



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated March 28, 2023)

Drafting Number: LLS 23-0950 Date: April 6, 2023
Prime Sponsors: Sen. Roberts; Will Bill Status: Senate Appropriations
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Bill Topic: WOLF DEPREDATION COMPENSATION FUND

- Summary of Fiscal Impact:
State Revenue
State Expenditure
State Transfer
TABOR Refund
Local Government
Statutory Public Entity

The bill creates the Wolf Depredation Compensation Fund in the Department of Natural Resources to compensate landowners and agricultural producers for losses from wolf depredation. Beginning in FY 2023-24, it creates an ongoing state transfer and an increase in state expenditures.

Appropriation Summary: For FY 2023-24, the bill requires and includes a reduction in appropriations of \$175,000 to the Department of Natural Resources. The Wolf Depredation Compensation Fund is continuously appropriated to the department.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Agriculture and Natural Resources Committee.

Table 1
State Fiscal Impacts Under SB 23-255

Table with 4 columns: Category, Sub-category, Budget Year FY 2023-24, and Out Year FY 2024-25. Rows include Revenue, Expenditures (General Fund, Cash Funds, Total Expenditures), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts (General Fund Reserve).

1 The bill requires a one-time transfer of \$175,000 in FY 2023-24, and an annual transfer of \$350,000 each year thereafter. The transfer is from the General Fund to the Wolf Depredation Compensation Fund . At the end of FY 2023-24 and FY 2024-25, the bill requires any amount in excess of \$100,000 in the fund to be transferred to the Wildlife Cash Fund. In subsequent fiscal years, the bill requires any amount in excess of that fiscal year's expenditures plus 20% to be transferred to the Wildlife Cash Fund. As a result, expenditures will vary each year from the amounts shown in this table.

Summary of Legislation

The bill creates the continuously appropriated Wolf Depredation Compensation Fund (fund) in Colorado Parks and Wildlife (CPW) in the Department of Natural Resources (DNR). Money in the fund is to be used to compensate landowners and agricultural producers that suffer damages when a wolf causes the death or injury of livestock or a working animal. CPW may promulgate rules to implement the bill, and rules may include criteria necessary to receive compensation or authorize compensation from the fund for indirect livestock loss.

Beginning in 2025, CPW must submit an annual report to the legislature by January 31 of each year and present the report during the department's SMART Act hearing. The report must contain details regarding claims for compensation, animals killed by wolves, and the number of wolves, wolf packs, and breeding pairs in Colorado.

Background and Assumptions

In 2020, Colorado voters passed Proposition 114, which required CPW to restore gray wolves to the state. Proposition 114 also requires the state to assist livestock owners in preventing and resolving conflicts between gray wolves and livestock, and pay fair compensation to livestock owners for any losses caused by wolves.

[House Bill 21-1243](#) specified allowable fund sources that the General Assembly may use for the state's wolf reintroduction work. These funds include the General Fund and other cash funds within CPW that are not funded through licensing fees.

CPW's Draft Colorado Wolf Restoration and Management Plan, which includes a compensation program for livestock losses, anticipates that wolf reintroduction will begin in December 2023. CPW assumes that wolf depredation claims will be low in the first few years of introduction and increase as wolf numbers and their distribution increase.

State Transfer

The bill transfers \$175,000 in FY 2023-24, and \$350,000 beginning in FY 2024-25 and in future years, from the General Fund to the Wolf Depredation Compensation Fund. In addition, the bill transfers a certain level of unused funding to the Wildlife Cash Fund at the end of each fiscal year, as explained below.

Transfer of excess funds to Wildlife Cash Fund. For FY 2023-24 and FY 2024-25, the bill transfers any funds exceeding \$100,000 in the Wolf Depredation Compensation Fund to the Wildlife Cash Fund. Beginning in FY 2025-26 and in future years, the transfer is to be equal to the amount spent from the Wolf Depredation Compensation Fund during the previous year, plus 20 percent.

State Expenditures

The bill increases state expenditures in DNR by up to \$175,000 in FY 2023-24 and up to \$350,000 in FY 2024-25 and in ongoing years paid from the Wolf Depredation Compensation Fund. These expenditures are for depredation claims payments to eligible landowners and agricultural producers. The maximum expenditures are based on projected fund balance and the change in General Fund appropriations included in the bill. However, as wolf reintroduction is expected to begin in December 2023, actual payments are expected to be low in the initial years. CPW estimates total depredation claims of \$25,000 in FY 2023-24, increasing by approximately \$5,000 annually in subsequent years.

In addition, the department will require legal support for rulemaking under the bill; however, the fiscal note assumes this work can be accomplished within existing appropriations.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to decrease the amount of General Fund held in reserve in FY 2023-24 only by \$175,000, increasing the amount of General Fund available for other purposes.

CPW enterprise status. CPW is designated as an enterprise for the purposes of TABOR. To maintain enterprise status, CPW can receive no more than 10 percent of its revenue from state and local governments. CPW is almost entirely cash funded; therefore, an annual transfer of \$350,000 from the General Fund is not anticipated to affect its enterprise status.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires and includes an adjustment to the FY 2023-24 Long Bill to decrease appropriations by \$175,000 to the Division of Parks and Wildlife in the Department of Natural Resources.

No appropriation is required from the Wolf Depredation Compensation Fund, which is continuously appropriated to the Department of Natural Resources.

State and Local Government Contacts

Law

Natural Resources