

# Financial Analysis

Sherri Huwer  
Terrestrial Data Analyst  
CPW

Devon Adams  
IPAWS Administrator & Data Analyst  
CPW



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# Potential License Distribution Changes

- Conducted draw simulations and analyses to evaluate the financial implications of 3 changes to license distribution:
  1. Adjusting nonresident caps
  2. Updating the list of 80/20 hunt codes
  3. Limiting over-the-counter (OTC) archery elk licenses
- Based on the 2021 applicant, draw, and OTC license data
- Soft caps

# Nonresident Cap Analysis

- Problem Statements:
  1. Resident hunters would like to draw more licenses.
  2. Resident hunters have concerns that nonresident hunters are allocated licenses at a higher rate in Colorado than other western states.
  3. The number of preference points it takes to draw a high-point license keeps increasing. Consequently, predictability for when a hunter will draw a specific hunt is decreasing.
- Currently nonresident caps are applied to all deer and elk hunt codes that go through the draw except RFW and PLO
- 35% for all hunt codes except for the 80/20 hunt codes (hunt codes that require 6 or more preference points for a resident to draw on average from 2007-2009)



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# Nonresident Cap Analysis

- Scenarios
  - Status Quo (35% or 20% nonresident caps for deer and elk, no caps for bear and pronghorn)
  - 35%, 25%, 20% nonresident caps with no high demand hunt codes
  - Apply nonresident caps to bear and pronghorn
- Analysis
  - Based on 2021 application and draw results data
  - Includes only hunt codes with a nonresident cap during the 1st choice of the primary draw

# Nonresident Cap Analysis- Deer and Elk Only

	Nonresident Caps for Deer and Elk			
	Status Quo - 35% or 20%	35%	25%	20%
<b>Resident Licenses Drawn</b>	89,230	89,100	92,190	94,080
<b>Nonresident Licenses Drawn</b>	33,390	33,520	30,420	28,540
<b>Total Licenses Drawn</b>	122,620	122,620	122,620	122,620

<b>Revenue</b>	\$21,305,000	\$21,376,000	\$19,902,000	\$19,029,000
<b>Difference from Status Quo</b>		<b>\$71,000</b>	<b>-\$1,403,000</b>	<b>-\$2,347,000</b>



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# Nonresident Cap Analysis- Deer, Elk, Pronghorn, and Bear

	Nonresident Caps for Deer, Elk, Pronghorn and Bear				
	Status Quo - 35% or 20% cap for deer and elk, no cap for bear and pronghorn	35% or 20% cap for deer and elk, 35% cap for bear and pronghorn	35% Cap	25% Cap	20% Cap
<b>Resident Licenses Drawn</b>	108,070	108,100	107,970	111,120	113,070
<b>Nonresident Licenses Drawn</b>	36,210	36,180	36,310	33,160	31,210
<b>Total Licenses Drawn</b>	144,280	144,280	144,280	144,280	144,280
<b>Revenue</b>	\$22,445,000	\$22,440,000	\$22,511,000	\$21,030,000	\$20,147,000
<b>Difference from Status Quo</b>		<b>-\$5,000</b>	<b>\$66,000</b>	<b>-\$1,425,000</b>	<b>-\$2,311,000</b>



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# 80/20 Hunt Code Analysis

- Deer and elk hunt codes with a that required 6 or more preference points for a resident to draw on average from 2007-2009
- 20% nonresident cap instead of 35%
- Problem Statements:
  1. The hunt codes on the 80/20 list were defined in 2010 and have not been updated since. Since the list was established:
    - a. the preference points needed to draw hunt codes has changed. There are currently hunt codes on the list that no longer require 6 points to draw. There are also hunt codes not on the list that currently require more than 6 points to draw.
    - b. and number of new hunt codes have been established. None of these newer hunt codes are on the list regardless of how many preference points they currently require to be drawn.

# 80/20 Hunt Code Analysis

- Scenarios
  - Status Quo
  - Update the preference point years from 2007-2009 to 2019-2021
  - Increase the number of preference points needed to qualify to 8 or 10
  - Add pronghorn and bear 80/20 hunt codes
- Analysis
  - Based on 2021 application and draw results data
  - Includes only hunt codes with a nonresident cap (all deer and elk hunt codes that go through the draw except RFW and PLO)



# 80/20 Hunt Code Analysis

		Number of 80/20 Hunt Codes			
Species	Hunt Codes with Nonresident Cap	Status Quo 6 PP (2007-2009)	6 PP (2019-2021)	8 PP (2019-2021)	10 PP (2019-2021)
Deer	781	12	38	25	19
Elk	639	24	38	32	22
Pronghorn	229	0	30	25	20
Bear	126	0	4	3	3
<b>Total</b>	<b>1775</b>	<b>36</b>	<b>110</b>	<b>85</b>	<b>64</b>

		Licenses in 80/20 Hunt Codes			
Species	Licenses with Nonresident Cap	Status Quo 6 PP (2007-2009)	6 PP (2019-2021)	8 PP (2019-2021)	10 PP (2019-2021)
Deer	86,693	327	795	535	380
Elk	100,495	732	1,522	977	532
Pronghorn	17,867	0	890	784	405
Bear	20,706	0	17	13	13
<b>Total</b>	<b>225,761</b>	<b>1,059</b>	<b>3,224</b>	<b>2,309</b>	<b>1,330</b>



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# 80/20 Hunt Code Analysis

		Status Quo	6 PP (2019-2021)	8 PP (2019-2021)	10 PP (2019-2021)
<b>80/20 Hunt Codes for Deer and Elk Only</b>	Revenue	\$22,445,000	\$22,370,000	\$22,419,000	\$22,461,000
	Difference from Status Quo		- \$75,000	- \$26,000	\$16,000
<b>80/20 Hunt Codes for Deer, Elk, Pronghorn, and Bear</b>	Revenue	\$22,445,000	\$22,359,000	\$22,407,000	\$22,450,000
	Difference from Status Quo		- \$86,000	- \$38,000	\$5,000



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# Over-the-counter (OTC) Archery Elk Analysis

- Currently there are 2 OTC archery elk hunt codes
- Problem Statements:
  - Hunters have concerns regarding increasing crowding in OTC elk units. Resident hunters in particular feel that crowding from nonresident hunters in OTC archery elk units has become a major concern.
- Proposal:
  - Limit archery elk OTC licenses
  - Set quotas at 90% or 75% of 2021 license sales
  - Apply a nonresident cap

# Over-the-counter (OTC) Archery Elk Analysis

- Scenarios
  - Status quo
  - 10% or 25% reduction in licenses
  - Nonresident cap of 35%, 25%, and 20%
- Analysis
  - Based on 2021 OTC Archery elk license sales

# Over-the-counter (OTC) Archery Elk Analysis

	Status Quo	10% License Reduction			25% License Reduction		
		35% Cap	25% Cap	20% Cap	35% Cap	25% Cap	20% Cap
Resident Licenses	16,492	16,235	16,235	16,235	15,850	15,850	15,850
Nonresident Licenses	19,250	15,933	15,933	15,933	10,957	10,957	10,957
Total Licenses	35,742	32,168	32,168	32,168	26,807	26,807	26,807
Revenue	\$13,836,474	\$11,581,179	\$11,581,179	\$11,581,179	\$8,198,236	\$8,198,236	\$8,198,236
Difference from Status Quo		-\$2,255,295	-\$2,255,295	-\$2,255,295	-\$5,638,238	-\$5,638,238	-\$5,638,238

- License reductions lead to a reduction in revenue
- Given the distribution of licenses between residents and nonresidents, the nonresident cap does not have an effect on license distribution or revenue



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# Questions / Discussion



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