![Colorado Parks and Wildlife logo]

COLORADO
Parks and Wildlife
Department of Natural Resources

To: Parks and Wildlife Commission
From: Krista Heiner, Policy and Planning Analyst
Date: July 2, 2019

Re: Initial Analysis of Limited License Drawing Changes, Impacts and Options

<u>Summary</u>

In November 2018, the Colorado Parks and Wildlife Commission voted to:
- Require applicants to purchase a qualifying hunting license for the current year in order to apply for any limited big game license
- Eliminate preference point fees for deer, elk, pronghorn and bear applications
- Add preference point fees for Rocky Mountain bighorn sheep, mountain goat, and moose applicants ($50 for residents and $100 for non-residents, regardless of what other licenses the applicant holds).

Between January and June 2019, the Commission received 414 emails and letters from the public related to the changes in wildlife license fees and the limited license drawing. The new qualifying license requirement was mentioned 63% of the time.

To assist the Commission in deciding what, if any, changes to make for the 2020 draw, this memo provides an initial analysis of the 2019 draw based on preliminary figures. Potential options for consideration are also provided.

The overall number of applications for big game licenses in 2019 decreased 15% in comparison to 2018. This includes a 17% decrease in non-resident applications and a 14% decrease in resident applications.

There is an estimated increase in revenue of about $1.5 million resulting from the removal of the pay-to-play fee for bear, deer, elk and pronghorn applications and the addition of the preference point fee for sheep, goat and moose applications in 2019 as compared to 2018.

Looking at the same period (March 1 – June 3) in 2019 versus 2018, the purchase of qualifying licenses increased by 183% with an estimated increase of about $11.8 million in revenue from those licenses in 2019.

In November 2018, the Commission approved final regulations related to wildlife license fee adjustments and changes to the limited license drawing based on the implementation of the Hunting, Fishing, and Parks for Future Generations Act (Senate Bill 18- 143). Among other adjustments, the Commission voted to:

- Require applicants to purchase a qualifying hunting license for the current year in order to apply for any limited big game license
- Eliminate preference point fees for deer, elk, pronghorn and bear applications
- Add preference point fees for Rocky Mountain bighorn sheep, mountain goat, and moose applicants ($50 for residents and $100 for non-residents, regardless of what other licenses the applicant holds).

For the 2019 drawing the following were considered qualifying licenses:

- 2019 Spring turkey license (resident/non-resident)
- 2019 Annual small game license (resident/non-resident)
- 2019 Annual resident combination small game/fishing license (resident only)
- Veteran's lifetime resident combination small game/fishing license (resident only)

Prior to these changes taking effect in January 2019, applicants were not required to purchase a qualifying license to apply in the limited license drawing. Instead, an applicant in the drawing who did not possess an annual fishing, small game, or combo hunting/fishing license from the previous year, or a big game license from the current or previous year was charged a fee to obtain a preference point. Agency staff commonly referred to this fee as the "pay-to-play" fee. The fee was $40 for most big game species. It was charged to ensure applicants were financially contributing to wildlife management in Colorado on an annual basis. Table 1 summarizes the major changes in the limited license drawing regulations the Commission made between 2018 and 2019.

Table 1: Changes in Limited License Drawing Regulations between 2018 and 2019

Limited License Drawing Changes	2018	2019
What counts as a qualifying license?	Previous year: ● Annual fishing license (resident or non-resident) ● Annual small game license (resident or non-resident) ● Annual combination small game/fishing license (resident only) Current or previous year:	Current year: ● Spring turkey license (resident or non-resident) ● Annual small game license (resident or non-resident) ● Annual combination small game/fishing license (resident only) ● Veteran's lifetime resident combination small

	● Big game license (resident or non-resident)	game/fishing License (resident only)
What does a qualifying license permit?	Applicants who possess a qualifying license are not required to pay the preference point fee.	Applicants can apply for the limited license drawing only if they have purchased a qualifying license.
What does the application fee cost?	$3 resident and non-resident	$7 resident / $9 non-resident
What is the fee to obtain an elk, deer, or pronghorn preference point?	$40 for non-resident elk, deer, pronghorn, bear $40 for resident elk and bear $30 for resident deer and resident pronghorn This automatic fee is only charged if the applicant does not possess a qualifying license.	None
What is the fee to obtain a Rocky Mountain bighorn sheep, mountain goat, or moose preference point?	None	$50 resident $100 non-resident Applicants can choose to pay this fee if they would like to obtain a preference point. The fee applies regardless of what other licenses the applicant holds.

Public Comments

Between January and June 2019, the Commission received 414 emails and letters from the public related to the changes in wildlife license fees and the limited license drawing. The new qualifying license requirement was mentioned 63% of the time. About 20% of the comments were about wildlife license fee increases in general, 8% were about the addition of preference point fees for sheep, goat, and moose applicants, and about 5% were about the increase in the price of senior fishing licenses.

The most frequently cited concerns were that the changes in regulations would prevent people from participating in hunting and fishing, or that they would prevent them from choosing to hunt or fish in Colorado specifically (Figure 1).

Also, those who were upset about the qualifying license requirement often emphasized that it is unfair to require applicants to buy a license they do not want or intend to use. Others mentioned concerns that the fee increases and qualifying license requirement represent a dishonest or secret tax, and/or that they would have preferred if CPW just raised the price of the actual license.

While not all commenters indicated their state of residence, the high price of non-resident fees specifically was cited 18% of the time.
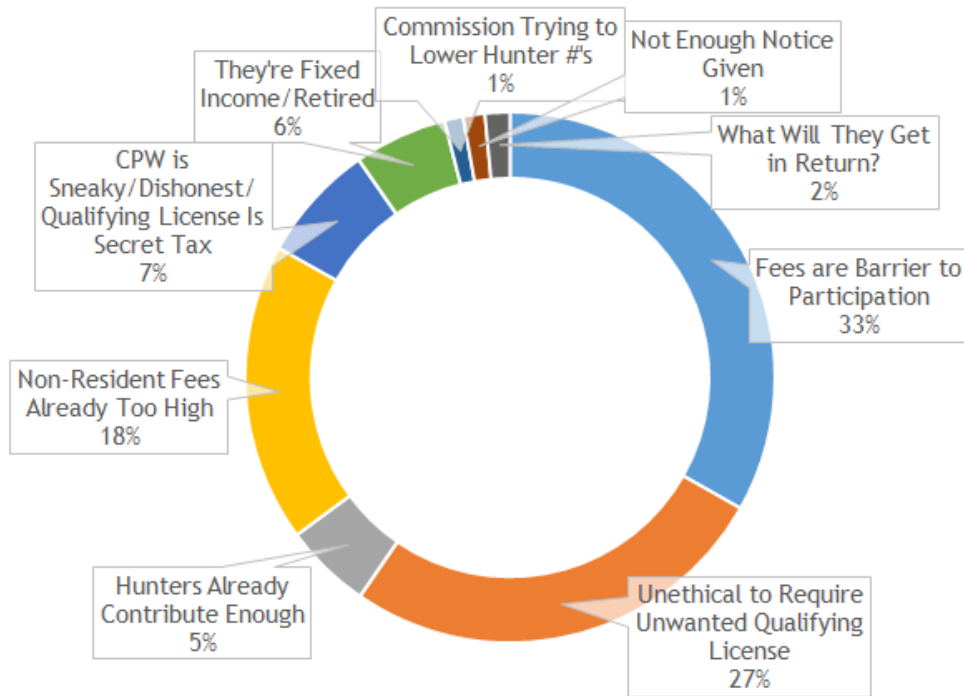

Figure 1: Concerns Cited Related to Changes in Regulations Sent to the Parks and Wildlife Commission between January and June 2019.

Impact of Changes on 2019 Drawing Application Numbers and Associated Revenue

To understand the impact of these changes on application numbers and associated revenue, in most cases, comparisons are provided between 2019 and the previous two years. It is worth noting that the 2018 drawing saw a large increase in applicants due to the removal of the pay-before-you-draw requirement. As Table 2 highlights, the overall number of applications for big game licenses in 2019 decreased by 15% in comparison to 2018. This includes a 17% decrease in non-resident applications and a 14% decrease in resident applications.

Table 2: Applications for big game limited licenses by residency status in 2017, 2018, 2019

Species	Residency Status	2017	2018	2019	2018/17	2019/17	2019/18
All species	Non-resident	155,021	245,688	203,779	58%	31%	-17%
	Resident	363,797	443,775	381,055	22%	5%	-14%
	Total / % Change	**518,818**	**689,463**	**584,834**	**33%**	**13%**	**-15%**

When looking specifically at applications for sheep, goat and moose licenses, there was a 32% decrease in 2019 in comparison to 2018. As Table 3 highlights, this includes a 43% decrease in non-resident applications and a 28% decrease in resident applications. Based on these results, it appears the new $50 resident and $100 non-resident preference point fee for sheep, goat and moose licenses in 2019 did decrease the number of applications for these licenses.

Table 3: Applications for sheep, moose, and goat limited licenses by residency status in 2017, 2018, 2019

Species	Residency Status	2017	2018	2019	2018/17	2019/17	2019/18
Sheep	Non-resident	3,728	14,144	8,949	279%	140%	-37%
	Resident	14,011	26,854	19,448	92%	39%	-28%
	Subtotal	*17,739*	*40,998*	*28,397*	*131%*	*60%*	*-31%*
Moose	Non-resident	1,948	13,405	7,317	588%	276%	-45%
	Resident	23,775	45,754	33,720	92%	42%	-26%
	Subtotal	*25,723*	*59,159*	*41,037*	*130%*	*60%*	*-31%*
Goat	Non-resident	1,951	11,062	5,889	467%	202%	-47%
	Resident	10,144	22,354	15,016	120%	48%	-33%
	Subtotal	*12,095*	*33,416*	*20,905*	*176%*	*73%*	*-37%*
Sheep, Moose and Goat	**Non-resident**	7,627	38,611	22,155	406%	190%	**-43%**
	Resident	47,930	94,962	68,184	98%	42%	**-28%**
	Total / % Change	*55,557*	*133,573*	*90,339*	*140%*	*63%*	*-32%*

The other big game species (deer, elk, pronghorn, bear, and desert sheep) also saw an overall decrease in applications of 11% in 2019 in comparison to 2018. This includes a decrease of 12% in non-resident applications and a decrease of 10% for resident applications for these species.

Table 4: Applications for deer, elk, pronghorn, bear and desert sheep limited licenses by residency status in 2017, 2018, 2019

Species	Residency Status	2017	2018	2019	2018/17	2019/17	2019/18
Deer	Non-resident	63,402	84,868	73,867	34%	17%	-13%
	Resident	122,137	127,430	114,505	4%	-6%	-10%
	Subtotal	*185,539*	*212,298*	*188,372*	*14%*	*2%*	*-11%*
Elk	Non-resident	75,541	98,474	84,641	30%	12%	-14%
	Resident	126,688	131,625	118,564	4%	-6%	-10%
	Subtotal	*202,229*	*230,099*	*203,205*	*14%*	*0%*	*-12%*
Pronghorn	Non-resident	6,458	15,916	15,824	146%	145%	-1%
	Resident	49,936	61,001	55,238	22%	11%	-9%
	Subtotal	*56,394*	*76,917*	*71,062*	*36%*	*26%*	*-8%*
Bear	Non-resident	1,569	6,040	5,752	285%	267%	-5%
	Resident	15,580	25,959	22,049	67%	42%	-15%
	Subtotal	*17,149*	*31,999*	*27,801*	*87%*	*62%*	*-13%*
Desert Sheep	Non-resident	424	1,779	1,540	320%	263%	-13%
	Resident	1,526	2,798	2,515	83%	65%	-10%
	Subtotal	*1,950*	*4,577*	*4,055*	*135%*	*108%*	*-11%*
Deer, Elk, Pronghorn, Bear, Desert Sheep	**Non-resident**	**147,394**	**207,077**	**181,624**	**40%**	**23%**	**-12%**
	Resident	**315,867**	**348,813**	**312,871**	**10%**	**-1%**	**-10%**
	Total / % Change	*463,261*	*555,890*	*494,495*	*20%*	*7%*	*-11%*

Table 5 depicts the impact of the removal of the pay-to-play fee for bear, deer, elk and pronghorn applications and the addition of the preference point fee for sheep, goat and moose applications on revenue in 2019. There is an estimated overall increase in revenue from these fees of about $1.5 million when compared to 2018.

Table 5: Estimated revenue changes from fees associated with preference points in 2017, 2018, 2019

		Revenue 2017	Revenue 2018	Estimated Revenue 2019	Difference 2018/17	Difference 2019/17	Difference 2019/18
Pay-to-play fee revenue (2017 & 2018)	Bear	$35,760	$131,720	$0	$95,960	-$35,760	-$131,720
	Deer	$1,439,270	$1,700,450	$0	$261,180	-$1,439,270	-$1,700,450
	Elk	$1,481,990	$1,827,120	$0	$345,130	-$1,481,990	-$1,827,120
	Pronghorn	$198,670	$378,700	$0	$180,030	-$198,670	-$378,700
	Subtotal	*$3,155,690*	*$4,037,990*	*$0*	*$882,300*	*-$3,155,690*	*-$4,037,990*
Estimated preference point fee revenue (2019)*	Sheep	$0	$0	$1,867,300	$0	$1,867,300	$1,867,300
	Moose	$0	$0	$2,417,700	$0	$2,417,700	$2,417,700
	Goat	$0	$0	$1,339,700	$0	$1,339,700	$1,339,700
	Subtotal	*$0*	*$0*	*$5,624,700*	*$0*	*$5,624,700*	*$5,624,700*
	Grand Total	**$3,155,690**	**$4,037,990**	**$5,624,700**	**$882,300**	**$2,469,010**	**$1,586,710**

*Maximum amount of revenue assuming all applicants opted to pay the preference point fee. Revenue also does not account for federal matching funds (Pittman-Robertson).
(Note: there were no preference point fees associated with desert bighorn sheep applications in 2017, 2018 or 2019.)

Furthermore, the addition of the qualifying license requirement resulted in a substantial increase in the purchase of resident small game, non-resident small game, youth small game, resident fishing and small game combination, resident spring turkey and non-resident spring turkey licenses. Because it is not possible to analyze the results of the full 2019 license year and to better understand the changes in purchases associated with the drawing, only licenses purchased between March and June were compared. As Table 6 depicts, in 2019, the purchase of these qualifying licenses increased by 183% when compared to the 2018, with the largest increase in the purchase of non-resident small game annual licenses (12,091% increase). In all, the qualifying license requirement resulted in the purchase of about 185,000 additional hunting licenses between March and June 2019 as compared with the same period in 2018.

Table 6: Changes in quantity of qualifying licenses purchased between March and June in 2017, 2018, 2019

	Quantity 2017 (3/1/17 – 6/3/17)	Quantity 2018 (3/1/18 – 6/3/18)	Quantity 2019 (3/1/19 – 6/3/19)	2018/17	2019/18	Difference between 2019 and 2018
Resident Small Game Annual	13,502	14,032	41,293	4%	194%	27,261
Non-resident Small Game Annual	951	846	103,133	-11%	12,091%	102,287
Youth Small Game Annual	5,424	3,981	15,852	-27%	298%	11,871
Resident Fish and Small Game Combo	65,211	61,044	99,079	-6%	62%	38,035
Resident Spring Turkey OTC	18,487	20,010	24,800	8%	24%	4,790
Non-resident Spring Turkey OTC	795	1,180	1,494	48%	27%	314
Total / % Change	**104,370**	**101,093**	**285,651**	**-3%**	**183%**	**184,558**

Finally, while it is difficult to fully predict the changes in revenue associated with the qualifying license requirement without more in-depth analyses, some initial predictions can be made. Due to the significant increase in the quantity of qualifying licenses purchased as well as the increase in fees associated with those licenses (due to the implementation of the Future Generations Act), there is an estimated increase of about $11.8 million in revenue from those licenses in 2019 when compared to the average revenue from those licenses in 2018 (see Table 7). (Note: This does not include the anticipated increase in revenue from federal matching funds (Pittman-Robertson), which are apportioned based on the number of licensed hunters. A more in-depth analysis would be needed to determine the impact of the qualifying license requirement on the number of licensed hunters.)

Table 7: Changes in revenue associated with qualifying licenses purchased between March and June in 2017, 2018, 2019

	Estimated revenue 2017	Estimated revenue 2018	Estimated revenue 2019	Difference in 2018 from 2017	Difference in 2019 from 2018
Resident Small Game Annual	$270,040	$280,640	$1,156,204	$10,600	$875,564
Non-Resident Small Game Annual	$52,305	$46,530	$8,250,640	-$5,775	$8,204,110
Youth Small Game Annual	$5,424	$3,981	$19,815	-$1,443	$15,834
Resident Fish and Small Game Combo	$2,608,440	$2,441,760	$4,755,792	-$166,680	$2,314,032
Resident Spring Turkey OTC	$369,740	$400,200	$694,400	$30,460	$294,200
Non-Resident Spring Turkey OTC	$79,500	$118,000	$224,100	$38,500	$106,100
Total	$3,385,449	$3,291,111	$15,100,951	-$94,338	$11,809,840

Possible Options

When considering whether and how to make changes to the limited license drawing for 2020, it is important to consider the desired outcome(s) from any adjustments. Among other goals, the Commission may wish to:
● Maintain higher revenues or further increase revenue
● Take action to address hunter concerns, acknowledging changes may result in decreased revenue
● Increase application rates
● Address preference point creep/decrease application rates
● Simplify the application process
● Address concerns with barriers to participation
● Address concerns with purchasing an unwanted license
● Address concerns with high costs for non-residents

A suite of options may be considered depending on the desired outcomes, including:
1. Status quo.
2. Remove the qualifying license requirement.

3. Add other current year licenses (i.e., fishing licenses, furbearer licenses) to the list of possible qualifying licenses.
4. Add previous years licenses to list of possible qualifying licenses (soonest, for the 2021 draw due to need for reprogramming in IPAWS).
5. Charge preference point fees (with an opt-out option) for all big game species instead of requiring the purchase of a qualifying license.
6. Reduce the fee for non-resident qualifying licenses.

Table 8 provides a cursory analysis of these options in relation to possible desired outcomes identified above. A check mark (✓) indicates the option could potentially address the outcome listed. A question mark (?) indicates where a more in-depth analysis would be required to assess the outcome.

Table 8: Cursory analysis of options to improve limited license drawing in relation to possible desired outcomes

					Increase hunter satisfaction		
Outcomes Options	Maintain/ Increase revenue	Address preference point creep/decrease application rates	Simplify license drawing process	Increase application rates	Address concerns about barriers to partici-pation	Address concerns about purchasing unwanted licenses	Address concerns about high non-resident costs
Remove qualifying license			✓	✓	✓	✓	✓
Add other current year licenses to qualifying license list	?			?	?	✓	
Add previous years licenses to qualifying license list	?	✓		?		✓	✓
Charge preference point fee for all big game species instead of requiring a qualifying license purchase	?	✓	✓	?	?	✓	✓
Reduce fee for non-resident qualifying license				?	✓		✓