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Fiscal Note

Drafting Number:	LLS 23-0188	Date:	January 20, 2023
Prime Sponsors:	Rep. McLachlan	Bill Status:	House Agriculture
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Bill Topic: NONTOXIC BULLET REPLACEMENT HUNTING PROGRAM

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

The bill creates a Nontoxic Bullet Replacement Program in Colorado Parks and Wildlife. Beginning FY 2023-24, it will increase state revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$5.2 million to the Department of Natural Resources.

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

Table 1
State Fiscal Impacts Under HB 23-1036

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue	Cash Funds	\$5,200,000	\$5,200,000
	Total Revenue	\$5,200,000	\$5,200,000
Expenditures	Cash Funds	\$5,208,420	\$5,218,395
	Centrally Appropriated	\$16,486	\$20,223
	Total Expenditures	\$5,224,906	\$5,238,618
	Total FTE	0.8 FTE	1.0 FTE
Transfers		-	-
Other Budget Impacts	TABOR Refund	\$0	\$0

Summary of Legislation

The bill creates the Nontoxic Bullet Replacement Program (program) in the Division of Parks and Wildlife (Colorado Parks and Wildlife, CPW) in the Department of Natural Resources. The program allows individuals to exchange hunting rounds that have lead bullets and reloading or muzzle-loader bullets for non-lead bullets. Participating individuals must possess a valid hunting license, and the round or bullet being exchanged must be for the species specified in the individual’s license. The bullet or round must have been purchased before the effective date of the bill.

CPW must designate an entity to educate the public about the benefits of nontoxic bullets and publicize the program. The CPW Commission may enact rules for the program as necessary.

Background

As a state enterprise, the CPW generates over 90 percent of its annual funding from sources other than taxes or the General Fund. The CPW relies primarily on license sales, state park fees, and registration fees to support operations.

State Revenue

The bill increases state revenue from fees by about \$5.2 million in FY 2023-24 and FY 2024-25, credited to the Wildlife Cash Fund, which is subject to annual appropriation. This revenue is not subject to TABOR. Fee collections will be reduced in future fiscal years once initial program demand declines.

Fee impact on Colorado hunting licensees. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. The current cost of a Colorado hunting license varies based on species hunted and individual’s resident status. In FY 2021-22, the CPW sold 762,855 hunting licenses to approximately 393,174 hunters with an average cost of \$234 per individual hunter. To cover the program costs outlined in the State Expenditure section below, the fiscal note assumes that the CPW will increase fees on Colorado hunters by an average of \$13 per hunter. These fee amounts are estimates only, actual fees will be set administratively by the CPW based on cash fund balance, program costs, and the number of licenses subject to the fee. Table 2 identifies the fee impact of this bill.

Table 2
Fee Impact on Colorado Hunting Licensees

Fee Type	Estimated Amount	Number Affected	Total Fee Impact
Nontoxic bullet surcharge	\$13.16	395,000	\$5,200,000
		Annual Total	\$5,200,000

State Expenditures

Costs from the CPW Cash Fund will increase by an estimated \$5.2 million in FY 2023-24 and FY 2024-25, and decreasing amounts in future fiscal years. Costs are shown in Table 3 and described below.

**Table 3
Expenditures Under HB 23-1036**

	FY 2023-24	FY 2024-25	FY 2024-26
Department of Natural Resources			
Personal Services	\$81,871	\$98,246	\$98,246
Operating Expenses	\$1,080	\$1,350	\$1,350
Capital Outlay Costs	\$6,670	-	-
Bullet Replacement	\$5,052,299	\$5,052,299	\$2,526,117
Education and Outreach Costs	\$66,500	\$66,500	\$66,500
Centrally Appropriated Costs ¹	\$16,486	\$20,223	\$20,223
Total	\$5,224,906	\$5,238,618	\$2,712,436
Total FTE	0.8 FTE	1.0 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Colorado Parks and Wildlife. The CPW will have increased costs for program development, vendor contracts to develop outreach and education materials and replacement ammunition at statewide sites, staffing to manage inventory and provide customer service, accept exchanges, and recycle or dispose of lead ammunition. CPW expects participation in the program to decline after the first two years. First year staffing costs include standard operating and capital outlay costs and are prorated for a September 1, 2023, start date.

- **Bullet replacement.** Non-lead ammunition is more expensive than lead ammunition. Comparing prices from Cabela's website, the average cost is \$42 for lead ammunition and \$60 for non-lead ammunition. Assuming approximately 20 percent of current Colorado hunting license holders, or about 78,000 hunters, would participate in the program, CPW will need to supply at least \$4.7 million worth of ammunition. In addition, CPW would need to pay a total of about \$335,000 in local staffing costs to implement the exchange program requirements.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 3.

Technical Note

The fees that the CPW may charge for a hunting license are capped in state law (Section 33-4-102(1), C.R.S.). The current fee structure at the CPW is nearing this statutory cap, which may limit the CPW's ability to raise fees to cover the costs in this bill.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$5,208,420 from the Wildlife Cash Fund to the Division of Parks and Wildlife in the Department of Natural Resources, and 0.8 FTE.

State and Local Government Contacts

Law Natural Resources