL BE LIMITED TO THE FOLLOWING:

(I) RENDERING ALL ORIGINATING WATER SOURCES AT THE FACILITY FREE OF ALL FISH AND ENCLOSED SO AS TO PREVENT OUTSIDE CONTAMINATION BY *MYXOBOLUS CEREBRALIS*, INCLUDING BY A CHANGE OF WATER RIGHT; AND

(II) CONSTRUCTING ALL REARING SPACES AND WATER CONVEYANCES OF CONCRETE, FIBERGLASS, STEEL, OR OTHER MANUFACTURED IMPERMEABLE MATERIALS THAT ARE NOT CONDUCTIVE TO COLONIZATION BY THE ALTERNATE OLIGOCHAETE HOSTS OF *MYXOBOLUS CEREBRALIS*.

(b) A TAXPAYER SHALL NOT CLAIM A CREDIT BASED UPON EXPENDITURES OF MONEYS THAT ORIGINATED FROM A LOAN PURSUANT TO SECTION 37-60-122, C.R.S.

(3) THE CREDIT ALLOWED BY THIS SECTION SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS OR THE TAXPAYER'S ACTUAL INCOME TAX LIABILITY FOR THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED, WHICHEVER IS LESS.

(4) IF THE AMOUNT OF THE CREDIT ALLOWED PURSUANT TO THE PROVISIONS OF THIS SECTION EXCEEDS THE AMOUNT OF INCOME TAXES OTHERWISE DUE ON THE TAXPAYER'S INCOME IN THE INCOME TAX YEAR FOR WHICH THE CREDIT IS BEING CLAIMED, THE AMOUNT OF THE CREDIT NOT USED AS AN OFFSET AGAINST INCOME TAXES IN SAID INCOME TAX YEAR MAY BE CARRIED FORWARD AND USED AS A CREDIT AGAINST SUBSEQUENT YEARS' INCOME TAX LIABILITY FOR A PERIOD NOT TO EXCEED THREE YEARS AND SHALL BE APPLIED FIRST TO THE EARLIEST INCOME TAX YEARS POSSIBLE. ANY CREDIT REMAINING AFTER SAID PERIOD SHALL NOT BE REFUNDED OR CREDITED TO THE TAXPAYER.

(5) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2010.

SECTION 2. Fish hatchery project loan authorization from the Colorado water conservation board construction fund. (1) Pursuant to section 37-60-122, Colorado Revised Statutes, the Colorado water conservation board is hereby authorized to loan moneys to enable commercial aquaculturists, as defined in section 35-24.5-103 (7), Colorado Revised Statutes, whose aquaculture facilities are fish production facilities that test positive for *myxobolus cerebralis* to make any such facility achieve a *myxobolus cerebralis* negative certification from the division of wildlife in the department of natural resources by:

(a) Rendering all originating water sources at the facility free of all fish and enclosed so as to prevent outside contamination by *myxobolus cerebralis*, including by a change of water right; and

(b) Constructing all rearing spaces and water conveyances of concrete, fiberglass, steel, or other manufactured impermeable materials that are not conducive to colonization by the alternate oligochaete hosts of *myxobolus cerebralis*.

SECTION 3. Effective date. This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

DRAFT

Bill C

Colorado Legislative Council Staff

STATE
FISCAL IMPACT

Drafting Number: LLS 01-0169
Prime Sponsor(s): Rep. Plant
Sen. Dyer

Date: October 10, 2000
Bill Status: Study of the Division of Wildlife
Fiscal Analyst: Steve Tammus (303-866-2756)

TITLE: CONCERNING FINANCIAL INCENTIVES FOR COMMERCIAL FISHHATCHERIES THAT TEST POSITIVE FOR WHIRLING DISEASE.

Fiscal Impact Summary		FY 2001/02	FY 2002/03
State Revenues General Fund		Minimal Reduction	Minimal Reduction
State Expenditures General Fund			
FTE Position Change		0.0 FTE	0.0 FTE
Other State Impact: None			
Effective Date: 90 days after adjournment, for income tax years 2001 through 2004.			
Appropriation Summary for FY 2001/02: None			
Local Government Impact: None			

Summary of Legislation

This bill, for commercial fish hatcheries that test positive for “whirling disease”, creates a temporary income tax credit in an amount equal to 50 percent of the total amount expended by the hatchery to make the facility achieve a negative certification from the Division of Wildlife. The tax credit will be effective for income tax years January 1, 2001, through December 31, 2004. The bill specifies certain conditions the hatchery must meet to qualify for a negative certification. The amount of the tax credit is to not exceed \$100,000 or the taxpayer’s actual income tax liability for the tax year which the credit is claimed. The amount of any unused credit may be carried forward for up to three years.

The bill authorizes the Colorado Water Conservation Board to loan moneys to enable hatcheries to achieve a negative certification. However, a taxpayer may not claim an income tax credit based upon expenditures of moneys that originated from such a loan.

State Revenues

This bill may decrease state general fund income tax revenues for income tax years 2001 thru 2004. The amount of that decrease is anticipated to be minimal based upon the following assumptions:

- the amount of any credit is limited to 50 percent of actual expenses to a maximum of \$100,000 per year;
- the credit is non-refundable with a three-year carry forward;
- no credit will be allowed if a fish hatchery project loan is obtained from the Colorado Water Conservation Board;
- that 18 of 41 existing licensed private hatcheries have tested positive for whirling disease, and that nine of those may be candidates for regaining negative certification;
- that since most private fish hatchery owners do not have annual incomes greater than \$40,000, those nine candidate hatcheries after exemptions and deductions would be able to claim a tax credit of less than \$1,852 each per year;
- that the costs of mitigating the disease can easily approach \$1,000,000 per facility; and
- that since a minimal amount of the mitigation costs can be recovered via the tax credit, and since under current law an infected hatchery cannot sell fish until tested negative (approximately 3 years), the amount of the annual tax credit claims will be negligible at less than \$20,000.

State Expenditures

The Department of Revenue will be able to administer the provisions of this bill within existing resources, based upon the following assumptions:

- that the Division of Wildlife will provide certification which will be filed with the qualified taxpayers' tax returns;
- that the number of eligible hatcheries to annually claim the credit will be 15 or less; and
- that the department will not track the tax credit claims.

The Division of Wildlife currently conducts tests and certifies private fish hatcheries, and will be able to administer the provisions of this bill within existing resources. The Colorado Water Conservation Board will also be able to administer the provisions of the bill within existing resources.

State Appropriations

No new state appropriations will be required for FY 2001-02.

Departments Contacted

Natural Resources

Revenue

Bill D

SENATE SPONSORSHIP

Dennis, Chlouber, and Dyer

HOUSE SPONSORSHIP

Larson and Stengel

A BILL FOR AN ACT

CONCERNING THE CREATION OF THE HABITAT PARTNERSHIP PROGRAM, AND,
IN CONNECTION THEREWITH, CHANGING THE DUTIES OF THE HABITAT
PARTNERSHIP COUNCIL, HABITAT PARTNERSHIP COMMITTEE, AND
DIRECTOR OF THE DIVISION OF WILDLIFE, AND FUNDING THE HABITAT
PARTNERSHIP CASH FUND.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Study of the Division of Wildlife. Makes the director of the division of wildlife responsible for certifying to the state treasurer that payment vouchers submitted by local habitat partnership committees are consistent with distribution management plans approved by the wildlife commission.

Creates the habitat partnership program to assist the division of wildlife in reducing wildlife conflicts.

Creates a duty of the habitat partnership committee to reduce wildlife and land conflicts as they relate to big game issues.

Eliminates funding of the habitat partnership cash fund through the annual appropriations made to the division of wildlife. Funds the habitat partnership cash fund by transferring moneys annually from the wildlife cash fund consisting of a percentage of net sales of big game licenses. Adds grants

as a funding source for the fund. Makes appropriations to the fund annual. Reverts money in the fund in excess of the original transfer back to the wildlife cash fund at the end of each fiscal year.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 33-1-110 (7) (b) (II), (7) (c) (V), and (8), Colorado Revised Statutes, are amended, and the said 33-1-110 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

33-1-110. Duties of the director of the division. (6.7) THE DIRECTOR SHALL CERTIFY TO THE STATE CONTROLLER THAT COMMITMENT OR PAYMENT VOUCHERS SUBMITTED BY LOCAL HABITAT PARTNERSHIP COMMITTEES ARE CONSISTENT WITH DISTRIBUTION MANAGEMENT PLANS AND GUIDELINES APPROVED BY THE WILDLIFE COMMISSION. SUCH CERTIFICATION SHALL BE THE ONLY REQUIREMENT NECESSARY TO AUTHORIZE THE STATE CONTROLLER TO DISBURSE FUNDS FROM THE HABITAT PARTNERSHIP CASH FUND.

(7) (b) (II) Members of the council who will represent livestock growers and agricultural crop producers shall be chosen by the director from persons nominated by the local habitat partnership committees, pursuant to subparagraph (VI) of paragraph (c) (d) of subsection (8) of this section.

(c) The duties of the council are the following:

(V) To ~~certify to the state treasurer that~~ ADVISE THE DIRECTOR WHETHER OR NOT payment vouchers submitted by local habitat partnership committees are consistent with distribution management plans approved by the wildlife commission. ~~Such certification shall be the only requirement necessary to authorize the state treasurer to disburse funds from the habitat partnership cash fund.~~

(8) (a) THE HABITAT PARTNERSHIP PROGRAM IS HEREBY CREATED TO ASSIST THE DIVISION OF WILDLIFE BY WORKING WITH PRIVATE LAND MANAGERS, PUBLIC LAND MANAGEMENT AGENCIES, SPORTSPERSONS, AND OTHER INTERESTED PARTIES TO REDUCE WILDLIFE CONFLICTS, PARTICULARLY THOSE ASSOCIATED WITH FORAGE AND FENCE ISSUES, AND TO PERFORM OTHER DUTIES AS DEEMED APPROPRIATE BY THE DIRECTOR.

(a) (b) The director, with the approval of the commission, shall have the authority to appoint a "habitat partnership committee", referred to in this section as a "committee", in any area of the state where conflicts between wildlife and ~~rangeland~~ PRIVATE LAND managers exist.

(b) (c) A committee shall consist of the following members: One sportsperson who purchases big game licenses on a regular basis in Colorado; three persons representing livestock growers in the area of the state in which the committee is being established; one person from each of the federal agencies

that has land management responsibilities in such area of the state; and one person from the Colorado division of wildlife. All persons on any such committee shall be residents of the state of Colorado.

(c) (d) The duties of a committee are the following:

(I) To develop big game distribution management plans to resolve rangeland forage, growing hay crop, harvested crop aftermath grazing, and fence conflicts subject to commission approval;

(II) To monitor program effectiveness and to propose to the council changes in guidelines and land acquisition planning and review as appropriate;

(III) To request for the committee, on an annual basis, funds from the council consistent with the distribution management plan developed by any such committee;

(IV) To expend funds allocated by the council or acquired from other sources as necessary to implement distribution management plans;

(V) To make an annual report of expenditures and accomplishments of the committee to the council by August 15 of each year;

(VI) To nominate a person to act as a representative of agricultural livestock growers or crop producers to the habitat partnership council for the area of the state where such committee is organized;

(VII) TO REDUCE OTHER WILDLIFE AND LAND MANAGEMENT CONFLICTS AS THE CONFLICTS RELATE TO BIG GAME FORAGE AND FENCE ISSUES.

(d) (e) The committee shall be authorized to procure from land owners, land managers, or other providers, materials or services necessary for carrying out activities identified in the distribution management plans pursuant to subparagraph (IV) of paragraph (c) (d) of this subsection (8); except that all such procurements shall be certified as within the scope of the activities and funding levels authorized in such distribution management plans before any such procurement may be authorized.

(e) ~~(Deleted by amendment, p. 1727, § 1, effective June 3, 1996.)~~
SECTION 2. 33-1-112 (8) (a), Colorado Revised Statutes, is amended, and the said 33-1-112 (8) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

33-1-112. Funds and cost accounting. (8) (a) There is hereby created in the state treasury the habitat partnership cash fund. The moneys in the habitat partnership cash fund shall consist of those moneys annually ~~appropriated to the division of wildlife~~ TRANSFERRED FROM THE WILDLIFE CASH FUND IN ACCORDANCE WITH PARAGRAPH (e) OF THIS SUBSECTION (8) for the partnership program and any gifts, GRANTS, donations, and reimbursements

made to the program from other sources. The moneys in the fund shall be used in accordance with the duties of the habitat partnership council as specified in section 33-1-110 (7) and (8), including, but not limited to, reasonable and necessary expenses incurred by council members in the fulfillment of their duties, as approved by the director. All interest derived from the investment of moneys in the habitat partnership cash fund shall be credited to the fund. Any balance remaining in the fund at the end of any fiscal year shall remain in the fund SUBJECT TO THE LIMITATIONS PROVIDED IN PARAGRAPH (e) OF THIS SUBSECTION (8).

(e) (I) ON JULY 1, 2002, AND EACH YEAR THEREAFTER, THERE SHALL BE TRANSFERRED FROM THE WILDLIFE CASH FUND TO THE HABITAT PARTNERSHIP CASH FUND AN AMOUNT EQUAL TO FIVE PERCENT OF THE NET SALES OF BIG GAME LICENSES USED IN THE GEOGRAPHIC AREAS REPRESENTED BY LOCAL HABITAT PARTNERSHIP PROGRAM COMMITTEES FROM THE PREVIOUS CALENDAR YEAR.

(II) ALL MONEYS IN THE HABITAT PARTNERSHIP CASH FUND SHALL BE CONTINUOUSLY APPROPRIATED TO THE DIVISION OF WILDLIFE FOR THE PURPOSE OF FUNDING THE ACTIVITIES OF THE COUNCIL AND THE COMMITTEE.

(III) ANY BALANCE IN THE HABITAT PARTNERSHIP CASH FUND AT THE END OF THE FISCAL YEAR SHALL NOT EXCEED THE TOTAL AMOUNT OF THE

WILDLIFE CASH FUND TRANSFER FROM THE BEGINNING OF THAT FISCAL YEAR.
ANY EXCESS MONEYS SHALL REVERT TO THE WILDLIFE CASH FUND.

SECTION 3. Effective date. This act shall take effect July 1, 2002, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part shall take effect on the specified date only if approved by the people.

DRAFT

Bill D

Colorado Legislative Council Staff

STATE
FISCAL IMPACT

No State General Fund Impact

Drafting Number: LLS 01-0194
Prime Sponsor(s): Sen. Dennis
Rep. Larson

Date: October 10, 2000
Bill Status: Study of the Division of Wildlife
Fiscal Analyst: Steve Tammeus (303-866-2756)

TITLE: CONCERNING THE CREATION OF THE HABITAT PARTNERSHIP PROGRAM, AND, IN CONNECTION THEREWITH, CHANGING THE DUTIES OF THE HABITAT PARTNERSHIP COUNCIL, HABITAT PARTNERSHIP COMMITTEE, AND DIRECTOR OF THE DIVISION OF WILDLIFE, AND FUNDING THE HABITAT PARTNERSHIP CASH FUND.

Fiscal Impact Summary	FY 2001/2002	FY 2002/2003
State Revenues General Fund		
State Expenditures General Fund		
Cash Fund		\$664,440
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: None		
Effective Date: July 1, 2002		
Appropriation Summary for FY 2001/02: None		
Local Government Impact: None		

Summary of Legislation

This bill authorizes the director of the Division of Wildlife to certify to the State Controller that payment vouchers submitted by the Local Habitat Partnership Committees are consistent with distribution management plans and guidelines approved by the Wildlife Commission. The bill states that such certification is to be the only requirement necessary to authorize the disbursement of funds from the Habitat Partnership Cash Fund. The bill requires the Habitat Partnership Council to advise the director, rather than certify to the State Treasurer, whether or not vouchers submitted by partnership committees are consistent with plans approved by the commission.

The bill creates the Habitat Partnership Program and allows partnership committees to assist the division by working with private and public land managers and other entities to reduce wildlife conflicts, particularly those associated with forage and fence issues.

The bill funds the Habitat Partnership Cash Fund by annually transferring an amount determined by formula from the Wildlife Cash Fund rather than by appropriation. Starting on July 1, 2002, there shall be annually transferred from the Wildlife Cash Fund to the Habitat Partnership Cash Fund an amount equal to 5.0 percent of the net sales of big game licenses used in the geographic areas represented by partnership program committees from the previous calendar year. All moneys in the Habitat Partnership Cash Fund are to be continuously appropriated to the division to fund the activities of the council and the committees. Any remaining balance in the Habitat Partnership Cash Fund at the end of a fiscal year in excess of the total amount transferred from the Wildlife Cash Fund at the beginning of that fiscal year are to revert to the Wildlife Cash Fund.

State Expenditures

Under current law, moneys are annually appropriated from the Hunting Recreation Operating Expense line item of the Wildlife Cash Fund to the Habitat Partnership Cash Fund. The amount of the appropriation for FY 2000-01 was \$1,185,004, based upon the division's forecasts of program expenditures. This amount is anticipated to be appropriated for each of the next several fiscal years.

This bill, effective July 1, 2002, will require 5.0 percent of the net sales of specified big game licenses be annually transferred to the Habitat Partnership Cash Fund for continuous appropriation to the Division of Wildlife. Based upon the division's forecasts, \$1,849,444 will be annually transferred to the Habitat Partnership Cash Fund starting in FY 2002-03. This fiscal note assumes the Habitat Partnership Council and the Local Habitat Partnership Committees will annually expend the full amount of the transfer. This amount represents an annual cash fund expenditure increase of \$664,440.

Expenditures Not Included

Pursuant to the Joint Budget Committee's budget policies, the following expenditures have not been included in this fiscal note:

- inflationary cost factors; and
- indirect costs.

State Appropriations

No new state appropriations will be required for FY 2001-02.

Departments Contacted

Natural Resources