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Fiscal Note

Drafting Number: LLS 21-0994
Prime Sponsors: Rep. Herod
Sen. Garcia

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Bill Status: House Energy & Environment
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Bill Topic: **CREATE OUTDOOR EQUITY GRANT PROGRAM**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Diversion
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill diverts state revenue from lottery proceeds to create an outdoor equity board and grant program in the Department of Natural Resources. The bill increases state expenditures beginning FY 2021-22.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$730,674 to the Department of Natural Resources.

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

Table 1
State Fiscal Impacts Under HB 21-1318

		Current Year	Budget Year	Out Year
		FY 2020-21	FY 2021-22	FY 2022-23
Revenue		-	-	-
Expenditures	Outdoor Equity Fund	-	\$730,674	\$1,480,674
	Centrally Appropriated	-	\$19,326	\$19,326
	Total	-	\$750,000	\$1,500,000
	Total FTE	-	1.0 FTE	1.0 FTE
Diversions¹	Public School Capital Construction Fund	(\$1,525,000)	(\$1,900,000)	(\$2,275,000)
	Outdoor Equity Fund	\$750,000	\$1,500,000	\$2,250,000
	Other Cash Funds ²	\$775,000	\$400,000	\$25,000
	Net Diversion	\$0	\$0	\$0
TABOR Refund		-	-	-

¹ The exact amount diverted from the Public School Capital Construction Fund will depend on total lottery proceeds and the amount allocated to the Great Outdoor Colorado Program above its current law revenue cap. Based on historical data, the fiscal note assumes that calculates diversions assuming revenue of \$5.3 million over the cap.

² Split between Wildlife Cash Fund and the Parks and Outdoor Recreation Cash Fund in DNR.

Summary of Legislation

The bill creates the Outdoor Equity Board and the Outdoor Equity Grant Program in the Division of Parks and Wildlife (division) in the Department of Natural Resources (DNR) to increase access and opportunity for underserved youth and their families to experience Colorado's outdoor resources.

Outdoor Equity Board. The board consists of nine appointed members, and includes the director of the division, and the directors of the Colorado Outdoor Recreation Industry Office and Great Outdoors Colorado (GOCO) as nonvoting members. The division must create a public process and engage stakeholder organizations to solicit nominations to the board. Voting members may receive reimbursement for mileage and expenses, plus a per diem of \$200 per board meeting, adjusted annually for inflation. Nonvoting members may be reimbursed for mileage and expenses only.

Outdoor Equity Grant Program. The board is required to adopt rules for the new grant program, including a conflict of interest policy for board members, a grant application and award procedure, and quantitative and qualitative reporting requirements. Grants are awarded to applicants that engage underserved youth, offer outdoor-based educational opportunities, and reduce barriers to the outdoors.

Outdoor Equity Fund. The bill creates a new cash fund to consist of revenue diverted from lottery revenue that would otherwise be deposited in the General Fund. The fund is subject to annual appropriation from the General Assembly, and may be used by the division to assist the board, pay per diem and reimbursements, and implement the grant program. The fund may also accept gifts, grants, or private donations.

Lottery distributions. Under current law, lottery proceeds are allocated to the Department of Local Affairs, DNR, and Great Outdoor Colorado (GOCO). The GOCO allocation is subject to an annual cap. Revenue in excess of this cap is allocated to the Public School Capital Construction Assistance Fund to fund the BEST Program. This bill changes the distribution of lottery proceeds in excess of the GOCO allocation cap and exempts this diverted revenue from the state's revenue and spending limitations under TABOR. Specifically, after lottery proceeds are provided to GOCO, the bill specifies an annual amount that will first go to the Outdoor Equity Grant Fund, as follows:

- \$750,000 in FY 2020-21;
- \$1,500,000 in FY 2021-22;
- \$2,225,000 in FY 2022-23; and
- \$3,000,000 in FY 2023-24 and future years.

After this distribution, the next \$3.0 million above the GOCO funding cap is distributed to the Public School Capital Construction Assistance Fund (BEST Program). Any remaining funding is then distributed as follows:

- 25 percent to the Wildlife Cash Fund;
- 25 percent to the Parks and Outdoor Recreation Cash Fund; and
- 50 percent to the Public School Capital Construction Assistance Fund (BEST Program).

Background

Under current law, fifty percent of lottery proceeds goes to support Great Outdoors Colorado (GOCO), with this transfer subject to an annual cap that increases annually by inflation. After paying administrative costs, GOCO allocates the remaining proceeds in grants to local governments and other entities. Under current law, any amount exceeding the annual cap is transferred from the General Fund to the Public School Capital Construction Assistance Fund for the Building Excellent Schools Today (BEST) program. Forty percent of lottery proceeds partially fund the Conservation Trust Fund (CTF), administered by the Department of Local Affairs (DOLA), and the remaining ten percent of lottery proceeds partially fund projects in Colorado Parks and Wildlife in the DNR.

Table 2 displays the last seven years of allocations from lottery proceeds.

Table 2
Allocation of State Revenue from Lottery Proceeds
2013-2020

Fiscal Year	Total	DOLA (40%)	DNR (10%)	GoCo (50%)*	BEST Program*
2013-2014	\$130,113,508	\$52,045,403	\$13,011,351	\$60,321,412	\$4,735,342
2014-2015	\$127,980,868	\$51,192,347	\$12,798,087	\$61,992,978	\$1,997,456
2015-2016	\$143,570,004	\$57,428,001	\$14,356,999	\$63,714,505	\$8,070,499
2016-2017	\$133,474,981	\$53,389,992	\$13,347,498	\$64,463,929	\$2,273,562
2017-2018	\$140,736,802	\$56,294,721	\$14,073,680	\$66,250,998	\$4,117,403
2018-2019	\$166,461,160	\$66,584,464	\$16,646,116	\$68,494,436	\$14,736,144
2019-2020	\$142,425,506	\$56,970,202	\$14,242,551	\$70,364,774	\$847,979
Average	\$140,680,404	\$56,272,161	\$14,068,040	\$65,086,147	\$5,254,055

**50 percent of lottery proceeds goes to support GOCO, subject to an annual cap. Funds in excess of the cap are transferred to the Public School Capital Construction Assistance Fund (BEST Program) under current law.*

State Revenue

The bill permits the Outdoor Equity Board to accept and spend gifts, grants, or other private donations for the implementation of the outdoor equity grant program. No amount of private funding has been identified. State revenue from private gifts are exempt from TABOR.

State Diversions

Assuming lottery revenue generates \$5.3 million dollars above the cap for GOCO funding each year, based on the historical average, the bill will divert \$1.5 million in FY 2020-21, \$1.9 million in FY 2021-22, and \$2.3 million in FY 2022-23 from the Public School Capital Construction Assistance Fund to the Outdoor Equity Grant Fund, Wildlife Cash Fund and the Parks and Outdoor Recreation Cash Fund. These estimated diversions are shown in Table 3. The amount of future diversions will vary from this estimate depending on actual lottery proceeds. Note that the amounts in Table 3 are the net impacts after accounting for distributions to the BEST Program under the new formula.

**Table 3
Diversion of Lottery Revenue Under HB 21-1318**

Fund Source	Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Public School Capital Construction Fund	(\$1,525,000)	(\$1,900,000)	(\$2,275,000)
Outdoor Equity Fund	\$750,000	\$1,500,000	\$2,250,000
Wildlife Cash Fund	\$387,500	\$200,000	\$12,500
Parks and Outdoor Recreation Cash Fund	\$387,500	\$200,000	\$12,500
Net Diversion	\$0	\$0	\$0

State Expenditures

The bill increases state expenditures by \$750,000 and 1.0 FTE in FY 2021-22, and by \$1.5 million and 1.0 FTE in FY 2022-23. The amount of expenditures for the grant program increases to \$2.3 million in FY 2023-24, and increases to \$3.0 million in FY 2024-25 and subsequent fiscal years. New costs are in the Division of Parks and Wildlife in DNR, and include equity board payments, administrative staff costs, and outdoor equity grants. New expenses are displayed in Table 3 and described below.

**Table 3
State Expenditures Under HB 21-1318**

Cost Components	FY 2021-22	FY 2022-23
Department of Natural Resources		
Personal Services	\$103,076	\$103,076
Operating Expenses	\$1,350	\$1,350
Capital Outlay Costs	\$6,200	-
Temporary Contracted Staff	\$32,000	\$32,000
Equity Board Expenses	\$36,240	\$45,300
Outdoor Equity Grants	\$551,808	\$1,298,948
Centrally Appropriated Costs ¹	\$19,326	\$19,326
Total	\$750,000	\$1,500,000
Total FTE	1.0 FTE	1.0 FTE

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

Department of Natural Resources. The Division of Parks and Wildlife in DNR will provide staff support to the Outdoor Equity Board and serve as the chief administrative staff for the Outdoor Equity Grant Program. New state expenses include per diem and expense reimbursement for board members for four annual meetings. After accounting for administrative costs, the program will have about \$550,000 for grants in FY 2021-22, and about \$1.3 million for grants in FY 2022-23, based on the assumptions in the State Diversion section. Actual funding for grants will depend on the funding transferred each year.

Other programs. The bill increases available funding in the Parks and Outdoor Recreation Cash Fund and the Wildlife Cash Fund in the DNR, and decreases available funding for the BEST Program in the Colorado Department of Education compared to current law. It is assumed that any adjustments to programs supported by these funds will be addressed through the annual budget process based on legislative priorities and available cash fund balance.

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 estimated to be \$19,326 in FY 2021-22 and FY 2022-23.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2021-22, the bill requires an appropriation from the Outdoor Equity Grant Fund to the Department of Natural Resources, and 1.0 FTE.

State and Local Government Contacts

Natural Resources

OEDIT

Revenue

Treasury