



Colorado Legislative Council Staff Fiscal Note

FINAL

FISCAL NOTE

Drafting Number: LLS 11-0881	Date: June 10, 2011
Prime Sponsor(s): Sen. Schwartz; Hodge Rep. Sonnenberg; Gerou	Bill Status: Signed into Law Fiscal Analyst: Lauren Ris (303-866-3264)

TITLE: CONCERNING THE CONSOLIDATION OF WILDLIFE ENTITIES WITH PARKS AND OUTDOOR RECREATION ENTITIES UNDER THE DEPARTMENT OF NATURAL RESOURCES.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue	See State Revenue section.	
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor. Sections 33-9-101 (10) (a) and 33-9-103 took effect upon his signature on June 6, 2011. The remainder of the act takes effect July 1, 2011.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

Within the Department of Natural Resources (DNR), the bill combines the following:

- the Wildlife Commission and the Board of Parks and Outdoor Recreation into a new Parks and Wildlife Board, and
- the Division of Wildlife and the Division of Parks and Outdoor Recreation into a new Division of Parks and Wildlife.

Powers and duties of the board. The new board and new division will assume all of the duties, powers, responsibilities, obligations, and functions that were previously exercised by their predecessor entities. Additionally, all funds and expenditures will continue unaltered. The bill specifies that the new Parks and Wildlife Board will consist of 16 members and outlines the qualifications and geographical representation required of board members. The existing 11 members of the Wildlife Commission and five members of the Board of Parks and Outdoor Recreation will serve out their existing terms on the new board. The new division will be under the direction of a single director who will be chosen by the new board with the consent of the DNR Executive Director at the board's first meeting.

Enterprise status. The bill establishes the new division as an enterprise under Article X, Section 20 of the Colorado Constitution, commonly referred to as "TABOR" (Taxpayer's Bill of Rights). TABOR defines "enterprise" as a government-owned business that is authorized to issue its own revenue bonds and receives under 10 percent of annual revenue from the general fund. Under current law, the Division of Wildlife and the Wildlife Commission have enterprise status while the Division of Parks and Outdoor Recreation and the Board of Parks and Outdoor Recreation do not.

Implementation plan. In addition to all of the duties and functions of the two predecessor boards, the new board is required to develop an implementation plan in order to:

- address outstanding issues and to identify increased efficiencies and cost savings that may be realized from merging the divisions;
- consolidate the operations and programs of the two divisions in order to allocate costs over a reasonable period of time and within existing budget levels;
- use the identified cost savings to finance the implementation plan and transition; and
- include recommendations for restructuring the board.

The board is required to schedule monthly meeting dates through the 2011 calendar year beginning in July 2011 in order to develop the implementation plan. All meetings are to be open to the public and the board is required to solicit public input. Additionally, the board is required to hold workshops at least every two months. The board may hold additional meetings or workshops as needed.

Park fees. The board may only raise or lower park fees or other charges if the board anticipates that the total annual revenues realized from the change will not increase by more than 20 percent over the annual amount earned from fees and charges as of July 1, 2011. Additionally, when considering rules to increase or decrease a park fee or other charge, the board is required to consider the effect that the change will have on park use and the demand for the service and to consider opportunities for alternative pricing.

Federal funds. The bill reaffirms the state's assent to the federal Pittman-Robertson and Dingell-Johnson acts. These federal acts are funded through an excise tax on sporting equipment and provide federal aid to states to manage and restore wildlife and fishery resources. To be eligible for these federal funds, states must have laws prohibiting the diversion of license fees paid by hunters or anglers for any purpose other than the administration of the state's fish and game department. If a state is found to have done otherwise, it can be declared in "diversion" of funds, become ineligible for the program, and be required to repay "diverted" funds.

Reporting. The Executive Director is required to report to the Joint House Agriculture, Livestock, and Natural Resources Committee and the Senate Agriculture, Natural Resources Committee on the activities of the board, the implementation plan, expected cost savings to result from the merger, and any recommendations for further legislation on or before February 29, 2012. The Executive Director is also required to submit a three page informal progress report by November 30, 2011 to the House Agriculture, Livestock and Natural Resources Committee and the Senate Agriculture, Natural Resources, and Energy Committee that provides an update on the development of an implementation plan and any outstanding issues.

Finally, the bill requires the consolidation of the boards and divisions to take place with existing appropriations.

State Revenue

By giving the new division enterprise status, both the revenue subject to TABOR and the Referendum C cap will be adjusted downward by about \$50 million. Additionally, by requiring the board to limit revenue from park fees to 20 percent over the annual revenue earned as of July 1, 2011, the bill caps the revenue earned from state park fees to about \$60 million a year.

State Expenditures

Combining the divisions in DNR is expected to reduce overall state expenditures, but the actual impact is unknown. In the short term, there will likely be costs associated with establishing the new division, while in the long term, there will be potential cost savings resulting from consolidating division resources.

In the short term, there will likely be a slight increase in expenditures as the board holds meetings across the state and gathers input from stakeholders. The new board is not expected to hold significantly more meetings or use additional staff time throughout this process than its predecessor boards in years past. However, the department may incur some costs by using consultants and other contractual assistance in the process of establishing the new division. The fiscal note assumes these will not require additional appropriations.

In the long term, DNR may see a reduction in overall expenditures from combining divisions. Any cost savings will depend on the decisions reached by the board concerning where efforts of the previous divisions were duplicative and where it is possible to consolidate staff time and resources. The bill does not provide any direction regarding the organizational structure of the new division beyond indicating that it will be led by a single director. As a result, it is not possible at this time to quantify what any cost savings will be. Any adjustments will be made through the annual budget process.

The bill indicates that all funds and expenditures will continue unaltered. Therefore, it is not expected that the new division will be found in diversion of the Pittman-Robertson and Dingell-Johnson acts. However, until determinations are made regarding how hunting and fishing license revenue will be used in the future by the new division, it is not possible to make a determination about whether any new future funding structures or consolidations will constitute a diversion. The U.S. Fish and Wildlife Service is the federal agency charged with administering this aid and will be the final arbiter as to whether federal requirements have been met in order to receive the funding.

Departments Contacted

Natural Resources