

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 10-0928  
**Prime Sponsor(s):** Rep. Sonnenberg

**Date:** March 21, 2010  
**Bill Status:** House SVMA  
**Fiscal Analyst:** David Porter (303-866-4375)

**TITLE:** CONCERNING ACQUISITIONS BY THE WILDLIFE COMMISSION OF FEE SIMPLE TITLE TO REAL PROPERTY USING HABITAT STAMP FUNDS.

<b>Fiscal Impact Summary</b>	<b>FY 2010-2011</b>	<b>FY 2011-2012</b>
<b>State Revenue</b> Cash Funds Wildlife Cash Fund	Potential Increase	Potential Increase
<b>State Expenditures</b>	No Net Increase See State Expenditures Section	
<b>FTE Position Change</b>		
<b>Effective Date:</b> August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriations section.		
<b>Local Government Impact:</b> See Local Government Impact section.		

**Summary of Legislation**

Currently, the Division of Wildlife (DOW) in the Department of Natural Resources can acquire a fee simple title to real property (property) with Colorado Wildlife Habitat Stamp proceeds provided that it pursues other avenues prior to the purchase. A fee simple title is an absolute title to the land without conditions and is the most common form of property ownership. This bill places the following stipulations on fee simple purchases using habitat stamp proceeds:

- P property shall only be purchased if other interests, such as conservation easements, agricultural leases, management agreements, and access agreements, are not possible;
- P if property is purchased, the DOW must report to the General Assembly on its efforts to acquire other interests;
- P fee simple purchases must include a site-specific valuation of costs to operate, maintain, and enhance the property; and
- P costs to operate, maintain, and enhance new properties are paid from the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund.

The Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund is created to accept habitat stamp revenue, proceeds from transactions other than the sale of properties (lease income, for example), and other moneys used for fund activities. Fund moneys are for site-specific valuations and for expenses associated with operating, maintaining, and enhancing property that is owned by the DOW.

The bill requires the DOW to develop guidelines for the resale of purchased property and to report on the properties owned by the state. It also encourages the DOW to sell these properties to private owners so long as the goals for the property's use can still be met.

## **Background**

Under current law, the DOW administers revenue generated by the Colorado Wildlife Habitat Stamp. Habitat stamps are \$10 beginning in FY 2010-11 and are issued with either a hunting or fishing license. Revenue is used to preserve and provide access to wildlife habitat. The Colorado Wildlife Habitat Stamp Review Committee reviews wildlife protection proposals and recommends funding to the Wildlife Commission. Habitat can be protected either through an easement or a fee simple purchase. For an easement, the land remains under another party's ownership but has specifically designated uses. A property with a fee simple title is a property that the state owns.

## **State Revenue**

If the DOW sells fee simple title properties, state revenue to the Wildlife Cash Fund will increase. This revenue is conditional and depends upon the DOW selling properties.

**Land Sales.** Currently, the DOW has 5 fee simple title properties that were purchased with habitat stamp proceeds. Total acreage of these properties is approximately 2,800 acres. Since the bill encourages, but does not require the sale of these properties, this fiscal note examines the sale of the 2 properties that are most suitable for sale for illustrative purposes.

- P ***The Miller State Wildlife Area.*** The Miller parcel is a 1,604 acre property that was purchased in October 2007 for \$3.25 million.
- P ***The Tomichi Creek State Wildlife Area.*** The Tomichi Creek parcel is a 466 acre property that was purchased in November 2009 for \$0.86 million.

To maintain the wildlife goals for which the properties were originally purchased, sale of the properties will require conservation and access easements at the time of sale. Easements are anticipated to reduce the sale value of the properties at least 40 percent. Therefore, assuming property values at the same price as the purchase price, sale revenue from the 2 properties is estimated at \$2.47 million. This is \$1.64 million less than the purchase price. Proceeds from the sale would be used for other habitat stamp program activities.

***Proceeds from Property Transactions.*** Moneys from property transactions, such as leases, shall be deposited into the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund. These moneys will be used to pay for the operation, maintenance, and enhancements on habitat stamp fee simple properties. At this time, the DOW does not earn revenue from the use of its habitat stamp properties.

### **State Expenditures**

Net state expenditures are unchanged under HB10-1361. However, some state costs may change if the DOW chooses to sell existing properties.

***Land Purchases and Sales.*** If the DOW sells current properties, it will no longer be responsible for its payment in lieu of taxes (PILT) payments to local governments. PILT payments are approximately \$1.65 per acre (\$4,620 for all fee simple title properties). Local governments will instead receive taxes from new property owners.

***Operations, Maintenance, and Enhancements.*** This bill requires that operations, maintenance, and enhancement costs are paid from the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund for new fee simple title properties. An estimated 250 acres of property will be purchased each year with annual operations and maintenance costs of \$3,250 (\$13 per acre per year). These costs are currently paid using a mix of moneys from the Wildlife Cash Fund and from federal sources. This fiscal note assumes that this mix will continue, however, the moneys will be channeled through the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund.

***Reporting, Administration, and Rule-making.*** The bill's reporting, administration, and rule-making requirements will generate workload in the DOW and require changes in procedures, but these can be accomplished within existing appropriations.

### **Local Government Impact**

Local governments may receive property tax revenue from private owners, rather than PILT payments, if the DOW sells existing properties.

### **State Appropriations**

Although there is no net increase in expenditures, an appropriation is necessary due to the bill's funding requirements. For FY 2010-11, this bill requires a cash funds appropriation of \$3,250 from the Wildlife Cash Fund to the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund and from the Colorado Wildlife Habitat Stamp Operation, Maintenance, and Enhancement Fund to the Division of Wildlife in the Department of Natural Resources.

### **Departments Contacted**

Natural Resources