



**Colorado  
Legislative  
Council  
Staff**

**HB17-1250**

**FINAL  
FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 17-0825 **Date:** September 5, 2017  
**Prime Sponsor(s):** Rep. Lebsack **Bill Status:** Signed into Law  
 Sen. Coram; Donovan **Fiscal Analyst:** Louis Pino (303-866-3556)

**BILL TOPIC:** RENEW & EXPAND TAX CHECK-OFF TO BENEFIT WILDLIFE

<b>Fiscal Impact Summary</b>	<b>FY 2017-2018</b>	<b>FY 2018-2019</b>
<b>State Revenue</b>	<b><u>\$158,000</u></b>	<b><u>\$158,000</u></b>
Cash Funds	\$158,000	\$158,000
<b>State Expenditures</b>	<b><u>\$158,000</u></b>	<b><u>\$158,000</u></b>
Cash Funds	\$158,000	\$158,000
<b>Appropriation Required:</b> \$2,200 - Department of Revenue (FY 2017-18)		
<b>Future Year Impacts:</b> Ongoing revenue increase.		

**Summary of Legislation**

This bill extends and modifies the Nongame Wildlife voluntary contribution (income tax checkoff) program. It renames the checkoff program as the Colorado Nongame Conservation and Wildlife Restoration voluntary contribution and establishes the Colorado Nongame Conservation and Wildlife Restoration Cash Fund Authority that is overseen by a board of directors. The bill also creates the Nongame Conservation and Wildlife Restoration Cash Fund. Money in the fund is used by the Colorado Division of Parks and Wildlife to support a variety of activities that aid nongame and endangered species work. In addition, the bill also allows a percentage of the checkoff revenue to be given in the form of grants for wildlife rehabilitation in Colorado. Grants will be overseen by the board of directors.

The board of directors will consist of the following seven members appointed by the director of the Division of Parks and Wildlife:

- two representatives from the Colorado private sector wildlife rehabilitation organizations;
- one representative of the Colorado Federation of Animal Welfare Agencies;
- one employee of the division;
- one wildlife biologist employed by a state institution of higher education or a nonstate entity;
- one member of a recognized wildlife conservation organization with local and national affiliates whose mission focuses on conservation and restoration of natural ecosystems and on habitat protection for biodiversity and whose membership enjoys significantly nonconsumptive uses of wildlife; and
- one member of the general public with an interest in wildlife or wildlife rehabilitation.

Appointments are for three-year terms, and a person can not serve more than six years on the board. Board members may not receive any compensation or reimbursement. The board's responsibilities will be to develop and implement guidelines and practices for receiving and evaluating applications for grant money from the fund. The director is required to make the initial appointments to the board no later than September 1, 2017.

For each fiscal year, 90 percent of the first \$250,000 must be used by the division in preserving, protecting, perpetuating, and enhancing nongame and endangered wildlife in Colorado and administrative expenses for providing support to the board. The remaining ten percent is available to provide grants to qualified wildlife rehabilitators. For any additional moneys over the initial \$250,000, 75 percent will be used to support a variety of activities that help nongame and endangered species work in Colorado. The balance is available to provide grants to qualified wildlife rehabilitators. Grants must be awarded in amounts between \$1,000 to \$30,000 and grantees are required to submit annual reports to the division describing how the grant money was spent. The division is required to make the reports available on their website. Finally, the board will be subject to the Colorado Open Records Act.

The income tax checkoff will be available for tax year 2017 through tax year 2021.

## **Background**

***Voluntary Contribution Program.*** The Colorado individual income tax return allows taxpayers to contribute to various listed organizations by donating a portion of their income tax refund or increasing the amount owed on their tax return. Legislation is required to create a new income tax checkoff.

Only 20 checkoff programs can appear on an individual income tax form each year. To ensure that the 20 checkoff cap is not exceeded, the priority order system specifies that continued or renewed programs take precedence over newly created programs. Tax checkoffs must contain a sunset date and meet a yearly minimum contribution of \$50,000 by the third year from when it first appeared on the form and subsequent tax years to remain on the tax form. Contributions are calculated from January 1st through September 30th of each tax year. Thus, if a program that has appeared on the form is renewed or continued and has donations of at least \$50,000, the program remains on the form in the following tax year.

Newly created programs can only appear on the tax form when an existing program is removed. The order of programs in the queue is determined by the date and time that the Governor signs each bill.

***Nongame Wildlife Voluntary Contribution.*** In 1977, the Nongame and Endangered Wildlife Fund became the first state income tax checkoff and has appeared on the state income tax form each year since. The fund provides money for preserving, protecting, perpetuating and enhancing nongame and endangered wildlife in Colorado. Under current law, the existing nongame wildlife will repeal on December 31, 2017. Table 1 shows a five-year history of donations and the number of income tax returns that elected to contribute to the fund.

<b>Table 1. Nongame and Endangered Wildlife Fund</b>			
<b>Tax Years *</b>	<b>Number of Returns</b>	<b>Total Donations</b>	<b>Average Donation</b>
2011	13,895	159,157	\$9.31
2012	12,919	168,966	10.15
2013	11,141	137,121	10.61
2014	8,247	130,544	11.65
2015	<u>16,521</u>	<u>195,138</u>	<u>12.93</u>
(5-year avg.)	12,545	\$158,263	\$12.90

*\*Donation amounts are from January 1st to September 30th of each tax year.*

### **State Revenue**

Although future checkoff contributions to the Colorado Nongame Conservation and Wildlife Restoration Cash Fund are uncertain, the fiscal note assumes that Colorado taxpayers will make about \$158,000 in contributions in each of the next two fiscal years. This represents the average contribution over the last five years. These voluntary donations are exempt from TABOR revenue considerations. Revenues from gifts, grants, or endowment income are exempt from TABOR reporting.

### **State Expenditures**

**The bill will increase state cash fund expenditures by \$158,000 in FY 2017-18 and by the same amount each year through FY 2021-22.** New expenditures are for program administration to support a variety of activities that aid nongame and endangered species work, provide grants for wildlife rehabilitation in Colorado, and computer programming expenses.

**Department of Natural Resources.** The Division of Parks and Wildlife will be responsible for providing staff support to the board of directors and other grant making tasks. It is estimated that the division will incur approximately \$5,000 in set-up costs to establish the grant program and \$2,000 in administration costs each year thereafter. The bill specifies that costs associated with the administration of the fund are to be paid from the Colorado Wildlife Conservation and Restoration Cash Fund, which is continuously appropriated to the Division of Parks and Wildlife.

**Department of Revenue.** The Department of Revenue will incur a one-time cost of \$2,200 for computer programming expenses. Usually, extending an existing income tax checkoff program would not generate any new expenditures for the department. However, since the bill creates a new cash fund and changes the name of the checkoff program that will appear on the income tax form the department will incur a one-time cost of \$1,000 for five hours of Gentax programming to properly track the donations of the program. In addition, there will be \$1,200 in Fairfax charges to program the optical charter recognition software. The bill specifies that these costs are to be paid by an appropriation from the Colorado Nongame Conservation and Wildlife Restoration Cash Fund.

### **Effective Date**

The bill was signed into law by the Governor on June 5, 2017, and became effective on August 9, 2017.

**State Appropriations**

For FY2017-18, the bill requires an appropriation from the Colorado Nongame Conservation and Wildlife Restoration Cash Fund to the Department of Revenue for programming expenses.

**State and Local Government Contacts**

Information Technology  
Revenue

Natural Resources  
Treasury