



# COLORADO

## Parks and Wildlife

Department of Natural Resources

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TO: Colorado Parks and Wildlife Commission  
FROM: Director Prenzlów  
DATE: January 3, 2020  
SUBJECT: 2020 Species Conservation Trust Fund Eligibility List Approval

### Introduction

The native Species Conservation Trust Fund (SCTF) was created in 1998, pursuant to HB98-1006 (codified at section 24-33-111, C.R.S. (2014)). After its initial creation, the General Assembly expanded the SCTF to cover studies and programs within Colorado Parks and Wildlife (CPW) dedicated to recovering species listed as threatened and endangered under state law; recovering and protecting federal candidate species; conducting scientific studies related to the listing or delisting of any species; and evaluating genetic, habitat, and declining species baseline data.

### *Additional Information*

The Act specifically requires that funding be distributed for the following purposes:

1. Cooperative agreements, recovery programs, and other programs that are designed to meet obligations arising under the federal "Endangered Species Act of 1973" and that provide regulatory certainty.
2. Studies and programs established or approved by the CPW and the Executive Director of the DNR regarding:
  - (a) Species placed on the state endangered or threatened list;
  - (b) Candidate species, in order to assist in the recovery or protection of the species to avoid listing of the species; and
  - (c) Scientific research relating to listing or delisting any species.

### Staff Recommendation

Staff recommends, contingent upon available revenues, that the Commission: (1) concur with the DNR Executive Director's proposed recommendations to the General Assembly to approve an expenditure of up to \$4 million from the SCTF for FY 2020-21, including up to \$2 million for CPW priorities generally described herein; and (2) forward a statement of concurrence to the Colorado Water Conservation Board.

### Current Year Funding

The General Assembly passed H.B. 18-1338 to help stabilize funding for Severance Tax Operational Fund programs in anticipation of very low severance tax revenue in FY 2018-19. As part of the stabilization package, the bill made several General Fund transfers to support high-priority Operational Fund grant programs, including a \$3.0 million transfer from the General Fund to the SCTF to guarantee funding for FY 2018-19 projects. These transfers essentially provided "gap year" funding for Operational Fund grant programs from an

alternative source, which allowed the Department to move to an arrears distribution model starting in FY 2019-20.

Under the provisions of S.B. 19-016, Operational Fund grant programs now receive a single distribution of actual revenue, one year in arrears. Revenue is allowed to accumulate in the Operational Fund over the course of each fiscal year and distributions are made to grant programs in one lump sum based on year-end fund balance, instead of three forecast-based installments. With alternative funding in place for Operational Fund grant programs, the Department was able to hold severance tax revenue in the fund through FY 2018-19, then make transfers to grant programs in August 2019 for use starting in FY 2019-20.

Due to stronger-than-anticipated severance tax revenue in FY 2018-19, the SCTF received a transfer of \$5.0 million--100% of the maximum authorized distribution--for FY 2019-20. House Bill 19-1259 authorized \$3.9 million in SCTF projects to start in FY 2019-20, supported by \$3.3 million in severance tax and a transfer of \$600,000 from the Colorado Water Conservation Board Construction Fund. This leaves \$1.7 million of unobligated severance tax revenue in reserve for potential use during anticipated future downturns (see below).

### FY 2020-21 Outlook

Based on the December 2019 Legislative Council Staff revenue forecast, the Operational Fund is expected to accrue enough revenue during the current year to distribute \$2.8 million to the SCTF for projects in FY 2020-21, approximately 55% of the maximum distribution authorized in statute. However, severance tax continues to be one of the most volatile revenue streams in the state, so caution is warranted when evaluating the availability of funds for SCTF projects. The forecast notes that there is significant uncertainty in the price of oil and gas, which could result in either an increase or decrease of revenue compared to projections. It also anticipates that ad valorem property tax credits for oil and gas, earned two years prior, will disproportionately reduce severance tax revenues through FY 2020-21. As a result, the Department continues to recommend a conservative approach when evaluating the authorization of SCTF projects for the upcoming fiscal year. It is also important to keep a longer-term view of the severance tax environment in order to facilitate the strategic management of the SCTF to mitigate the impact of revenue volatility to the extent possible. If future economic forecasts exceed expectations or alternative funding becomes available, the Department will revisit the proposed projects list or hold excess revenue in reserve to offset reductions to future funding.

### FY 2020-21 Recommended Projects

The recommended Parks and Wildlife projects for FY 20-21 are summarized below.

#### *Colorado Parks and Wildlife Projects Total Request: \$2,000,000*

##### *1. Native Terrestrial Wildlife Conservation (up to \$1,107,505)*

- Assessment of occupancy, habitat use, demography, and population enhancement/recovery of a variety of terrestrial avian and mammal species

##### *2. Native Aquatic Wildlife Conservation (up to \$892,495)*

- Using environmental DNA to detect threatened and endangered fish and mollusk species and aquatic invasive species in plains aquatic systems

- Evaluating sterile walleye stocking as a means for reconciling conflict between sport fishing in reservoirs and long-term native fish conservation in Western Slope rivers
- Native sucker conservation - identification and monitoring of important spawning habitats
- Investigation of cutthroat trout disease and prevention of depredation of a variety of fish stocks at the native aquatic species restoration facility