

# Colorado Parks and Wildlife Future Funding Study

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Meridian Institute and  
Earth Economics



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[Outdoor Recreation Advisory Group](#)

[Colorado Snowmobile Association](#)

[Colorado Off-Highway Vehicle Coalition](#)

[Colorado Outdoor Alliance](#) (subgroup)

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## Executive Summary

Colorado Parks and Wildlife (CPW) commissioned this study to develop a list of potential alternative funding sources and to gauge user groups' perspectives about each.

### Why this study?

CPW has long been interested in diversifying its funding beyond the current sources, which rely heavily on hunting and fishing license fees and park generated revenue to support wildlife conservation and parks management. The recent passage of the Future Generations Act is helpful in addressing funding needs for CPW. However, the agency continues to face significant and likely long-term trends and changes in the state, such as changing demographics, growth in demand for outdoor recreation, and decline in participation in hunting. CPW has a diverse mission: to perpetuate the wildlife resources of the state, to provide a quality state parks system, and to provide enjoyable and sustainable outdoor recreation opportunities that educate and inspire current and future generations to serve as active stewards of Colorado's natural resources. Diverse, stable, long-term funding that is equitable and supported by a broad set of stakeholders is important to the success of CPW into the future.

### Approach

To assess and summarize funding ideas for CPW, we conducted a literature review to explore and catalogue funding mechanisms that have been used or proposed to support state parks and wildlife agencies in the United States. Building on those findings, we explored a sub-set of funding mechanisms to consider Colorado-specific context, such as revenue generation potential and specific policy or regulatory considerations. With those findings, we consulted a wide range of stakeholder groups and individuals who provided input on funding mechanisms and shared broader observations about future funding for CPW. As part of the stakeholder engagement process we met with more than 200 individuals through a series of presentations and discussions at existing group meetings, consultations with specific user groups, and interviews.

### Colorado specific context

There are several characteristics that make Colorado unique when considering funding mechanisms for CPW:

- **Combined parks and wildlife agency:** In 2011 Colorado State Parks and the Colorado Division of Wildlife merged to create CPW. As required by law, CPW maintains two separate budgets—one for parks and one for wildlife.
- **Taxpayer Bill of Rights:** Funding for CPW faces unique challenges because of the Taxpayer Bill of Rights (TABOR), which has significant implications for tax revenue for the state government. TABOR makes passing new or increased taxes in the state difficult due to ballot initiative requirements. CPW also currently has a beneficial enterprise exemption status because 90% of its funding is generated from sources besides state and local government.

## Issues and Funding Priorities

As part of the stakeholder engagement process, we sought feedback on what issues related to conservation, wildlife, and outdoor recreation were the highest priority when considering future funding. Some of the priorities include:

- Outdoor recreation priorities, such as trail maintenance and development, improved access, minimizing the negative impacts of outdoor recreation, and supporting outdoor recreation related planning processes.
- Wildlife management priorities, such as funding to support the State Wildlife Action Plan, establishing and supporting long-term wildlife monitoring programs, and management activities that support non-game species.
- Other conservation goals, such as supporting clean water and open space.

## Overarching feedback

In addition to providing feedback on nine specific funding mechanisms included in the study, we heard some key themes across stakeholder groups and funding ideas. These include:

- CPW needs to continue to build a broad constituency beyond the sportsmen and angler community. Not all groups see their priorities aligned with CPW, and in some cases there is a historic lack of trust.
- Many of the current user-pays funding mechanisms are successful because they maintain a high degree of transparency about where the funding goes. Future funding should also maintain this transparency.
- For a funding mechanism to be well supported it must address an important funding need. A successful funding campaign needs to be paired with messaging about the current and future funding challenges faced by CPW.
- User-pays mechanisms should support user benefits, with some flexibility to support broader public priorities related to wildlife, conservation, and outdoor recreation.
- User-pays mechanisms should not limit equal accessibility to public land.

## Specific funding mechanisms

Below is a summary of the revenue generation potential, policy considerations, and stakeholder feedback on nine specific funding mechanisms that were analyzed as part of the study.

### General Sales Tax

**Description:** An increase in general sales tax (typically 1/8 of 1%) that would be dedicated revenue for CPW.

**Annual revenue generation potential:** \$128 million

**Policy considerations:**

- Passing a new tax is difficult under TABOR.
- CPW would lose its enterprise exemption status unless the new tax revenue was capped at \$10-13 million.
- Sales tax is a long-term stable funding source.
- A small sales tax increase is an equitable and low-impact model for Coloradans.

**Stakeholder feedback:**

- Getting a new tax passed would be very challenging in Colorado.
- A sales tax hike may represent one of the most stable and long-term funding options.

**Dedicated Revenue from Existing Sales Tax on Outdoor Gear**

**Definition:** A portion of existing revenue generation from sales tax on outdoor gear would be “earmarked” for CPW.

**Annual revenue generation potential:** \$36.2 - 42.6 million

**Policy considerations:**

- There are political challenges inherent with shifting tax revenue from other state priorities to parks and wildlife, especially in Colorado where tax generated revenue is limited because of TABOR.
- CPW would lose its enterprise exemption status unless the new tax revenue was capped at \$10-13 million.
- This mechanism could be a long-term stable funding source if it is passed as a constitutional amendment that exempts outdoor gear tax revenue from annual appropriations.
- It invests the revenue generated from outdoor gear sales in the agency that supports outdoor recreation opportunities and wildlife resources.

**Stakeholder feedback:**

- It is supported by the Outdoor Industry Association and does not pose a burden on retailers or increase costs of outdoor gear.
- It does not pose additional barriers to participation or access by low income user groups.

**Excise Tax on Outdoor Gear**

**Description:** A new tax on outdoor gear that would generate dedicated revenue for CPW.

**Annual revenue generation potential:** Depends on the size of the tax. \$13 million (0.8% excise tax) to \$230 million (10% excise tax).

**Policy considerations:**

- Since it is impossible to distinguish who buys outdoor gear for outdoor recreation and who buys outdoor gear for other purposes, this is not a perfect users-pay model.
- An excise tax could drive consumers to buy online or from other states. An accompanying sales tax holiday could be used to keep costs the same for consumers.
- CPW would lose its enterprise exemption status unless the excise tax was designed to generate less than \$13 million (0.8% or less).
- A state excise tax represents a stable long-term funding source.
- Federal excise taxes on hunting and fishing gear have been very successful in funding conservation and wildlife.

**Stakeholder feedback:**

- The Outdoor Industry Association strongly opposes an excise tax and represents a powerful lobbying force and important partner in outdoor recreation.
- Sportsmen and anglers have supported a similar funding mechanism through Pittman-Robertson and Dingell-Johnson at the federal level.
- The outdoor industry already pays high tariffs on imported goods.
- Excise taxes could raise costs for outdoor enthusiasts.
- A new excise tax is burdensome to retailers, especially if they must track certain categories of gear at different tax rates.

**Vehicle Registration Fee**

**Description:** A fee assigned at vehicle registration would support access to state parks. The fee could be opt-in, opt-out, or mandatory.

**Annual revenue generation potential:** \$11 million - \$21.6 million

**Policy considerations:**

- A vehicle registration fee has the potential to both lower costs for residents to access state parks and raise more money than current state parks pass revenue.
- A vehicle registration fee would likely produce more revenue as the state population grows, partially helping to offset the impact of a growing population on outdoor recreation and wildlife resources.
- A mandatory or opt-out fee model may not be supported by those who don't visit state parks.
- The cost of vehicle registration in Colorado is already high and any fee increases could drive fleet vehicles to be licensed in other states.
- Any kind of vehicle registration fee addition would require legislative action.



- If a mandatory fee were collected by the DMV, which is not an enterprise agency, TABOR revenue impacts may be triggered. An opt-out or opt-in fee would likely not trigger TABOR since they are clearly fees rather than taxes.
- In other states, funding from vehicle registration fees goes to their parks budget (although funding for wildlife could be explored in Colorado).
- A fee tied to vehicle registration could get caught up in conversations about funding highway infrastructure, instead of CPW.

**Stakeholder feedback:**

- There are equity questions related to funding state parks through vehicle registration fees, especially if they are mandatory. Residents who will not visit state parks would be required to pay if they own a vehicle. However, the overall cost of visiting state parks may go down and the on-site cost would be less of a barrier to those who already purchased a pass through vehicle registration or are visiting parks through public transportation or other non-vehicle modes of transportation.

**Mountain Bike Registration Fee**

**Description:** Mountain bikers would purchase an annual registration fee (either per rider, per bike, or a hybrid).

**Annual revenue generation potential:** \$6.1-\$11.5 million

**Policy considerations:**

- There are likely no TABOR implications with a gear registration fee.
- It would be relatively straightforward to establish, if there is good support from participating users.
- There are logistics considerations regarding the scope, implementation, and enforcement.

**Stakeholder feedback:**

- There is strong participation, enthusiasm, and support for the OHV and snowmobile registration programs on which the fee would be based. These groups support the expansion of the program to included non-motorized user groups.
- From the groups who participated in stakeholder engagement, there is an appetite in the mountain bike community for a fee program to support trail maintenance and building.

**Non-motorized Boat Registration Fee**

**Description:** Boaters would purchase an annual registration fee for specific non-motorized boats (defined by vessel type or length).

**Annual revenue generation potential:** \$3.8 – 7.6 million, before administrative and enforcement costs (which were not included in this revenue generation estimate).

**Policy considerations:**

- The existing motorized and sailboat registration program provides a structure for administering a non-motorized registration program.
- Enforcement for river vessels would be challenging, as motorized boaters are typically charged or checked at reservoir and lake launches, but there is no current infrastructure at the intervention point on rivers (put ins and take outs).
- There are no TABOR implications with a non-motorized boat registration fee.

**Stakeholder feedback:**

- The non-motorized boat community does not see benefits from a boat registration fee and does not support a user-specific funding mechanism.
- The non-motorized boat community is concerned about access and users “right to float” and would like to see better support from the state on this issue before considering funding mechanisms that implicate them.
- The non-motorized community has concerns about a per-vessel funding model due to ownership patterns.
- Other user groups supported this mechanism and believe it is a feasible option, particularly since many other states have implemented a similar fee structure.

**Colorado Outdoor Stamp**

**Definition:** Outdoor recreation users would be required (or encouraged) to purchase an annual pass to support conservation, outdoor recreation, and wildlife through CPW and potentially other agencies.

**Annual revenue generation potential:** \$9.5 million - \$28.5 million before administrative and enforcement costs (which were not included in this revenue generation estimate).

**Policy considerations:**

- Additional work is needed to determine if this could be a mandatory, opt-out, or voluntary funding mechanism, with significant implications for revenue generation potential.
- The engagement and education effort that would be needed to make this mechanism wide-spread and successful would be time-consuming and difficult.
- This model implicates all outdoor recreation user groups equally and simplifies the current à la carte approach to fees.
- A mandatory Colorado outdoor stamp would need to support funding priorities and be clearly linked to the fee.

**Stakeholder feedback:**

- Many stakeholders were enthusiastic about this model, especially those already paying a user fee.

- Stakeholders raised many questions about enforcement and implementation of this mechanism, which would need further exploration.

### **Incentivized Habitat Stamp Contribution**

**Definition:** Incentivize outdoor recreation users to voluntarily purchase a habitat stamp or make a donation through targeting membership-based organizations, outfitters, or other intervention points.

**Annual revenue generation potential:** \$263,000

#### **Policy considerations:**

- Voluntary incentivized donations do not represent a long-term stable funding source.
- Habitat stamp funding is statutorily directed to narrow wildlife-related purposes, not the broader wildlife budget or other priorities. A habitat stamp style mechanism that does not face the same funding restrictions may be most effective.
- Past voluntary approaches in Colorado have not been successful.
- There are no TABOR implications since this is a voluntary contribution.

#### **Stakeholder feedback:**

- Many people would be unlikely to contribute without explicit understanding of where the funding is going and alignment with their priorities.
- Outfitters and non-profits were concerned about the administrative burden of collecting money on behalf of CPW.
- For membership-based organizations, a \$5 donation for CPW represents a significant percentage of their membership fee and could deter new members. Similar concerns were raised with outfitters.

### **Technology-Based Voluntary Donations**

**Definition:** Leverage technology, and especially smartphones, to encourage voluntary giving.

**Annual revenue generation potential:** not available.

#### **Policy considerations:**

- Voluntary donations do not represent a long-term, stable, or reliable funding source for the agency.
- There are no TABOR implications with voluntary donations. Developing new apps that could incentivize technology-based donations would require outside expertise and could be expensive.
- There are no political risks associated with voluntary donations.
- Technology has the potential to help CPW with greater engagement of a wide range of stakeholders and outdoor users.
- Technology could be used to effectively implement or support other funding ideas.

### Stakeholder feedback

- Stakeholders felt that this was a low or no risk option.
- They also recognized that these funding ideas are unlikely to generate significant revenue, state government may not be the right organization to advance entrepreneurial technology (either because of a miss fit of skills or because paid apps from government agencies may not align with the agencies mission of serving the public).
- There may be opportunities for technology to play a role in supporting, promoting, and encouraging other funding mechanisms described above (e.g., mountain bike registration fee could be through an app).

### Conclusions

All funding mechanisms included in this analysis come with significant pros and cons. Funding for CPW will likely need to be a mix of funding mechanisms, since no one solution addresses all objectives and criteria. Tax based funding mechanisms have the potential to generate the most revenue, but TABOR makes them very challenging and for revenue generated over \$10-13 million CPW would lose its enterprise exemption status. Fees associated with specific uses, activities, or access build on the link between activities and the outdoor recreation infrastructure, and wildlife resources that support or enhance them. There is enthusiasm for the Colorado Outdoor Stamp model, but more work is needed to define how it would work. There is also potentially a near-term opportunity for a mountain bike fee, which could support user benefits (i.e., trail maintenance and construction). Voluntary funding mechanisms are unlikely to generate significant revenue, but could build a broad base of support, partners, and a coalition of enthusiasts for CPW. CPW is well positioned to bring together a diverse group of partners towards a common vision for Colorado with abundant wildlife and ample outdoor recreation opportunities.

## Introduction

In May 2018, Colorado Parks and Wildlife (CPW) commissioned Meridian Institute to develop a list of potential alternative funding sources for CPW and to gauge user groups' perspectives about each. This report summarizes potential alternative funding approaches that are being used in other states, offers an evaluation of their economic and political feasibility in Colorado, and provides a summary of user group attitudes about alternative funding mechanisms. The report is intended for the CPW Commission and staff, state-level policymakers, and the public to inform future deliberations about potential funding mechanisms to support the long-term sustainability of CPW.

## Why this study?

CPW has long been interested in diversifying its funding beyond the current sources, which rely heavily on hunting and fishing license fees and park-generated revenue to support wildlife conservation and parks management. In 2018 the Colorado state legislature passed the Future Generations Act (SB 18-143), which increases resident and nonresident hunting and fishing license fees and allows CPW to raise state park entrance fees. As part of discussions leading to the successful passage of this bill, legislators and others requested that CPW evaluate how non-sportsmen and state parks visitor stakeholders can contribute to CPW's budget to fulfill its mission.

Currently, under the American System of Conservation Funding model, hunters and anglers contribute the majority of state and federal wildlife funding through hunting and fishing license fees and excise taxes on gear. These measures have been in place for more than 80 years<sup>1</sup> when, faced with deteriorating wildlife populations, hunters and anglers recognized the importance of a stable funding source for preserving the country's natural resources and lobbied Congress to enact funding measures that would support these efforts.<sup>2</sup>

The recent passage of the Future Generations Act is tremendously helpful in addressing agency funding needs for CPW. However, diverse and additional funding sources will be important to the agency's ability to fulfill its broad statutory mission to perpetuate the wildlife resources of the state, provide a quality state parks system, and provide enjoyable and sustainable outdoor recreation opportunities that educate and inspire current and future generations to serve as active stewards of Colorado's natural resources into the future. This is particularly important in the face of significant and likely long-term trends and changes in the state. Some specific trends, challenges, and opportunities include:

- **Meeting agency priorities:** As outlined in the [2015 Strategic Plan](#), CPW has a diverse set of goals that relate to conserving wildlife and habitat for healthy sustainable populations

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<sup>1</sup> Pitman-Robertson was enacted in 1937, and Dingell-Johnson in 1950.

<sup>2</sup> [North American Model of Wildlife Conservation](#).

and ecosystems, managing state parks for world class outdoor recreation, and expanding and developing strategic partnerships and engaged constituencies. This strategic vision is ambitious, and CPW requires sufficient capacity, including staffing, infrastructure, and funding, to fulfill this roll.

- **More seats at the table:** Developing additional revenue sources engages user groups other than sportsmen and anglers. This could be a potential important step towards ensuring that the agency's funding composition represents and engages a broader set of constituents. There is the perception amongst many non-sportsmen user groups that CPWs' priorities often reflect and most closely align with the sportsmen community, since they contribute a significant percentage of overall agency funding. Expanding the set of partners, supporters, and friends of CPW is important for the agency to support its full statutory mission for the public.
- **Demographic trends:** Colorado continues to experience unprecedented population growth and development, which pose additional management challenges (and expenses) for the agency. The state's population is forecast to grow by more than 40% between 2015 and 2040.
- **Outdoor recreation:** There are also changes in outdoor recreation trends and growth in demand for new recreation opportunities, which pose management challenges, create demand for more services, and also create opportunities for engagement and partnership. At the same time, participation in hunting is declining (and with it, revenue that has historically supported CPW).

## Approach to this study

This study has three inter-linked components:

- **Literature Review:** As a first step, we reviewed the literature to explore and catalogue funding mechanisms that are frequently used to support state parks and wildlife agencies. This includes a mix of some of the most common mechanisms, but also some innovative ideas that have been discussed or used for funding in other contexts. The literature review is available as a separate document and some of the major findings or key points have been incorporated into this report. The literature review was accomplished through reviewing existing synthesis reports and white papers, public agency websites, academic journal articles, and other sources of information. Desk research was complimented by interviews with experts on funding for parks and wildlife agencies, including many thought leaders on the topic both within the state and nationally.
- **In-depth policy and economic analysis:** Following the literature review, Meridian Institute partnered with Earth Economics to conduct an in-depth policy and economic analysis to consider Colorado-specific context for a sub-set of the funding mechanisms. This analysis forms the backbone of this report, providing information on the revenue generation potential in Colorado, and specific policy or regulatory considerations.

- **Stakeholder feedback:** Meridian Institute met with various stakeholder and user groups to discuss findings from the policy/economic analysis and collect feedback on the specific funding mechanisms, as well as overarching feedback. We talked to hundreds of stakeholders, including sportsmen and women, outdoor recreation enthusiasts, private sector and business owners, wildlife advocates, the conservation community, and national level experts on funding for parks and wildlife. Meridian Institute also met with CPW staff, including a sub-set of the Leadership Team to get their feedback and input, particularly on administrative or other questions about implementing funding mechanisms. Appendix A includes a full list of stakeholders consulted as part of this process.

## Colorado Specific Context

Nearly all states in the country face similar challenges with funding state parks and wildlife agencies. In researching funding mechanisms for this study, we came across similar efforts targeting wildlife funding in Oregon, New Mexico, regionally by the Midwest Association of Fish and Wildlife Agencies<sup>3</sup>, and nationally by the Blue Ribbon Panel convened by the Association of Fish and Wildlife Agencies.<sup>4</sup> On the state parks side, Montana is convening a Parks in Focus commission<sup>5</sup> and in 2014 the California Parks Forward Commission included a study on revenue sources for California State Parks.<sup>6</sup> While this provides a wealth of information and analysis to draw on for this study, it also is a strong indicator that this is a broad and common challenge without an easy answer. There are several characteristics that make Colorado unique and require additional consideration.

### Combined Parks and Wildlife Agency

Colorado State Parks and the Colorado Division of Wildlife merged to create CPW in 2011. This has unique implications for consideration of future funding sources. CPW maintains two separate budgets—one for parks and one for wildlife. While both face some of the long-term funding challenges described above, the most significant funding needs are anticipated on the wildlife side of the equation.

To remain in compliance with federal regulations and receive federal appropriations from national excise taxes on hunting and fishing gear, which are an important component in the state wildlife budget, the parks and wildlife budgets must remain separate. When thinking about the funding mechanisms discussed in this analysis it is important to consider which are likely to support parks, wildlife, or both.

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<sup>3</sup>[Midwest Association of Fish and Wildlife Agencies](#)

<sup>4</sup>[The Blue Ribbon Panel on Sustaining America's Diverse Fish & Wildlife Resources.](#)

<sup>5</sup>[Parks in Focus Meeting.](#)

<sup>6</sup>[Parks Forward.](#)

## Taxpayer Bill of Rights

In 1992 voters in Colorado approved TABOR, which has significant implications for tax revenue for state government. It is likely to impede any tax-related funding mechanisms implemented in the state. Specifically:

### *New taxes are hard to pass*

Under TABOR, all new taxes must pass by popular vote via a ballot measure.<sup>7</sup> New tax measures can either be introduced as a statutory proposition or a constitutional amendment and can be introduced by the legislature or the voting public. For the legislature to introduce a statutory proposition, a simple majority vote by both chambers adds an initiative to the ballot. To place a constitutional amendment on the ballot, it must pass a 2/3 majority in both houses. For constituents to petition for a ballot measure, they must collect signatures from 2% of the voting public – 98,492 valid signatures. Constitutional amendments introduced by the voting public also have a distribution requirement, where the signatures must represent 2% of registered voters in each of the state’s 35 senate districts.<sup>8</sup> Statutory propositions require a simple majority in a state-wide election to be enacted, and amendments require a 55% supermajority.

Although it is more difficult to pass a constitutional amendment than a statutory proposition, new taxes passed via constitutional amendments can create guaranteed, long-term funding sources that are permanently earmarked for specific uses. Statutory propositions may be able to earmark funding for several years, but new revenue generated via these measures typically enters the state General Fund and could be re-allocated to other state priorities.

Since TABOR’s implementation in 1992, very few statewide tax initiatives have passed these stringent ballot requirements. Passing a new statewide tax requires wide geographic support, dedicated lobbying to garner the necessary signatures to appear on the ballot, and broad recognition and support from the voting base. Local sales tax increases have, in general, been much more successful than state-wide measures.

### *CPW has a beneficial enterprise exemption status*

In addition to the challenges inherent with passing a state-wide tax increase under TABOR, a general sales tax threatens CPW’s enterprise status. To qualify as an enterprise agency, CPW must generate 90% or more of its funding from sources other than the state or local government.<sup>9</sup> Currently, most of its budget comes from hunting and fishing licenses and state parks passes. CPW currently generates \$7-10 million (3.5% – 5%) annually from severance taxes and General Fund transfers, meaning any amount generated beyond an additional \$10 million would threaten the agency’s enterprise exemption status.

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<sup>7</sup> [Colorado State Constitution Article X TABOR Amendment](#)

<sup>8</sup> [Colorado General Assembly: How to File Initiatives](#)

<sup>9</sup> [Issue Brief 15-09](#)



Losing enterprise status means CPW would be subject to the same TABOR restrictions as all other government agencies in Colorado. As a non-enterprise agency, the state legislature would allocate the General Fund portion of CPW's budget each year and in tandem with all other non-enterprise state agencies, increasing the risk of annual budget cuts or re-allocations when other agencies represented more strategic or urgent political priorities.

In addition to the challenges of joining the General Fund budget allocation process without enterprise status, the state government must return any revenue generated in excess of the TABOR limit from non-enterprise agencies at the end of the fiscal year to taxpayers. If CPW were to lose its enterprise exemption status, this TABOR limit would rise in accordance with the agency's budget at the time it gained enterprise status (plus inflation and population growth). This would reduce the TABOR cap by approximately \$50 million,<sup>10</sup> which could trigger TABOR refunds. If hunting and fishing license sales or state parks pass sales increased in a fiscal year at a greater net rate than inflation and population growth, those increases would also contribute to the state's TABOR surplus and affect the General Fund budget. The state government would have to return any excess to the constituents via tax refunds.<sup>11</sup>

## Issues and Funding Priorities Most Important to Stakeholders

As part of the stakeholder engagement, we sought feedback on what issues related to conservation, wildlife, and outdoor recreation were the highest priority for the individuals and user groups consulted. In other words—what should CPW be doing more of in the future with future funding?

Although this list is not comprehensive or representative of all the consulted stakeholder groups' priorities, some recurring priority activities identified by stakeholder groups tied to future funding for CPW are summarized below.

- **Local planning processes:** The outdoor recreation community discussed a potential role for CPW in a proactive outdoor recreation, conservation, and wildlife planning process. The goal would be to identify areas well suited for various priorities in advance or in the early stages of planning projects and create a clear vision for which areas are being managed for which priorities. The conservation and wildlife community also recognized the importance of CPW playing a cross-agency role in planning processes that implicate federal, state, and local lands, considering the interagency challenges these processes can present.
- **Improve access:** Many outdoor recreation users—both motorized and non-motorized—expressed concern about access to trails or recreation areas.
- **Build trails and address maintenance backlog:** Related, there is a recognition by trail-based users that although there is a strong desire to build new trails, addressing the state

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<sup>10</sup> Personal communication with Justin Rutter, CPW

<sup>11</sup> Personal communication with Bill Levine, CPW

and federal trail maintenance backlog needs to be a higher priority. Some user groups, such as mountain bikers, also expressed a desire for additional dedicated single use trails. Other user groups expressed maintenance concerns on the heaviest use trails, such as Colorado's fourteeners. Although many of these are not on state lands, an expanded state trail grant programs could continue to play an important role in their upkeep.

- **Public education and outreach:** Stakeholders raised the importance of CPW serving as an educator for outdoor recreation users to create an ethic of responsibility and stewardship in the outdoors. They also shared that new funding mechanisms would need to come with public education, so constituents better understand CPW's funding model, agency priorities, and the need for additional revenue.
- **Open space and land preservation:** Some stakeholders shared a priority for conserving new land, ensuring adequate funding for conservation easements on private lands, and establishing open space policies, particularly as the state population grows. Several stakeholders asked about the "next" state park as a future funding priority.
- **Wildlife priorities:** Stakeholders expressed the need for adequate funding to support priorities in the State Wildlife Action Plan, and particularly management of species of greatest conservation need and non-game species in general. They also shared concerns over preserving wildlife corridors with the growing state population and rapid development.
- **Studies and long-term monitoring:** Other wildlife funding priorities included long-term ecosystem, habitat, or species specific monitoring efforts and support for citizen scientist programs.
- **Aligning with state water plans and other state-wide processes:** Funding mechanisms are being explored for implementation of the recently drafted Colorado Water Plan. There is potential for synergy with CPWs priorities and wildlife habitat, which could be leveraged. Also, funding and future activities should be aligned with other state-wide planning processes, such as the Colorado Department of Transportation's Statewide Bicycle and Pedestrian Plan and more local trail planning processes.

## Overarching Feedback

Through conversations with stakeholder groups, several themes emerged that cut across individual mechanisms and provide important context for discussions and next steps regarding future funding for CPW.

- **Continue to build a broad, engaged constituency for CPW:** Groups would like to see greater engagement of diverse partners and groups by CPW. For example, several raised concerns about the current composition of the CPW Commission strongly reflecting hunting, fishing, and agricultural priorities. We also heard that CPW is something of an unknown entity to some participants in outdoor recreation activities who don't interact with wildlife or state parks directly (e.g., some mountain bikers).

- **Alignment of priorities:** Some non-sportsmen user groups raised questions about how well their priorities align with the agency's. Many stakeholder groups expressed concerns about future funding, especially user-group generated revenue, supporting CPW activities that are not relevant to them or that they do not endorse. Specific concerns were raised about access by motorized and non-motorized recreation users, who have faced trail closures or curtailed trail planning processes and who have questions about the science and rationale behind these interventions. Others had concerns that CPW is not doing enough to manage non-game and endangered species and concerns about their current approach to predator management.
- **Transparency about where funding is going:** There was as a strong sense that, regardless of the funding mechanism, its success requires a high level of transparency about where the funding goes and what it supports. One of the hallmarks of several of the current successful user-pays funding mechanisms (hunting and fishing license fees, OHV and snowmobile registration) is that they have a high degree of transparency as to how the funds are allocated. In addition, statutes prevent fund diversions for many existing fee mechanisms.
- **Funding needs:** In order to support a new funding mechanism for CPW a broad set of partners and the public would need to have a clear sense of the current budget and demonstrated need for future funding. Several also raised questions about existing organizational inefficiencies<sup>12</sup> and ways those could be resolved to better use the current revenue.
- **User-pays funding mechanisms need to support some user benefits:** For the most part, the current user-pays models of funding—hunting and fishing license fees, excise tax on hunting and fishing equipment, motorized recreation vehicle registration fees—are widely supported by the user-groups implicated. Those user groups get significant benefits from their contributions (directly or indirectly), such as well managed game species, and new and well-maintained trails. Future user-pays funding models will be most strongly supported if they are also tied to user benefits. However, the degree to which this linkage is a precondition for support varies by individual user, by activity, and where the funding is going.
- **Questions about agency fit and focus:** Some stakeholders expressed that CPW may not be the right agency to support their needs, or that CPW did not hold relevance or name recognition for their constituencies. For more outdoor recreation focused funding, some wondered if the revenue generated would be a better fit for either a stand-alone entity or an umbrella fund that could be allocated to multiple priorities including CPW.
- **Funding mechanisms shouldn't prohibit accessibility of public lands or outdoor recreation, especially by new or historically underrepresented groups:** User-pays models run the risk of making access and outdoor recreation increasingly cost prohibitive for low-income populations.

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<sup>12</sup> [Investments in Colorado's Great Outdoors: Performance Audit](#)

- **Concerns about too many activity specific funding mechanisms:** There is a concern that continuing to pursue activity specific funding mechanisms results in an individual paying multiple different fees. There was a desire to explore or consider funding mechanisms that could simplify this structure.

## About the Funding Mechanisms Included in this Study

This paper summarizes potential new funding sources for CPW. For each funding mechanism there is a summary of its operation in other states, revenue generation estimates for Colorado, Colorado specific context and political viability, and feedback from stakeholder groups.

The first step in this study was to identify the full range of potential funding activities that have been used or discussed in other states through a literature review. Meridian Institute then applied an evaluation framework (see Appendix B) to review potential funding mechanisms against a consistent set of questions. Based on this analysis and other information about their feasibility in the state, a subset of funding sources were identified to explore in additional detail. Nine funding mechanisms were explored in detail in this analysis.

The funding mechanisms included represent a variety of options, ranging from taxes to fees to incentivized voluntary contributions. In Colorado and other states there is a long history of a user-pays model for wildlife funding, with sportsmen supporting the majority of wildlife management costs through user-based license fees. These analyses consider funding mechanisms that expand the user-pays model to include non-sportsmen, such as general outdoor recreationists, wildlife watchers and enthusiasts, and others. It also includes funding mechanisms that support a public good funding model — seeking support from a broad base of Colorado residents because well managed wildlife, conservation, and outdoor recreation goals have far-reaching benefits. The nine funding mechanisms represent ideas that have been used successfully in other states, as well as several new or never tried ideas that could be piloted in Colorado. Following the analyses of the nine funding mechanisms, some other funding ideas included in the original literature review, along with others identified as part of the stakeholder engagement process, are included in this report. None of these funding mechanisms represent a “silver bullet” that will solve CPW’s funding challenges, but through an adaptation or combination of several ideas, there is potential to generate new revenue for the agency while engaging a broader range of constituents.

It is also worth noting that the literature review revealed that CPW already has implemented many of the funding ideas that exist in other states, such as lottery funding through GOCO, specialty license plate fees, corporate partnerships, permits and registration fees, park generated revenue, donations, and others. In many of these funding sources, Colorado has been the first to implement new ideas (e.g., it was the first state to offer an income tax check-box donation and is the envy of many with lottery funds). This is noteworthy because Colorado has a historic precedent of creative thinking and innovation when approaching funding challenges.

## General Sales Tax

A general sales tax dedicated to parks and wildlife in Colorado is potentially a relatively stable, flexible, and long-term funding source for the agency. Sales tax would increase to accommodate a small percentage earmark – in this model, 1/8 of 1% - for Colorado Parks and Wildlife. Since general sales tax comes from everyone in the state, this revenue stream would not face restrictions on usage or require a high degree of accountability to a specific user group, unlike hunting and fishing licenses or parks passes.

### Where has it been used?

The table below summarizes the three states where a general sales tax directly supports parks and wildlife agencies.

Table 1: Overview of existing general sales tax

State	Details	Annual revenue	Parks or Wildlife
Missouri	1/8 of 1%	\$97 million <sup>13</sup>	Wildlife
Arkansas <sup>14</sup>	1/8 of 1%	~\$45-60 million <sup>15</sup>	Both, and the Arkansas Heritage Commission
Minnesota	3/8s of 1%	~\$100 million (wildlife) and \$43 million (parks) <sup>16</sup>	Both, with 60% going to local programs. 8% goes to the arts and cultural heritage fund

### How much revenue might it generate in CO?

In 2017, Colorado state sales and use tax generated nearly \$3 billion in revenue for the state<sup>17</sup> based on a 2.9% tax rate, which has been in place in Colorado since 2001.<sup>18</sup> Total taxable spending in Colorado was approximately \$103 billion in 2017. Following Arkansas and Missouri's model, Colorado could leverage a new tax to fund CPW at a tax rate of 1/8 of 1%. Based on 2017 spending, this tax mechanism would generate \$128 million in annual revenue for CPW, without impacting the general state sales and use tax revenue.

The recent Supreme Court decision in *South Dakota v. Wayfair Inc., et al.*, presents a potential opportunity for additional future tax revenue from online sales. Overturning precedent, the High Court argued that physical presence should not be the determining factor in a state's ability to apply sales taxes. This has been widely interpreted as allowing states to begin taxing

<sup>13</sup> [The Kansas City Star 2004.](#)

<sup>14</sup> [Arkansas Game and Fish Commission.](#)

<sup>15</sup> <https://drive.google.com/file/d/1yJ0rFLYEb0YDbjkR-I-h0cbatamXWYMF/view>

<sup>16</sup> Based on funding for [Outdoor Heritage and Park and Trails](#)

<sup>17</sup> [Colorado Department of Revenue Annual Report 2017.](#)

<sup>18</sup> [History of Local Sales/Use Taxes, CO Department of Revenue, July 2018.](#)

Internet sales. While that online sector (included under NAICS Sector 454: Non-Retail Stores) is small in comparison to traditional brick-and-mortar retail businesses, it has been growing at a faster rate. Extending Colorado’s state sales tax to Internet sales has the potential to generate increasing revenue over time, while (according to the High Court) correcting a distortion in the market which penalizes businesses with a physical presence in the state. Sales tax revenue from all online sales in Colorado could total \$38.9 million, based on 2015 CDOR data. However, much of this sales tax is already collected by online retailers with any form of physical presence in the state and large online retailers like Wal-Mart and Amazon, which voluntarily pay state sales tax. Since collecting sales tax from online retailers is seen as correcting a distortion, this mechanism may not need to pass the TABOR barrier of a ballot measure to be implemented,<sup>19</sup> and greater revenue from such a tax could create opportunity to re-allocate some sales tax revenue to CPW without raising the sales taxes.

### Is it politically viable?

#### Major Challenges

- Passing a new tax is difficult under TABOR.
- CPW would lose its enterprise status unless the funding was limited to \$10 million annually.

#### Major Advantages

- Sales tax is a long-term funding source with large revenue generation potential.
- Sales tax is also an equitable and low-impact model for individual Coloradans.

TABOR makes a new general sales tax in Colorado very challenging to pass and may be undesirable for CPW, because generating over 10% of annual revenue through taxes threatens its enterprise exemption status. CPW currently generates \$7-10 million annually from severance taxes and General Fund transfers, meaning any amount generated beyond \$10 million would threaten the agency’s enterprise exemption status. If CPW received 1/8 of 1% from general sales tax, it would lose this enterprise status, since the estimated revenue generation exceeds \$10 million. One possibility to avoid these challenges is to pursue an extremely small sales tax increase that would not trigger TABOR or negate CPW’s enterprise exemption status, although it would not generate a large portion of CPW’s budget. Another option to ensure the longevity and stability of the general sales tax model is to pass the tax increase as a constitutional amendment which includes an explicit exemption to TABOR restrictions. This would avoid subjecting CPW’s budget to the annual legislative general fund allocation process each year.

A general sales tax increase represents a relatively equitable option for funding CPW because it affects all state residents equally. Some fee-paying users might view a state sales tax as “double taxation” since they already pay fees which fund the agency, and hunters and anglers are taxed

<sup>19</sup> Personal communication with Justin Rutter, CPW.

federally for hunting and fishing gear. It is not a user-pays model because everyone will help fund the agency under this model. However, since 1/8 of 1% is a relatively insignificant amount, the total cost to the average Coloradan would be very low. Those who spend more would also pay more, an equitable arrangement for low-income Coloradans.

### **Do user groups and stakeholders support it?**

Many stakeholders expressed the concern that a sales tax increase is dead on arrival, due to the TABOR-imposed difficulties of passing a new state-wide tax in Colorado. Others also shared that as a general tax, constituents do not feel like they “own” the tax, making it particularly challenging to argue for an earmark from legislators. Many stakeholders and the Colorado legislature share the sentiment that other user groups should be paying into parks and wildlife, and a general sales tax increase is not a user-pays model. Passing a state-wide tax via a ballot measure would require significant coordination, partnership, and dedicated long-term effort from a diverse set of partners.

However, some stakeholders felt that a tax allocation option is the only possible long-term sustainable funding source for Colorado Parks and Wildlife, because fee-based systems tend to support the parks budget and therefore fail to generate the sustainable and long-term funding necessary to adequately fund wildlife conservation in Colorado.

Some communities, such as Larimer County, have passed local tax increases in the name of open space preservation.<sup>20</sup> Members from the sportsmen and angler community shared that there tends to be broad-based local support for conservation easements and open space preservation, and several counties have been able to raise taxes based on this support. Although historically local taxes have passed more easily than state-wide taxes due to TABOR restrictions, the success of local open space preservation tax increases is worth considering as an indicator of potential support for a state-wide sales tax campaign.

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<sup>20</sup> [Larimer County Open Lands Master Plan.](#)

## Dedicated Revenue from Existing Sales Tax on Outdoor Gear

Dedicated revenue from existing sales tax on outdoor gear means allocating the sales tax generated from outdoor gear sales specifically for parks and wildlife. It is not a “new” tax on sporting goods and outdoor gear, but an earmarking of existing tax revenues to support specific programs or agencies. It is also a user-pays model because it assumes those who buy outdoor gear are most likely to benefit from the outdoor recreation opportunities and wildlife resources supported by CPW.

### Where has it been used?

The table below summarizes the dedicated revenue from existing sales tax on outdoor gear in Texas and Virginia, as well as details from a proposal in Georgia to institute this type of mechanism.

Table 2: Overview of current existing dedicated gear sales tax

State	Details of tax	Revenue	Parks or Wildlife
<b>Texas</b>	Up to 94% of revenue from sporting goods sales tax (currently 6.25%)	\$277.6 million in 2018/19, although historically lower <sup>21</sup>	Both, and the Texas Historical Commission
<b>Virginia</b>	Up to \$13 million from existing sales of hunting, fishing, and wildlife watching equipment	\$10 million annually <sup>22</sup>	Wildlife, via the Game Protection Fund
<b>Georgia (proposed)</b>	Up to 80% of existing sales and use tax on outdoor sporting goods	Estimated \$20 million <sup>23</sup>	Both, plus local parks, via a grant program

### How much revenue might it generate in CO?

Research by the Outdoor Industry Association shows that the outdoor recreation industry in Colorado produces similar economic activity as Georgia and Texas, two states that have implemented or are considering implementing this funding mechanism.

<sup>21</sup> <https://headwaterseconomics.org/wp-content/uploads/state-rec-TX.pdf>

<sup>22</sup> The revenue can go up to \$13 million, but most years has been limited to approximately 10 million.

<sup>23</sup> <https://georgiaoutdoorstewardship.org/faq/>



Table 3: Overview of tax revenue in CO, GA, and TX

	CO	GA	TX
<b>Annual outdoor recreation spending<sup>24</sup></b>	\$28B <sup>25</sup>	\$27.3B	\$28.7B
<b>State and local tax revenues</b>	\$2B	\$1.8B	\$1.9B
<b>State retail sales (NAICS 451) tax revenues</b>	\$67.2M	\$20M (est)	
<b>State sporting goods (NAICS 451110) tax revenues</b>	\$45.3M		\$138.8M
<b>State sales tax</b>	2.9%	4%	6.25%
<b>Proportion of state sales tax diverted</b>		≤80%	≤94%
<b>Effective state sales tax on outdoor goods</b>		3.2%	5.87%

Colorado's Department of Revenue (CDOR) publishes monthly retail sales and sales tax summaries,<sup>26</sup> reported by NAICS industry codes.<sup>27</sup> In 2015, Colorado collected \$67.2 million in sales taxes from businesses classified under NAICS sector 451, within which outdoor gear is subsector 451110. In 2012, sporting goods sales accounted for 67% of all retail goods sales in Colorado.<sup>28</sup> Applying this proportion to the 2015 retail sales tax revenues results in \$45.3 million of (estimated) sporting goods taxes.

Table 3 shows that Texas and Georgia limit the percentage of tax revenue from sporting goods sales to parks and wildlife to between 80 and 94 percent. This is in part to account for the imperfect application of NAICS sector 451110, which includes a range of sporting and hobby

<sup>24</sup> These figures represent *all* spending associated with outdoor recreation, including lodging and other visitor expenditures. For details, see: [Outdoor Industry Association, 2017. State Funding Mechanisms for Outdoor Recreation.](#)

<sup>25</sup> The latest SCORP data estimates the Colorado outdoor recreation related consumer spending is over \$36.8 billion dollars on trips and equipment. Additional details on the economic contributions of outdoor recreation in Colorado, see: Southwick Associates (2018). "The 2017 Economic Contributions of Outdoor Recreation in Colorado: A regional and county-level analysis." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023, Appendix F.

For the sake of easy comparison to GA and TX we used OIA data in this table. For additional information on details on the economic contributions of outdoor recreation in Colorado, see: Southwick Associates (2018). "The 2017 Economic Contributions of Outdoor Recreation in Colorado: A regional and county-level analysis." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023.

<sup>26</sup> As of August 3, 2018, the CDOR Retail Sales Report website includes the following notice: "The Department of Revenue is currently experiencing a system problem that prevents the Retail Sales Reports from being produced. We are working to resolve the issue as soon as possible. We apologize for any inconvenience it may cause." The fullest year of revenue data available is for CY2015. See [CDOR, 2016. Retail Sales Report. Colorado Department of Revenue.](#)

<sup>27</sup> The NAICS codes relevant to outdoor recreation are detailed in Appendix C.

<sup>28</sup> [US Census Bureau, 2016. Economic Census \(2012, 2007, 2002\).](#)

goods not typically associated with outdoor recreation, such as tennis rackets (a full list can be found in Appendix C). Apportioning only a percentage of tax revenue from this code helps offset some of these concerns. If we assume that Colorado might follow Georgia and Texas in limiting their diversion of the sales tax on outdoor gear between 80 and 94 percent, this suggests that Colorado could generate \$36.2 million to \$42.6 million per year.<sup>29</sup>

### Is it politically viable?

#### Major Challenges

- This model requires re-allocating tax revenue from other state priorities, which could face political opposition.
- Allocating money from the general fund each year is not guaranteed, unless the measure is introduced as a constitutional amendment, as with the Georgia model.
- The Georgia model would face a difficult path to implementation as a ballot measure.
- CPW would lose its enterprise exemption status unless the percentage allocated for the agency amounted to less than \$10 million.

#### Major Advantages

- This model does not raise costs for Coloradans.
- It allocates money on a user-pays basis, from those most likely to use outdoor resources.
- If it were passed as a constitutional amendment, this model represents a stable long-term funding source.

The largest political challenge to earmarking outdoor gear sales tax is that it re-allocates money from the state General Fund, and other statewide budget priorities, to parks and wildlife. Because of TABOR, Colorado state agencies often operate at the limit of their budgets, especially because the populations that most need tax dollars (children and the elderly) have grown faster than the general state population over the past two decades.<sup>30</sup> As a result, many state agencies have been underfunded for decades. Earmarking a portion of the General Fund for parks and wildlife would likely face an uphill political battle from legislators and many constituents alike, since it would mean less money for competing priorities like schools, infrastructure, and hospitals. However, the total General Fund appropriations for fiscal year 2018 - 2019 is \$10.6 billion,<sup>31</sup> the projected revenue for this mechanism represents only a 0.38% decrease in the General Fund. Earmarking sales tax from outdoor goods for parks and wildlife is generally well received by both the outdoor industry and outdoor users.

<sup>29</sup> Due to limitations in the data (fn 3), these are approximations that likely overestimate the potential revenues.

<sup>30</sup> [U.S. Census Bureau](#).

<sup>31</sup> [Joint Budget Committee Staff Budget Briefing Summary: FY2018-19](#)

In both Texas and Virginia, state parks and wildlife funding required annual legislative allocation as part of the budgeting process, meaning the actual amount of annual funding is insecure and shifts with varying political priorities. The proposed Georgia model addresses this shortcoming with a 10-year allocation that can be renewed. In order for this model to create a dedicated, stable revenue stream in Colorado, revenue from the tax earmark would need to be continuously appropriated.

Based on the predicted revenue generation, CPW would lose its enterprise status if it implemented an outdoor gear sales tax model similar to the one proposed in Georgia based on NAICS codes.<sup>32</sup> Although under this model, funding from gear sales tax would be explicitly earmarked for CPW, it does raise the concern that future allocations of the General Fund budget could change the way this money is distributed and re-allocate gear tax funds for other state necessities, depending on how the law is written. It also subjects CPW to TABOR revenue limits. A potential alternative is a model like Virginia's, which has a cap on the total revenue that can be generated from existing sales of hunting, fishing, and wildlife watching equipment. If the earmark was carefully designed in Colorado to raise less than 10% of CPW's budget, the agency could raise funds via this mechanism and avoid losing enterprise status. However, this method would not represent the same significant portion of CPW's budget needs.

Earmarking sales tax from outdoor gear may seem fairer to Colorado residents than raising the general sales tax, even if not everyone purchasing outdoor gear is an active user of the state's outdoor recreation opportunities and wildlife resources, because it is segmented to garner funds from those who are more likely to use outdoor resources without raising costs for anyone.

### **Do user groups and stakeholders support it?**

Literature and discussions with stakeholders familiar with this funding mechanism in states where it is in place or proposed indicate that sales tax associated with existing gear sales is an intriguing option and often widely supported by the business community, the outdoor recreation community, sportsmen, and other stakeholders. Resistance to this type of tax usually stems from other state priorities (e.g., education, health, transportation, etc.), concerns about the general approach to earmarking taxes for specific expenditures and/or beliefs that the parks and wildlife agencies should rely on other tools for generating revenue, such as fee collection.<sup>33</sup>

The funding mechanism strengthens the connection between parks/wildlife and the economic benefits of outdoor recreation. It also is a user-pays model that implicates the broader outdoor recreation community, an appealing concept to voters and legislators. The sportsmen

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<sup>32</sup> NAICS codes are the North American Industry Classification System and it is the standard used by the Federal statistical agencies in classifying business establishments for purposes of collecting, analyzing, and publishing statistical data related to the economy. There are several potential models for calculating the earmark, but this one has the advantage of not requiring additional paperwork by retailers.

<sup>33</sup> [David Williams, & Anne M. Alexander, The North American Model of Wildlife Conservation in Wyoming: Understanding It, Preserving It, and Funding Its Future, 14 Wyo. L. Rev. \(2014\).](#)

community in Colorado expressed enthusiasm for this mechanism, as it represents a long-term stable funding source and includes some level of “ownership” from those being taxed, making the earmark easier to justify than in the case of general sales tax.

## New Excise Tax on Outdoor Gear

A new excise tax on outdoor gear would add a new tax that would be levied only on purchases related to outdoor gear. In Colorado, this means adding an excise tax to outdoor gear items sold in-state.

### Where has it been used?

Although no states currently have an excise tax on outdoor gear, the idea of a “backpack tax” has been circulating at the national level since former Secretary of the Interior Bruce Babbitt championed the tax in the 1990s.<sup>34</sup> The tax failed to pass in the United States Congress at that time. However, there is a federal model in place for conservation funding through excise taxes via the Pittman-Robertson Wildlife Restoration Act and the Dingell-Johnson Sport Fish Restoration Act.

Pittman-Robertson allocates an 11% excise tax on firearms and ammunition for the Secretary of the Interior to distribute to states for research and surveying efforts, management of wildlife and habitat, and land acquisition or leasing. States must match 25% of federal funding for these projects.<sup>35</sup> Dingell-Johnson created a 10% excise tax on sport fishing tackle items and a 3% excise tax on other fishing and angling products, which created a fund for federal aid that is distributed to the states for management and restoration of fish populations, wetlands restoration, boat safety, and aquatic education.<sup>36</sup>

### How much revenue might it generate in CO?

Setting an excise tax rate for outdoor gear is complex – no state-level models currently exist for direct comparison. This analysis considers three models. The first sets the *ad valorem* excise tax rate equal to the general sales tax rate, 2.9%. The second estimates the tax rate required to keep revenue at or below a \$13 million threshold to preserve its enterprise exemption status. A third model sets the excise tax at 10% for outdoor gear, following the Dingell-Johnson model. The models presented could be accompanied by a total or partial state sales tax holiday to offset some or all of the consumer impacts from an excise tax on outdoor gear.

The first model sets an excise tax rate of 2.9%, the same as the state sales tax rate. TABOR questions aside, an *ad valorem* excise tax introduced simultaneously with a “tax holiday” on the state sales tax could keep consumer demand constant, since total taxes on outdoor gear would not change. A tax holiday represents a temporary reduction in tax on specific goods to encourage consumer demand and minimize market disruptions. In this case, the legislature could pause sales tax on outdoor gear at the time an excise tax is enacted to “grandfather in” the tax, thus negating impact on consumer demand. The tax holiday could be perpetual to ensure

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<sup>34</sup> [Proposed Outdoor Gear Tax Faces Rough Going in House.](#)

<sup>35</sup> [Pittman-Robertson Act](#)

<sup>36</sup> [Dingell-Johnson Act](#)

that consumers do not move their purchases out-of-state. However, a sales tax holiday would decrease total revenue for the state General Fund, raising similar concerns about diverting money from other state priorities as with the dedicated revenue from existing sales tax model. As discussed in the dedicated revenue from existing sales tax mechanism section, current outdoor gear sales total approximately \$1.6 billion annually and generate \$45.3 million in sales tax. With a 2.9% *ad valorem* excise tax, and assuming 100% of revenue was directed to CPW, the revenue generation potential for this model is identical to the revenue generation potential for earmarking existing sales tax revenue from outdoor gear: \$45.3 million.

An alternative approach is to set the excise tax rate to generate a target revenue amount. Based on the current CPW annual budget of \$218.7 million and current receipts from taxes (approx. \$7-\$10 million), a new excise tax needs to generate approximately \$13 million or less for CPW to maintain its enterprise status.<sup>37</sup> With estimated gear sales totaling \$1.6 billion, a 0.8% *ad valorem* excise tax would hit this target and generate \$13 million in annual revenue. Similar to the first model, consumers could be given a “tax holiday,” reducing general sales tax to 2.1% (2.9% minus 0.8%) for outdoor gear to keep consumer costs constant. This model does pose potential difficulties – if the consumer demand for outdoor gear and CPW’s annual budget do not grow at similar rates, the revenue generated through the excise tax could exceed 10% of CPW’s annual budget. Planned adjustments to the excise tax rate or a ceiling for revenue generated could be necessary for long-term stability of this excise tax model.

The analysis assumes the net tax rate will remain constant, shifting revenue from the general sales tax to an excise tax due to a tax holiday. However, were the net tax rate to differ from the current 2.9%, we could expect some change in consumer demand. If the net rate were significantly less, we could expect increased sales, as prices to consumers would be lower. Conversely, adding an excise tax to the existing state sales tax would increase prices, and we could expect either delayed purchases for more durable items (e.g., tents, sleeping bags, or technical shells), or substitution from Colorado-based businesses to online and catalog sales. The magnitude of demand elasticities would depend on the size of the change from existing net tax rate but estimating their impact on both sales and tax revenues would require some measure of willingness-to-pay. We are unaware of similar experiments elsewhere; estimating the magnitude of these impacts would require focused polling of Colorado residents.

The final model adopts a 10% excise tax, following the Dingell-Johnson excise tax on sport fishing tackle items at the federal level. Given uncertainties in demand elasticity, the revenue from a 10% excise tax remains a rough estimate. An excise tax rate of 10% would generate an estimated \$160 million annually, based on total gear sales of \$1.6 billion. This estimate would decrease as the gear sector is better defined but would remain significant. However, the significant increased costs for in-state gear would likely result in decreased consumer demand,

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<sup>37</sup> Earlier in the report we reference \$10 million in tax revenue that could be generated before CPW hits the TABOR limit for enterprise exemption status. The actual amount fluctuates year to year, so could range from \$10-13 million.

as consumers would have incentive to purchase gear in nearby states or choose not to purchase outdoor gear due to its higher costs.

South Dakota v. Wayfair is relevant for this tax model as well. A major consideration with a state-specific excise tax is that customers will take their businesses elsewhere, choosing to purchase their outdoor gear online, where it is not subject to state-specific taxes. Were Colorado to introduce a measure requiring online retailers to charge state taxes for online purchases, this consideration becomes less relevant.

### Is it politically viable?

#### Major Challenges

- Passing a new tax under TABOR is difficult.
- CPW would lose its enterprise exemption status unless the excise tax was designed to generate less than \$10 million (0.8% or less).
- Discerning what gear is used for outdoor recreation and what is used for other purposes is impossible, so this is not a perfect user-pays model.
- Without a simultaneous sales tax holiday on outdoor gear, consumers may face higher cost barriers to outdoor recreation and may take their spending to other states.
- An excise tax on gear faces strong opposition from the Outdoor Industry Association.

#### Major Advantages

- Federal excise tax models under Pittman-Robertson and Dingell-Johnson have been highly successful in funding conservation and wildlife efforts.
- A gear excise tax represents a long-term, stable funding source.
- This is a user-pays model that allocates money from those more likely to benefit from outdoor recreation opportunities and wildlife resources.

Similar TABOR challenges exist with a new excise tax as with an overall increase in sales tax – passing an excise tax would require a ballot measure. In order to ensure annual dedicated agency funding, the excise tax would have to pass as a constitutional amendment, a long and arduous process requiring 55% of the popular vote. If the excise tax passed legislatively, it may be unhelpful to the agency; CPW would be subject to the annual General Fund budget allocation process.

The “tax holiday” model described in the revenue estimate requires reducing the total state tax revenue, which could impact other priorities and face political opposition.

Product-specific excise taxes are often financially burdensome to low-income individuals and families, and an excise tax without a sales tax holiday could create additional barriers to equitable outdoor access by raising the cost of outdoor gear.<sup>38</sup>

Adding a new tax to gear raises prices and could drive more consumers to shop online. Without a mechanism in Colorado to capture state taxes from online sales, raising the price of outdoor goods is likely to drive many consumers to favor online stores rather than local brick-and-mortar outdoor shops, potentially harming Colorado's robust outdoor recreation economy.

### **Do user groups and stakeholders support it?**

Given the success of Pittman-Robertson and Dingell-Johnson programs, there has been discussion of establishing a similar mechanism for the broader outdoor recreation industry, especially among sportsmen and anglers, but also from some outdoor recreation enthusiasts. Some stakeholders expressed that the outdoor gear industry has long avoided paying to support outdoor recreation opportunities and wildlife resources, and that it was time for the whole outdoor recreation industry to contribute to protecting public resources. Others see this as a potential "seat at the table" or mechanism to fund outdoor recreation or conservation objectives.

However, many outdoor products (e.g., backpacks, coats) are used for non-outdoor recreation uses, and additional taxes could make outdoor recreation less accessible and affordable to lower income families. There are also concerns about the complexity and burden to retailers of tracking sales tax on specific items.

In addition, the Outdoor Industry Association (OIA) and many retailers strongly oppose such a tax. They argue that public lands, water, outdoor recreation, and wildlife are important public goods and should be supported through existing federal obligations, such as funding for land management agencies and the Land and Water Conservation Fund before seeking new revenue sources. Outdoor products also pay significant import taxes (tariffs) compared to other sectors, ranging from 5% on a down sleeping bag to 34% on some outdoor apparel. Under the current administration's trade policies some of these tariffs are increasing, most recently on camping furniture and backpacks. Although the national OIA position is in strong opposition to an excise tax, some Colorado-based retailers expressed an openness to initial discussions about this type of funding mechanism. There is a range of perspectives from user groups. Some would welcome this type of funding mechanism, others have concerns about barriers to access, and many expressed a concern about potentially pursuing an option that would be strongly opposed by OIA, an important ally and partner in achieving broader conservation, outdoor recreation, and wildlife related goals.

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<sup>38</sup> [Outdoor Industry Association on an excise tax on outdoor products.](#)



## Vehicle Registration Fee

Some states support state parks through vehicle registration fees. A vehicle registration fee could take three forms: mandatory, opt-out, or opt-in. In a mandatory fee model, all vehicles registered in the state of Colorado would pay an additional fee that would also serve as an annual state parks pass. Any visitor driving a vehicle with a Colorado license plate would be exempt from purchasing a park pass or paying an entrance fee to a state park. In an opt-out fee model, drivers registering a vehicle in Colorado would be subject to a state parks pass fee unless they opted out via a form or other procedure. In an opt-in model, all people registering vehicles in Colorado could choose to purchase a parks pass at a reduced rate when registering their car, ostensibly increasing participation in parks pass purchases due to convenience and/or the discounted rate. Tying the purchase of passes to vehicle registration usually has the advantage of lowering administration costs compared to purchasing on-site or online.

### Where it has been used?

Several states have a fee associated with motor vehicle registration that supports state parks, usually by offering some sort of parks access benefit in exchange (typically, an annual parks pass). There are a range of options that have been used in other states. Some models include:

- **Mandatory:** Connecticut just began requiring a \$5 mandatory fee on vehicle registrations which goes towards parking at state parks (and therefore waives entrance fees) through their passport to parks program.
- **Opt-out:** Montana has a \$6 fee to access state parks associated with light vehicle registration and residents who do not wish to access state parks must opt out of an annual pass. All Montana residents visit state parks without paying park entrance fees (which are still charged to out of state visitors). Participation rate is approximately 75%.
- **Opt-in:** Several states allow residents to purchase an annual parks pass at time of vehicle registration, often at a discount. Idaho uses this model, charging \$10 at vehicle registration for a sticker to access state parks. Michigan, Kansas, and Washington have similar models.
- **Opt-in, plus voluntary, no access donation:** Washington state allows vehicle owners to purchase a park pass with their annual vehicle registration (\$30), and also provides an option to donate \$5 to state parks with or without the annual pass.

The table below summarizes these models and resulting revenue:

Table 4: Park Funding via Vehicle Registration system (2016)

State	Type	Fee <sup>39</sup>	Passenger Vehicles	Participation	Revenue
<b>MT</b>	Plate	\$6 (resident)	671,111 <sup>40</sup>	75%	\$3,020,000
<b>ID</b>	Sticker	\$10 (resident)	1,302,462 <sup>41,42</sup>	23.2% <sup>i</sup>	\$3,016,700
<b>WA</b>	Does not grant access	\$5 (donation)	7,559,161 <sup>43</sup>	15.9%	\$6,000,000 <sup>44</sup>

### How much revenue might it generate in CO?

The full revenue analysis for parks access through vehicle registration fees can be found in Appendix E.

There are more vehicles registered in Colorado than in Montana and Idaho combined. To estimate potential revenue in Colorado, we multiplied the participation rates and fees for each state by the number of passenger vehicles registered in Colorado (3,449,731 in 2016).

Table 5: Vehicles Registered in Colorado in 2016

Type	Registered in 2016	Percentage of Total
<b>Light Truck</b>	974,337	20.3%
<b>Motorcycle</b>	194,129	4.0%
<b>Motorhome</b>	33,032	0.7%
<b>Passenger</b>	3,549,731	73.9%
<b>Recreational Truck</b>	49,805	1.0%
<b>Subtotal</b>	<b>4,801,034</b>	
<b>Not included<sup>45</sup></b>	864,811	
<b>Total</b>	5,665,845	

<sup>39</sup> Fee and revenue values for all but Washington state's opt-out donation system are from Anderson, B., Carnohan, S., David, J., Schreier, A., Stenovec, M., 2017. Recreation Fee Systems: State Case Studies. William D Ruckelshaus Center, WSU and UW, Pullman, WA.

<sup>40</sup> Estimated, based on revenue and participation rates.

<sup>41</sup> [State of Idaho, 2018. DMV Data. Idaho Transportation Department.](#)

<sup>42</sup> Estimated, based on 2005-2015 data.

<sup>43</sup> WDOL, 2018. Statistics At-A-Glance (Annual Report Summary). Washington State Department of Licensing, Research and Analyst's Office, Olympia, WA.

<sup>44</sup> Stenovec, M., Kern, M., Page, C., Carnohan, S., Schreier, A., Hoard, S., 2017. Recreation Fees in Washington State: Options and Recommendations (A Report to the Washington State Legislature pursuant to SSB5883, Section 303(5), 2016 Legislative Session). William D Ruckelshaus Center, WSU and UW, Pullman, WA.

<sup>45</sup> The following vehicle classes have been excluded from consideration here: bus, dealer, farm trucks / tractors, GVW (semi) truck / trailer, public utility, "special mobile machinery," and special use trucks.

- If we assume an opt-out system with participation rates similar to Montana (75%), Colorado could have generated \$21.6 million (2016) with the same \$6 per vehicle fee on 4,801,034 non-farm, non-emergency vehicles<sup>46</sup> registered in Colorado that year.
- Projecting Idaho's opt-in fee and participation rate in Colorado results in \$11.1 million for 2016.
- Washington state's \$5 voluntary donation (integrated into the annual vehicle registration process) had the potential to generate \$3.8 million in Colorado in 2016.

Table 6: CPW Revenue Projections, based on Fees and Participation in Other States

State	Fee	Participation	CO Vehicles (2016)	Projected Revenues (2016)
MT	\$6	75.0%		\$21,604,653
ID	\$10	23.2%	4,801,034	\$11,138,399
WA	\$5	15.9%		\$3,816,822

If we instead attempt to replace the current revenue generated from parks access fees based on a range of participation rates and Colorado's registered passenger vehicles, the necessary fee levels range from just over \$3 per vehicle (for a mandatory system) to less than \$14 per vehicle (based on Idaho's participation rate). These figures do not subtract fees charged to out-of-state visitors due to data limitations.

Table 7: Projected Fees, based on Participation and Existing Pass Revenues

	Fee	Participation	CO Vehicles	Pass Revenues (2016)
<b>Mandatory</b>	\$3.20	100.00%		
<b>Opt-out (based on MT)</b>	\$4.27	75.00%		
<b>Hypothetical</b>	\$6.40	50.00%	4,801,034	\$15,358,169
<b>Opt-in (based on ID)</b>	\$13.79	23.20%		

<sup>46</sup> CDOR, 2016. 2015-2016 Annual Report (Annual Report). Colorado Department of Revenue.

## Is it politically viable?

### Major Challenges

- A mandatory or opt-out fee model imposes CPW's costs on all or most vehicle owners, not just those who visit parks and enjoy Colorado's wildlife.
- All the fee models (mandatory, opt-out or opt-in) require legislative action.
- A mandatory or opt-out fee could result in higher visitation, requiring additional CPW services at additional cost.
- The funding could support state parks because of the connection between vehicles and parking at state parks, but there are challenges with supporting other CPW funding priorities like wildlife with a mandatory fee.

### Major Advantages

- A vehicle registration fee has the potential to lower costs for residents to access state parks and raise more money than the current fee system.
- There are likely no TABOR implications for a vehicle registration fee.
- A mandatory or opt-out system, where a Colorado license plate functions as a state parks pass, could reduce bookkeeping, enforcement, and personnel costs for the agency.
- Vehicle registration fee revenue will increase as the state population increases, generating additional funding to offset population impacts on parks and wildlife.

Changes to vehicle registration fees must be made by the Colorado legislature, but do not require a ballot measure or wide-spread voter support. An opt-in fee is likely the most politically feasible because it would not affect requirements for Colorado vehicle registration. A mandatory fee raises political concerns because it would place a cost burden on everyone with a vehicle in the state. In Connecticut, which has a mandatory fee, the idea is that the fee serves as a "passport to parks" and covers parking at state parks, so in-state residents no longer have to pay to access parks.

Depending on how the vehicle registration fee is implemented, it could have impacts for CPW's enterprise exemption under TABOR. If a mandatory fee was administered and recorded as revenue by the Department of Revenue, which collects vehicle registration fees for the Department of Motor Vehicles (DMV), this could trigger TABOR revenue impacts. If CPW is interested in pursuing this option, they would need to explore this further to better understand what TABOR impacts this would or would not have.<sup>47</sup>

A vehicle registration fee administered by the DMV could raise questions, concerns, and discussion about funding for highway infrastructure, instead of CPW. Other states with this measure have clearly tied it to parks access, or parking at state parks. This could be an

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<sup>47</sup> Personal communication with Bill Levine

opportunity to leverage a potential partnership or build support for a funding mechanism that could support both transportation and CPW funding priorities.

However, fees must be tied to the purpose for which they are collected in order to qualify as fees rather than taxes. Recent Colorado court cases have found that there does not always need to be a direct nexus or physical connection between an individual's use and a user fee,<sup>48</sup> and a case could be made for state parks visitors being wildlife viewers and users. However, it would be easier to make a case for funding from a mandatory fee going towards the parks budget than the wildlife budget. Regardless of its final budget destination, a mandatory fee would likely face challenges in court.

A vehicle registration fee has the potential to increase equitable access to state lands because all Colorado residents with registered vehicle would be able to access parks at a reduced rate. This could increase attendance among lower-income communities who currently do not have the disposable income to purchase an annual pass or pay day use fees. Moreover, by tying fees to the number of vehicles owned rather than park visitation, those affluent enough to own multiple vehicles pay a larger share.

On the other hand, for the lowest income bracket of Coloradans, a mandatory or opt-out fee still raises important fairness and equity concerns. The cost of registering a vehicle in Colorado is already high, and for those in the lowest income bracket, even small increases in the cost of registering a vehicle could have large impacts on family budgets. In the case of an opt-out fee, immigrants who are English language learners and the elderly may have a difficult time understanding how to opt out of a new parks fee during the vehicle registration process, even if they do not wish to purchase a pass. Finally, a mandatory or opt-out fee places a cost burden on everyone, so it does not represent a user-pays model.

### **Do user groups and stakeholders support it?**

Many stakeholders were supportive of an opt-in or voluntary donation model, since it does not require a complicated political battle or implement a mandatory fee structure for all Coloradans. Many stakeholders also supported the idea of an opt-out model, particularly the possibility that it could lower costs for Coloradans to access state parks. Some expressed concerns that the potential decrease in parks pass prices could lead to increased impacts and maintenance costs. Others, however, felt that a bureaucratic procedure for opting out was disingenuous and would take advantage of many who are unlikely to visit state parks, and who could least afford to pay.

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<sup>48</sup> [TABOR Foundation v. Colorado Bridge Enterprise](#)

## Mountain bike registration fee

CPW charges registration fees for motorized boats, off-highway vehicles (OHVs), and snowmobiles. They also charge for river outfitter licenses.

Gear registration fees present the opportunity to introduce new user-pays models into the parks and wildlife system by charging specific categories of recreation users. One such model is a mountain bike registration fee. A mountain bike registration fee could be implemented as a per-bike, per-rider, or a hybrid model.

### Where has it been used?

Although some states have considered mountain bike registration fee programs, currently none have implemented this model. The most similar funding source is Oregon's recent adoption of an excise tax on new bicycle purchases, but this applies to both road and mountain bikes and goes to the state transportation fund rather than parks or wildlife.

### What logistics need to be resolved and key questions remain?

There are several key questions about program parameters, design, and administration that need further discussion and definition, including additional feedback from user groups. These include:

- **Definition of mountain bike:** There were questions if hybrid, cyclocross, and other recreation bikes would be included in the definition, as well as whether road bikes should be included. The analysis below explores the option of a fee associated only with mountain bikes, but these parameters could be further refined through additional exploration. One option is to define the surfaces or geographies where it is applied—such as only natural surface trails—rather than bike type.
- **Definition of which trails and lands require registration:** Additional revenue generation estimates, other analysis, and discussion with user groups is needed to determine if the program would include riders on federal, state, *and* county lands, or just a sub-set of those jurisdictions. Revenue generated from riders on federal and county lands may need to be shared with those jurisdictions. Similarly, additional discussion is needed to define which trails are included—just those comprised of a natural surface, or paved recreation paths and sidewalks. A similar program being considered in Wyoming limits the fee to “natural-surface trails” and would be required for participating trail networks (rather than all state, federal, and county lands).<sup>49</sup>
- **Per bike, per person, or hybrid:** Below we discuss three scenarios for revenue generation: a per-rider fee (similar to a fishing license), a per-bike fee (similar to an OHV or snowmobile registration permit), or a hybrid. The decision about which approach to

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<sup>49</sup> [Angus M. Thuermer Jr., WyoFile 2018.](#)

use has implications for implementation and enforcement, as well as revenue generation.

### How much revenue might it generate in CO?

Following the model of the Colorado OHV use permit, a valid permit would be required for riders accessing trails in the state, with further refinement needed as to what lands and trails are included.<sup>50</sup>

Two primary inputs were required to determine potential revenue from a bike registration fee (1) the number of unique mountain bike riders subject to the fee and (2) the potential fee amounts.

Based on the 2019 Colorado Statewide Comprehensive Outdoor Recreation Plan (SCORP), over 700,000 Colorado adult residents participate in mountain biking annually.<sup>51</sup> Due to limited data to estimate the number of unique mountain bikers who would register under this program, this analysis includes two scenarios based on different assumptions to determine the estimated number of unique Colorado resident mountain bikers. One estimate, the high estimate, assumes all 700,000 mountain bikers would participate in the bike registration fee. The second estimate, the more conservative low estimate, is detailed in this section of the report. Both estimates, plus additional detail on the methods, data sources, and assumptions used to derive these inputs are included in Appendix F.

The low estimate is adjusted to account for the subset of users who may register under the new fee by comparing SCORP estimates of OHV participation to OHV registrations. Based on SCORP participation numbers, nearly 1 million Colorado residents participated in off-highway vehicle recreation in 2018. 201,497 OHVs registered in fiscal year 2018.<sup>52</sup> The SCORP data tends to overestimate the total number of participants and therefore vehicles registered, since it does not account for borrowed, rented, shared, or non-compliant vehicles. In order to reconcile the SCORP data with actual revenue generation potential, this analysis assumes that 23% of mountain bikers might have their own mountain bike and register it under the fee. This number is likely a significant underestimate, as OHV users are 97% compliant with the registration program based on a survey of CPW, US Forest Service, and BLM patrols from 2011-2016.<sup>53</sup> However, to ensure a realistic and conservative estimate, applying this 23% rate to the population of mountain bike participants means an estimated 170,000 in-state riders are predicted to register under the new fee annually.

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<sup>50</sup> The revenue generation estimate is based on SCORP participation, so does not define the specific public lands used.

<sup>51</sup> Quartuch, M.R. (2018). "SCORP Public Engagement Technical Report: Statewide Public and Land Managers Surveys." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023, Appendix D.

<sup>52</sup> Email communication with Nick Dellaca, CPW.

<sup>53</sup> Email communication with Nick Dellaca, CPW.

Colorado’s SCORP does not include out-of-state visitors participating in recreation activities. To estimate the number of out-of-state mountain bikers visiting Colorado each year we used data from Colorado’s tourism office. Based on the 2017 profile of Colorado’s visitors, 4% of the 34 million overnight leisure visitors participated in mountain biking during their trip – 1.4 million participants.<sup>54</sup> This figure does not include day visitors who might participate in mountain biking as their profiles and preferences are less surveyed and documented. This analysis does not assume additional participation from day visitors who many visit the state for a range of leisure and business purposes. Following similar participation rates to in-state mountain bikers (23%),<sup>55</sup> 310,000 of out-of-state mountain bikers are predicted to register under the new fee as a low estimate. Bringing the estimate of total mountain bikers (local and out-of-state) registering under a new fee to 480,000 adult participants.

Table 8 summarizes annual mountain bike registration program costs based on the administrative overhead, enforcement, and search and rescue costs from the current OHV program, where of the \$25.25 per-vehicle fee, \$5.25 goes to administrative and overhead costs. The enforcement and administrative costs may need additional exploration, as they may differ from OHV costs. Also, the current administrative and enforcement costs associated with OHV do not fully cover all costs associated with the program.

*Table 8: Annual Mountain Bike Registration Program Costs*

Enforcement Cost	\$	200,000
Administrative Overhead	\$	858,000
<b>Total Annual Cost</b>	<b>\$</b>	<b>1,058,000</b>

Options discussed in this section were calculated using two values for an annual fee, summarized in Table 9. Adjusting the fee amount would impact revenue generated and the participation rate.

*Table 9: Annual Registration Fee Range*

<b>Low</b>	\$15.00
<b>High</b>	\$25.00

### *Option 1: Per Rider Fee Structure*

The first fee option presented is modeled on a per participant structure. The estimated participants are multiplied by the fee rates described in Table 9. Note that in Table 10 below total revenue is presented by participant type, while net revenue is presented for the sum of in-state and out-of-state participants.

<sup>54</sup> [Colorado Tourism Office, pg. 82 & 220.](#)

<sup>55</sup> [Ibid., pg. 82 & 220.](#)



Table 10: Per Rider Annual Registration Fee Revenue

	<b>Total Annual Fee Revenue Generated By Participant Type</b>		<b>Net Annual Fee Revenue (after enforcement and administrative costs)</b>	
	Low	High	Low	High
	(\$15/permit)	(\$25/permit)	(\$15/permit)	(\$25/permit)
CO Residents	\$ 2,537,000	\$ 4,228,000	\$ 6,106,000	\$ 10,881,000
Out-of-State	\$ 4,627,000	\$ 7,711,000		

### Option 2: Per Bike Fee Structure

Calculating a per bike registration fee requires assumptions on the number of bikes participants own and would register. This analysis assumes that while out-of-state visitors may own multiple bikes, they are likely to register only a single bike for use on their trip. This may overestimate the number of bikes as presumably rented bikes would only be registered once per year by a rental company yet used by multiple participants.

Colorado mountain bike participants can be further segmented into avid and occasional riders. Participants in these two groups will own different numbers of bikes as avid riders likely spend more time and disposable income on the activity. A 2016 survey by Single Tracks, a website and forum for trail info and reviews, found that their users own 1.5 mountain bikes and 1.1 other bikes.<sup>56</sup> Relying on their survey, this analysis assumes that avid mountain bikers own 1.5 bikes while occasional riders own 1 mountain bike. The distribution of avid vs. occasional Colorado mountain bike participants is unknown. This analysis assumes that 1/3 (33%) of riders are avid mountain bikers – adjustments to this assumption could be made given additional data on participant characteristics.

Table 11: Per Bike Annual Registration Fee Revenue

	<b>Bikes Per Participant</b>	<b>Total Annual Fee Revenue By Mountain Bike</b>		<b>Net Annual Fee Revenue (after enforcement and administrative costs)</b>	
		Low	High	Low	High
		(\$15/permit)	(\$25/permit)	(\$15/permit)	(\$25/permit)
Resident, Avid	1.5	\$ 1,256,000	\$ 2,093,000		
Resident, Occ.	1	\$ 1,674,000	\$ 2,790,000	\$ 6,499,000	\$ 11,536,000
Out-of-State	1	\$ 4,627,000	\$ 7,711,000		

### Option 3: Combination structure

Combining the two fee structures discussed above, this option applies a per rider (+ 1 bike) fee with a lower fee for additional bikes. Under this option, extra bikes incur an additional \$5 fee.

<sup>56</sup> Personal communication.

The assumption that 1/3 of Colorado resident mountain bike participants can be considered avid riders and own 1.5 bikes is again used to assess a combination fee. Table 12 outlines the breakdown of participation along with extra mountain bikes.

Table 12: Estimated Participants and Bikes Under a Combined Structure

Participants (Full Fee)		Extra Mountain Bikes (Additional \$5 Fee)
CO Residents	Out-Of-State Visitors	
170,000	310,000	27,900

Table 13: Rider and Bike Combination Annual Registration Fee Revenue

	Annual Fee Revenue By Participant Type		Additional Bike Fee Revenue (\$5/extra bike)	Total Annual Fee Revenue	
	Low (\$15/permit)	High (\$25/permit)		Low (\$15/permit)	High (\$25/permit)
CO Residents	\$ 2,537,000	\$ 4,228,000	\$ 140,000	\$ 6,246,000	\$ 11,021,000
Out-of-State	\$ 4,627,000	\$ 7,711,000			

Across the three fee options, CPW could anticipate an annual net revenue ranging from \$6.1 to \$11.5 million for all users.

Questions remain surrounding the implementation of an annual bike registration fee, its enforcement, and the effect on rider preferences and may require additional analysis. Specifically:

- **Administrative and enforcement costs:** Further analysis of the administrative, program costs, and enforcement structure of this fee will likely highlight differences from the current OHV model, necessitating the adjustment of associated costs, which currently remain constant at \$1,107,000 across all participation estimates.
- **Substitutes and behavior change:** Also effecting the registration rate is the availability of substitutes. The analysis presented here does not account for the availability of alternative trails (for example, on private land) in different regions of the state. The number of mountain bike participants buying into the fee would be subject to the use and appeal of available substitutes. Depending on which trails require the permit, there could be implications for other trails (e.g., if just state and federal, county trails may see more use). Primary evaluation of rider preferences would help determine the potential effect of trail substitutes on annual registration rate.
- **Improved data sources on bikes per rider estimates:** The International Mountain Biking Association (IMBA) is currently implementing a national survey<sup>57</sup> which may generate data to adjust the estimates of participation and bike ownership used in this analysis.

<sup>57</sup> Survey running August 20<sup>th</sup> to September 20<sup>th</sup>, 2018.

- **Effect of fee amounts:** Further research into the marginal effect of different fee amounts and enforcement structures would inform the impact of differing fee amounts on the total revenue generated from the mechanism.

#### Major Challenges

- The OHV program has been successful largely thanks to user group enthusiasm and ownership. It is unclear how challenging it would be to develop the same level of investment in the mountain bike community.
- Differentiating between the bikes that have to pay the fee and those that are exempt could be challenging due to definitional disagreements about what constitutes a natural surface trail, or types of mountain bikes.

#### Major Advantages

- This mechanism represents a user-pays model that targets those paying the fee with those who mountain bike on public lands, which addresses some equity questions about this model.
- There is an appetite in the mountain bike community for a fee program like the OHV model.
- There is strong participation, enthusiasm, and support for both the current OHV and snowmobile registration programs.
- There are likely no TABOR implications with a gear registration fee.

### Is it politically viable?

A mountain bike registration fee has the potential to be politically successful because it presents a user-pays model for a group that currently does not pay into the parks and wildlife system but benefits from CPW's trail grant program and the agency's recreation and wildlife management activities. Additionally, a mountain bike registration fee would not require a lengthy ballot measure, only legislative action, and as a fee there are no TABOR implications for the agency. If the fee were applicable on all natural surface trails, including federal and county-managed trails, some percentage of the revenue would have to be returned to those entities in grants or allocations. If the registration fee was modeled after the current CPW state trails grant program then those funds could be granted back to fund trails on federal, state and local land.

### Do user groups and stakeholders support it?

Based on the input provided during the two meetings with leaders in the mountain bike community on both the front range and western slope, there is support and a high degree of enthusiasm in the mountain bike community for a mountain bike registration fee that could support trails, similar to the OHV fee program. Below are some of the key themes from those discussions.

- **Funding for trails:** Many leaders in the mountain bike community would support and advocate for this fee structure if the revenue went directly back into the mountain bike community towards new trail miles and trail maintenance.
- **Funding for wildlife:** It is also possible that some amount of the funding generated could go towards wildlife conservation expenses and objectives. In fact, many of those consulted indicated that this is an important component of a mountain bike registration fee, because they value healthy wildlife populations. They discussed a culture in Colorado where outdoor recreation contributes and supports wildlife. Mountain bikers would be most supportive of this proposal if the funding supported science-based decision making to inform user benefits, such as NEPA studies on anticipated wildlife impacts. There was also some appetite for the funding to support broader wildlife funding priorities. When asked if, for example, 10-20% of revenue could be dedicated funding for wildlife or other non-trail priorities, there was a positive response and an initial indication that this could be easy to build support for.
- **Dedicated trails:** The mountain bike community emphasized that dedicated mountain bike trails or trails built with mountain bike riding in mind can improve the riding experience and also minimize conflicts with other user groups. There is a recognition that building *just* mountain bike trails with the funding generated is likely not feasible, but that in some locations, dedicated use trails can be optimal. When funding non-motorized trail construction and maintenance, the current CPW state trails grant program doesn't prioritize mountain bike trails over trails for more than one type of use.
- **Stewardship and sweat equity:** A non-motorized recreation trail fee currently being proposed in Wyoming<sup>58</sup> includes a provision that waives the fee for individuals that contribute volunteer time and effort to relevant stewardship projects. There was enthusiasm for exploring the potential tradeoffs of this idea, since many local mountain bike groups already rely on volunteer stewardship.
- **Geographic scope:** In discussing which types of trails or geographies would require a fee, a few specific ideas were discussed:
  - **County, State, and Federal lands:** The mountain bike sticker could be required for all county, state, and federal lands. We discussed limiting this to state and federal lands, but a significant amount of trails used by mountain bikes are on county lands. Funding could be re-granted or shared with the county agencies managing those trails, similar to how CPW currently manages their non-motorized trail grant program.
  - **Dedicated trail systems:** An alternative would be to roll out the fee in specific trail networks. Then, the registration would be required for those trail networks, which could also be the beneficiary of the funding.
- **Definition of trails:** There was a general enthusiasm for requiring the registration fee for all "natural surface" trails, rather than linking it to bike type.

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<sup>58</sup> [Wyoming Non-motorized recreation trail fee draft house bill.](#)

- **Per rider or hybrid:** Among those engaged, there was an enthusiasm for either the per-rider or the hybrid model of funding, rather than per bike. Many avid riders own many bikes, making a per bike fee a challenge.
- **Technology:** Consider opportunities to use technology to make the process of purchasing the registration fee easier. For example, QR codes at trailheads or simple online pay portals. Or a notification could potentially be built into popular trail apps.
- **Consider initial “positive enforcement”:** As part of the roll out, consider messaging campaigns to encourage participation, rather than fines for non-compliance. Peer-influence and to make the registration the norm, rather than a strong focus on “catching” free-riders. There was also a suggestion that the front-range mountain bike patrol could be important in the roll out and enforcement. A small stipend could encourage volunteer patrollers to ride on trails in other parts of the state and encourage enrollment.
- **Free registration for kids:** There is a concern that, especially for low-income citizens, even a marginal registration fee could be cost prohibitive. One suggestion was to consider a required but free or discounted registration process for young people to encourage and normalize participation without creating financial barriers. A portion of the funding could also go to support programs that encourage access and engagement.
- **Keep communication around where funding goes simple:** While many people noted that part of the OHV programs success is the ability to clearly communicate where the \$25.25 registration fee goes. Participants recognized the need to keep the system simple, which may be a challenge in the context of the other ideas above (e.g., stewardship exemption, funding for wildlife, youth pass).
- **Concerns about CPW:** During the stakeholder engagement process, several people raised questions about CPW’s potential role in managing a mountain bike fee program. Specific questions stem from two concerns: 1) CPW may be an “unknown entity” to many in the mountain bike community. Many stakeholders expressed limited knowledge of the agency, its priorities, and its role in the state. And 2) concerns about agency culture and priorities. Specifically, several people expressed frustration at interactions with CPW that related to signing off on specific trail projects, and last-minute concerns about wildlife shutting down projects or access late in the process. There were also concerns about other limits to access, such as restrictions on bikes in state wildlife areas.

Other stakeholder and user groups also provided feedback on this funding mechanism:

- The OHV registration currently supports trail maintenance and construction that benefits mountain biker users and other trail users.
- Many motorized trail users (OHV, snowmobile) felt that a non-motorized trail funding mechanism is overdue.
- Many wildlife advocates felt that it is important to balance outdoor recreation with habitat protection through management. The current OHV criteria and scoring for the

grant application play an important role in minimizing impacts and effectively managing wildlife and similar criteria should be considered for a mountain bike program. .

- Some stakeholders expressed concern that funding mechanisms that target a single user group could continue to perpetuate challenges associated with representation and segmenting the outdoor recreation community.
- There are concerns that a bike registration fee will support mountain bike priorities over other CPW agency priorities, such as sensitive habitat. However, they also expressed that historically rogue trail construction has proceeded regardless of restrictions or agency oversight, so trail construction through formal CPW processes is preferable to ad-hoc, user-created trail construction.
- Other user groups discussed extending the program to all recreation bikes, including road bikes on paved trails. The connection to user benefits are less clear for non-mountain bikes, and inclusion of road bikes could raise questions about shared funding with transportation.

## Non-motorized boat registration fee

Colorado requires all motorized and sail-powered boats to pay an annual registration fee of \$35.25 - \$75.25, depending on the size of the vessel. A non-motorized boat fee could build off this existing administrative structure and require all boaters and paddlers to pay an annual registration fee, representing a user-pays model for the water sports community.

### Where has it been used?

Although all 50 states require motorized boat registration, some require a variety of other vessel to register as well, including non-motorized watercrafts. These fee programs vary widely across states, with some key considerations.

**Vessel type and size** – Currently, Colorado requires motorized and sailboat registration. Registration for other types of vessels ranges and the specific requirements vary by state. For example, Iowa and Minnesota define registration by vessel type (kayaks, canoes, rafts, stand-up paddle boards, and kite boards). In addition, or as an alternative to vessel type, states define a vessel length exemption, which ranges from 10-15 feet.

**Fee amounts** – Fee models also vary across states with these programs. Three-year registrations are common, typically in cases where the state's motorized boat registration also lasts for three years. Fees range from \$10 – \$95 across states with non-motorized registration fees, typically based on vessel size but some based on factory price. Other states offer a flat registration rate for all non-motorized vessels.

**Funding** – In most cases, non-motorized boat funding goes towards a parks or wildlife department and is allocated towards water access, water trail grant programs, river and lake improvement efforts, enforcement, and education. Some states, like Minnesota, also fund aquatic invasive species funds with non-motorized boat registrations. In a few states, like Oklahoma, revenue goes into the general fund.

Non-motorized boat registration fees are particularly popular because they can provide leverage for federal transportation dollars through the Wallop-Breaux Amendment to the Dingell-Johnson Act, which allocates federal funding to states for the management and restoration of fish.<sup>59</sup>

### How much revenue might it generate in CO?

This analysis considers a per-boat registration fee, similar to the per-boat motorized vehicle registration fee in place in Colorado. Given the fees already in place for commercial guides, this analysis only considers adding a registration fee for private river and lake users. The necessary components for analysis include participation estimates for commercial and private users, the

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<sup>59</sup> [U.S. Fish & Wildlife Service, Wildlife & Sport Fish Restoration Program.](#)

average number of participants per vessel, an understanding of administrative overhead and enforcement, and a fee structure for non-motorized boat registration.

Based on Colorado's 2019 SCORP, in-state participation in non-motorized boat activities totals almost 1 million participants per year, with over ½ million participating in kayaking/canoeing (Table 14).<sup>60</sup>

Table 14: Colorado Resident Non-Motorized Boat Participation

Activity	Participants <sup>61</sup>
<b>Whitewater rafting</b>	400,000
<b>Canoeing/Kayaking</b>	600,000
<b>Total</b>	1,000,000

Additional out-of-state visitors also participate in non-motorized boat activities. Colorado's SCORP does not include out-of-state visitors participating in recreation activities. Based on the 2017 profile of Colorado's visitors from Colorado's tourism office, 2% of the 34 million overnight leisure visitors participated in rafting and 6% participated in kayaking or canoeing during their trip – 2.7 million participants total (Table 15). This figure does not include day visitors who might participate in rafting, kayaking, or canoeing, as their profiles and preferences are less surveyed and documented.

Table 15: Out-of-state non-motorized boat participants

Activity	Participants
Rafting	680,000
Kayaking/canoeing	2,040,000
<b>Total</b>	<b>2,720,000</b>

Following assumptions used for mountain bikes, this analysis assumes that participation in a boat registration fee would occur at a similar rate to the current off-highway vehicle registration program (23%).

Table 16. Participants Registering Under New Fee (23%)

	CO Residents	Out-Of-State Visitors
Rafting	87,000	163,000
Canoeing/Kayaking	134,000	490,000

<sup>60</sup> Quartuch, M.R. (2018). "SCORP Public Engagement Technical Report: Statewide Public and Land Managers Surveys." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023, Appendix D.

<sup>61</sup> [U.S. Census 2010.](#)



To assess the potential fee revenue from private non-motorized vessels, this analysis estimates the breakdown between commercial and private participants using recent survey results from the Upper Colorado River. In 2014 and 2015, RCC Associates conducted a survey of river users at Two Rivers boat launch on the Colorado River.<sup>62</sup> This survey provides an overview of commercial vs. private use across non-motorized boat activity types. Results are used to segment the in-state and out-of-state participants registering (Table 16) into private and commercial river users (Table 17).

Table 17: Commercial vs. Private Participant Breakdown

	Percent		In-State Participants		Out-Of-State Participants	
	Commercial	Private	Commercial	Private	Commercial	Private
Whitewater Rafting	35%	65%	30,000	56,000	57,000	106,080
Canoeing/Kayaking	16%	84%	21,000	112,000	78,000	411,000

Using additional information from the Upper Colorado River survey, the average number of participants per vessel was used to estimate the total number of vessels subject to a registration fee (see Table 18).

Table 18. Participants Per Vessel and Number of Private Vessels

	Participants		Participants Per Vessel	Vessels	
	In-State	Out-Of-State		In-State	Out-Of-State
Whitewater Rafting	56,000	106,000	5.3	11,000	20,000
Canoeing/Kayaking	112,000	411,000	1.5	75,000	274,000

This analysis includes two per vessel fee estimates for private boater (Table 19). This could be further adjusted if varying fees were assigned to different watercraft types.<sup>63</sup>

Table 19. Per Vessel Fee Options

<b>Low</b>	\$10.00
<b>High</b>	\$20.00

Based on these fees, the breakdown of expected total revenue is displayed in Table 20. Overall, a non-motorized boat fee could generate between \$3.8 million and \$7.7 million, before costs.

<sup>62</sup> RCC Associates, 2017.

<sup>63</sup> Many states with non-motorized boat fees have fee models based on vessel length or price at fabrication. Colorado's motorized boat program also bases registration fees on vessel size based on the below model. However, since there is no available data detailing vessel sizes for non-motorized boat fees, this analysis uses a static registration fee to calculate potential revenue.

Questions remain regarding enforcement of this mechanism. The motorized boat program has clear intervention points for enforcement since most motorized boat use occurs on lakes or reservoirs with boat launches. However, a larger portion of non-motorized boat use occurs on rivers without a clear enforcement point. As a result, overhead costs have not been included in this analysis.

Table 20. Revenue by Vessel Type

	Vessels		Revenue	
	In-State	Out-Of-State	Low (\$10/boat)	High (\$20/boat)
Whitewater Rafting	11,000	20,000	\$ 310,000	\$ 620,000
Canoeing/Kayaking	75,000	274,000	\$ 3,490,000	\$ 6,980,000
<b>Total</b>	<b>86,000</b>	<b>294,000</b>	<b>\$ 3,800,000</b>	<b>\$ 7,600,000</b>

Stand-Up Paddle boarding (SUP) is a growing non-motorized activity and could be included in a non-motorized boat registration program. Colorado’s 2019 SCORP indicates that nearly half a million Coloradans participate in SUP activities annually.

**Is it politically viable?**

<b>Major Challenges</b>
<ul style="list-style-type: none"> <li>• Currently, CPW has clearer enforcement points on lakes than rivers, and offers clearer user benefits to flatwater vessels in the form of boat launches and management areas than rivers. The only river launch CPW manages is the Arkansas Headwaters Recreation Area, which already has a use fee associated with it.</li> </ul>
<b>Major Advantages</b>
<ul style="list-style-type: none"> <li>• The existing motorized and sail boat registration program provides a structure for administering a non-motorized registration program.</li> <li>• There are no TABOR implications with a non-motorized boat registration fee.</li> </ul>

Non-motorized boat registration fees are most common in midwestern states and typically target regions where most non-motorized paddlers recreate on lakes. In Colorado, where a large portion of non-motorized paddlers recreate on rivers, it could be harder to build support for registering non-motorized vessels. River vessels often require minimal infrastructure at access points and have less overlap with motorized boat infrastructure and administration.

**Do user groups and stakeholders support it?**

The non-motorized boat community does not support this type of funding model and made the following points during the consultation:

- **Lack of user benefits:** The non-motorized boat community, and especially those associated with river sports, do not currently see strong user benefits provided by CPW

and would likely oppose a registration fee. The agency already charges use fees on rivers where it has an active management role and control access, which is primarily limited to the Arkansas Headwater Recreation Area. For this reason, the non-motorized boat community tends to view a registration fee as a kind of double taxation.

- **Concerns with per vessel:** They also shared dissatisfaction with a per-boat model, preferring a user-based fee rather than a gear fee, since some non-motorized boaters own many vessels that may only be used occasionally. Length limits are problematic because for non-motorized boats they are somewhat arbitrary—not necessarily tied to vessel value or use, as in the motorized community.
- **Lack of state support for access:** Participants raised concerns about the state’s role in river access questions. As long as the state does not assert ownership of its waterways, nor protect the right to float on those waterways, it is not appropriate for them to charge a fee to use those waterways.
- **Enforcement challenges:** The complexity and cost associated with enforcement would be significant.
- **Lack of ties to aquatic nuisance species:** The river boat community feels strongly that the link to aquatic nuisance species transmission is weak and does not pose a significant threat to justify funding from this community. They strongly opposed previous attempt to expand Aquatic Nuisance Species (ANS) stickers to rafts and kayaks.

Despite these concerns with a non-motorized boat fee, many stakeholders acknowledged the importance of developing a mechanism to pay into the common water and wildlife resources that make non-motorized boating in Colorado special, such as some of the other ideas included in this report.

Some other user groups were supportive of this funding mechanism.

## Colorado Outdoor Stamp

Many outdoor recreation users raised concerns about having a variety of activity-specific fees, with the idea that an *à la carte* approach will ultimately result in significant administrative and organizational challenges. Additionally, there is a core group of outdoor recreation participants who don't currently pay any kind of fee, such as hikers, climbers, and wildlife watchers. One idea is to create a mandatory fee imposed on all outdoor recreation activities via a Colorado Outdoor Stamp.

The stamp could be an annual purchase, available online, through state parks, and potentially through other venues like retailers, membership organizations, and trailheads.

A few different models were suggested by user groups, but the general concept is that an outdoor recreation stamp could align with specific outdoor activities, while also unifying the many groups and individuals who appreciate outdoor recreation and wildlife resources in Colorado:

- One idea is that the stamp could support a wide range of outdoor recreation and conservation objectives in the state. At the time of annual purchase, the purchaser could select a stamp that is branded to align with specific outdoor recreation activities. For example, they could purchase the stamp as a hiker, a paddler, a climber, or as a horseback rider. Although many Coloradans participate in a range of outdoor activities, all the stamps would cost the same amount, and users could pick which stamp aligned with the outdoor recreation issues they cared most about.
- Another idea is that the Colorado Outdoor Stamp could be the “base” and compliment specific use fees, similar to the habitat stamp and hunting and fishing licenses. All outdoor recreators could purchase an annual stamp, and then the right add-ons for their individual activities (e.g., mountain bike registration fee, or a trails fee).

Additional discussion is needed on where the potential revenue generated from an outdoor stamp would go, but it would likely support a combination of user-specific priorities and general funding for CPW. A portion of stamp revenue could be allocated to these specific issue areas – for paddlers, that might mean paying into the aquatic invasive species fund, water safety courses, and boat launch infrastructure. For hikers, it could fund the trails grant program. In addition to the user-specific benefits, this mechanism could support a portion of funding towards CPW's broader budget, since all outdoor recreators have an impact on habitat and many have an interest and find value in conserving wildlife. It was also suggested that the stamp could support multiple agencies and organizations whose mission is aligned with conservation, outdoor recreation, and wildlife values. Similar to the current GOCO model, revenue to be distributed to specific agencies and purposes, including CPW.

A few similar model is currently being considered in Wyoming. Under a draft bill, all non-motorized trail users who visit participating trail systems and use “natural-surface” trails would be required to purchase a \$10 permit fee. <sup>64</sup>

### How much revenue might it generate in CO?

Because this funding mechanism has never been tried, and there are a number of variables that still need defined, the revenue generation estimate should be considered a preliminary indication of the revenue generation potential. Additional analysis may be useful down the road if this funding mechanisms is going to be pursued. For the sake of this analysis, we considered all outdoor recreation participants, estimated at 3,800,000 people annually as of 2018.

The revenue generation potential is estimated using an \$10 annual fee, modeled on the proposed non-motorized trail fee proposed in Wyoming. We considered three scenarios, 25%, 50%, and 75% participation rates. The 25% may be indicative of early participation in a program, participation in a voluntary initiative, or where only certain geographies (e.g., trail systems) are included. A participation rate of 75% would be more typical of a mandatory program.

Table 21. Outdoor Stamp Revenue

Participation	Colorado Participants Registering <sup>65</sup>	Pass Revenue, Pre-Cost (\$10/person)
25%	950,000	\$9,500,000
50%	1,900,000	\$19,000,000
75%	2,850,000	\$28,500,000

The revenue generation estimates range from \$9.5 - \$28.5 million.

That revenue generation estimate does not include any administrative or enforcement costs. It also does not include any out-of-state participants, since those are not recorded by SCORP.

<sup>64</sup> [Wyoming Non-motorized recreation trail fee draft house bill.](#)

<sup>65</sup> Quartuch, M.R. (2018). "SCORP Public Engagement Technical Report: Statewide Public and Land Managers Surveys." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023, Appendix D.

## How politically viable is this option?

### Major Challenges

- Effectively encouraging all outdoor users to purchase a Colorado outdoor stamp would be challenging, expensive, and require a long-term dedicated campaign.
- Full enforcement of a Colorado outdoor stamp would be challenging. Therefore, its implementation would require a broad culture shift to reach a critical mass of participants.

### Major Advantages

- A broad outdoor recreation stamp has the potential to generate significant funding.
- This is a user-pays model that requires all users to pay into CPW without creating complicated segmentations for the user.
- The administrative process for registering as an outdoor recreator would be simpler for the user, and this diminishes users' feelings of being "nickel-and-dimed" by various fees.

As a fee, the state legislature could approve this new funding mechanism without a ballot measure.

There are still significant questions about what the scope, scale, and mechanisms would be for this type of funding mechanisms. Specifically:

- **When would it be required?** Would it be associated with any participation in any outdoor recreation activity? Or if the occur on specific categories of public lands (state, federal, county)? Or perhaps just associated with specific participating outdoor recreation areas (which also receive the benefits)? It may be most effective to consider initially implementing a voluntary fee, and/or a pilot to work out challenges, build support, and refine the concept before moving to a mandatory fee.
- **How would it be enforced?** Enforcement across all outdoor recreation activities is likely to be challenging and expensive. A better option might be mandatory with light enforcement or efforts to shift behavior. Ties to specific user benefits (e.g., trails, education, search and rescue benefits) could incentivize compliance or participation. The implementation of such a stamp would need to be cultural rather than enforced, as policing all outdoor recreation users would be logistically impossible.
- **How would it work with existing and/or new user fees:** Could the program be set up to simplify the administration and communication around user fees? And how would the program operate with existing user fee programs, such as OHV and snowmobile registration or hunting and fishing licenses?

The structuring of this funding mechanism would require careful consideration of complexities and interactions with state and federal regulations and other funding sources. Two specific challenges that may require navigation include:

1. Fees for access to federal lands: When the federal government (Forest Service and Bureau of Land Management) implemented a fee demonstration program in the mid-90s it ran into challenges associated with access to “unimproved” trails heads. The Federal Lands Recreation Enhancement Act restricts fees to sites that provide amenities.
2. Previous habitat stamp for non-sportsmen in Colorado: For several years, habitat stamp purchase was required by non-consumptive users in Colorado to access state wildlife areas (SWAs)—see discussion on the next page. It would be important to make sure this concept doesn’t run into similar obstacles.

A new funding mechanism similar to the habitat stamp would need to navigate these and likely other restrictions on fees associated with access.

### **Do user groups and stakeholders support it?**

Many stakeholder groups expressed concern with segmented fee programs that silo different user groups and still failed to reach many outdoor recreation activities and wildlife advocates, which led to discussion of a Colorado Outdoor stamp-style mechanism. Stakeholders shared general support for a model in which everyone who benefits from outdoor recreation opportunities and wildlife resources paid into habitat and wildlife conservation.

Some user groups wondered if CPW is the right agency to be the sole administer and beneficiary of this type of funding mechanism. There was support for sharing the funding from such a far-reaching mechanism amongst a variety of groups, such as GOCO or the Outdoor Recreation Industry Office, or creating discrete grant programs with some of the funds to support individual user groups.

Stakeholders were also concerned about enforcement and equity challenges with this mechanism. One idea to offset some of these concerns is to exempt minors from paying into the stamp, and to employ a “carrot” rather than a “stick” enforcement model (the stamp would be a cultural incentive rather than strictly enforced, as discussed above). In general, stakeholders were intrigued and interested by this model, but more would need to be done to develop the concept and generate support before it could be implemented.

## Incentivized Habitat Stamp Expansion

Another option for considering broader participation of CPW would be to encourage additional participation from non-sportsmen and anglers in the current habitat stamp program through incentivized voluntary participation.

Currently, sportsmen and anglers pay a \$10 annual habitat stamp fee as part of their hunting and fishing licenses. From 2005-2009 CPW expanded mandatory habitat stamp purchases to include non-consumptive wildlife users visiting state wildlife areas. However, the revenue generated complicated federal Pittman-Robertson appropriations and therefore was revenue neutral for the agency. Enforcement and administration was expensive and challenging, and compliance was minimal.

However, given the success and longevity of the current habitat stamp program for engaging the sportsmen and anglers, this study is exploring the option of a similar funding mechanism that could be expanded to a broader set of outdoor recreation users and potentially greater diversity in where the funding goes. This study focuses on potential voluntary and incentivized purchases of a habitat or outdoor recreation stamp in Colorado. One of the problems with the previous attempt at requiring habitat stamps for non-consumptive users was due to it being tied to specific properties—State Wildlife Areas. Initial assessment is that a voluntary stamp would not pose the same challenge that made the previous attempt revenue neutral. However, there is a sense that, in order to build broad support for this type of funding mechanism, CPW would need to consider where the funding goes, and it may receive stronger support if funding is distributed, at least in part, towards outdoor recreation related benefits. Because habitat stamp funding is statutorily limited for specific purposes, it may make more sense to implement a voluntary donation that is not limited to purchasing a habitat stamp or contributing to this funding stream.

### How much revenue might it generate in CO?

This mechanism targets members of various volunteer and interest group organizations throughout Colorado. Given individuals' willingness to voluntarily join these organizations, they are likely to have an established interest in Colorado's natural areas, parks, and wildlife. For membership organizations funded through an annual member fee, this mechanism proposes an additional and optional, add-on contribution directed to CPW. The analysis focuses on organizations that currently have a fee structure established, as the additional overhead to add a contribution to CPW would be small comparable to volunteer-based organizations without a current fee structure.

In addition, different requirements and organizational structures exist between Colorado-based groups and branches of national non-profit organizations. The fee structure for many national organizations is tied to a centralized model of funding beyond their Colorado chapters. As a result, it is difficult to make assumptions on the ability of these organizations to add extra contributions to their membership registration. This analysis focuses on local Colorado groups



because of the inherent hurdles for national organizations, though examples of national scale organizations with Colorado chapters are listed in Appendix G.

This analysis reviewed the membership structure and participation of 90 Colorado based membership organizations. Of these, the 27 listed in Appendix G both required an individual annual fee (averaging \$30 per year for an individual) and provided estimates of current membership numbers. Based on this subset, the annual revenue potential for a voluntary \$5 add-on contribution is \$263,000. While the individual participation rate in the mechanism is unknown, this revenue potential remains an underestimate as only a subset of Colorado based organizations have been included. Additionally, there may be opportunities to engage with national scale organizations, examples of which are provided in Appendix G.

Another option is to utilize existing outfitting organizations, where customers could be given the option to contribute to a habitat stamp or voluntary funding mechanism when purchasing their ticket – similar to the incentivized contributions from membership organizations. This analysis analyzed the revenue potential for commercial rafting guide participants, but other outfitter organizations could also be tapped under such a model. In 2017, CROA reported 578,383 commercial rafting days in Colorado.<sup>66</sup> Assuming 10% of these participants agree to add \$5 to their rafting ticket for CPW, contributions from commercial rafting participants could total \$290,000 annually. This would include both Colorado residents and out-of-state visitors.

### Is it politically viable?

#### Major Challenges

- A broad set of outdoor recreationists and wildlife enthusiasts would be unlikely to contribute without explicit understanding and support for the use of funds from their donation.
- Voluntary incentivized donations do not represent a long-term stable funding source.

#### Major Advantages

- Habitat stamp funding goes explicitly to the wildlife budget, where CPW sees the most future financial need.
- There are no TABOR implications with voluntary contributions.

Expanding the current habitat stamp model is an interesting model because it implicates users beyond hunters and anglers, and many outdoor recreationists engage in activities with direct impacts on wildlife habitat. Expanded habitat stamp implementation would also contribute funds specifically to CPW's wildlife budget, which has fewer direct opportunities for future funding than the parks budget. The most politically feasible model for expanding the current

<sup>66</sup> [Commercial Rafting Use Report. Colorado River Outfitters Association.](#)

habitat stamp program is a voluntary contribution model, where the outdoor recreation community and wildlife enthusiasts could be incentivized to purchase habitat stamps through existing environmental or outdoor recreation membership organizations or purchase stamps voluntarily. Such a model is unlikely to face strong political opposition since it is voluntary.

To secure buy-in for this mechanism, CPW would likely need to answer questions surrounding use of funds and consider the interests of the participating organizations. Appealing to the interests of different membership groups may be an effective way to gain interest and incentivize groups to take on the administrative overhead of adding an optional donation to their annual membership registration, if user groups priorities align with the restrictions on the types of activities habitat funding can support.

### What are other ideas for incentivizing the current habitat stamp?

During stakeholder meetings and other conversations, a number of additional ideas have been shared that could incentivize or increase voluntary participation in the current habitat stamp. These include:

- **Develop an actual physical commemorative stamp:** A well-designed collectable habitat stamp could be enticing to voluntary participants.
- **Encourage voluntary sales at outdoor retailers:** Outdoor retailers could ask customers if they would like to purchase their annual habitat stamp at time of purchase. Currently the annual stamp is only available at CPW licensed locations. This may not be possible with the current habitat stamp due to the need for retailers to become license vendors and barriers to sale but could be considered for the “Colorado Outdoor Stamp” described above or another new product.
- **Social media messaging around the habitat stamp:** target the broader conservation and outdoor recreation communities through a social media campaign.
- **Consider changing annual habitat stamp from license year to one year from purchase:** The current habitat stamp is for a license year, April 1- March 31. It would be more enticing to non-sportsmen and non-anglers if it could be for a calendar year from time of purchase, rather than license year.

### Do user groups and stakeholders support it?

Some membership organizations expressed reluctance to encourage members to pay additional fees due to the existing challenges of encouraging members. For example, only a very small percentage of Coloradan mountain bikers are members of mountain bike organizations in the state, at least in part because there is a cost associated with joining the organization. Additionally, national organizations with Colorado membership may be unable or unwilling to encourage Colorado-specific donations at the time of sign-up.

- Stakeholder groups were generally skeptical of this mechanism, both due to its voluntary nature and because it places a burden on companies or non-profits. Outfitters and non-profit staff expressed concern about additional administrative burdens it would add to their small organizations, and concerns over the additional administrative and

bureaucratic considerations it would create for CPW that would chip into the useful revenue generation potential. Business owners said that although they might be willing to prompt visitors to donate, their priority is providing a good experience for their clients and making money for their own businesses, not CPW.

## Technology-based Voluntary Donations

### Major Challenges

- Voluntary donations do not represent a long-term, stable or reliable funding source for the agency.
- Developing new apps that could incentivize technology-based donations would require outside expertise and could be expensive.

### Major Advantages

- There are no political risks or efforts associated with voluntary donations.
- There are no TABOR implications with voluntary donations.

In parallel with this study, CPW is conducting an analysis of how to optimize their use of philanthropic donations. This will be a complimentary report, and as a result this analysis did not consider those types of funding strategies in detail. Meridian Institute and Earth Economics did explore how technology, and particularly smart phones, could be leveraged to generate some revenue and improve engagement with a variety of partners and outdoor recreation users.

In 2012, researchers found that one in five American adults had made charitable donations online, with one in ten making those donations via text messaging and mobile phones.<sup>67</sup> These numbers have undoubtedly grown over time. Yet, as this new medium has evolved, it has also become more diverse and nuanced. It is especially important to distinguish between event-driven philanthropy and compensation for service, as each relies on different technologies and engagement strategies with different overhead needs.

Event-driven charity generally focuses on high-salience, “crisis” events, such as natural disasters. Given the random nature of such events, public awareness (and response) can be inconsistent. While there are examples of recurring “charitable events” (e.g., annual giving campaigns), these require significant and professional public engagement efforts.

Compensation for service – usually, though not always, through mobile applications – has become increasingly common, especially as mobile devices have become more sophisticated and powerful. In 2017, Colorado launched Colorado Trail Explorer (COTREX)<sup>68</sup>, a mobile-compatible online service promoting public awareness of Colorado outdoor recreation. In November 2018 CPW will release an offline mobile application version for IOS and Android. However, it is far from alone – there are at least fifteen third-party applications focused on parks, trails, and outdoor recreation in Colorado available for the IOS system (e.g., Colorado Hiker, Colorado National Parks, Colorado 14ers). These range in price from one-time \$0.99

<sup>67</sup> Smith, A., 2012. *Real Time Charitable Giving: Why mobile phone users texted millions of dollars in aid to Haiti earthquake relief and how they got their friends to do the same*, Internet and American Life Project. Pew Research Center, Washington, DC.

<sup>68</sup> [Colorado Parks and Wildlife, COTREX.](#)

payments to subscriptions of \$6.99 each year. While some provide links for donations, it is unclear whether any of these ultimately support the broad goals of CPW, or indeed, any Colorado entity. The few we have surveyed either link donations directly to the app developers, or to other third-party services, without providing further information on how or whether this might support the parks system itself. CPW could pursue creative funding options with these apps – for example, they could charge a nominal fee for a wildlife map overlay for an existing trails app, and that money could benefit the agency’s wildlife budget. CPW also maintains “CPW Fishing,” an app designed to help users discover and search over 1,300 fishing locations in the state. This app and COTREX are currently free to the public, but CPW could begin charging download or subscription fees, solicit advertising, or charge for certain additional map overlays.

Although the potential revenue generation from such technology-based measures may be small, app-based donations represent the dual opportunity to collect revenue from a core group of dedicated users and engage with a broader constituency through a new avenue. One possibility is to combine the text and app-based approach, where visitors are prompted with a text or notification from the trails or fishing app to “tip their park” after hiking, riding, or angling.

Another potential avenue for online revenue generation and engagement is through CPW’s social media presence. The idea of this method is to convert likes to donors. Simple measures like moving the “Donate” button from the bottom to the top of CPW’s webpage have led to increased revenue through website donations. CPW could institute levels of sponsorship based on donation amounts and set up recurring annual gifts through the website. In addition, targeted GoFundMe campaigns can be powerful forces on social media. Although they are not a strong avenue for generating consistent funding, if CPW is working on a land acquisition or parks improvement project with a dedicated constituent base, a well-marketed social media campaign has the potential to raise significant funding towards a specific goal.

Many of the stakeholders felt that this was a low-risk opportunity, but also unlikely to generate significant revenue. A few specific ideas came out of those discussions:

- Could CPW use smart phone apps or other technology to make purchasing a habitat stamp or some of the other funding ideas included in this report most cost effective and straightforward?
- CPW could work with manufacturers of existing popular apps to encourage donations. For example, when leaving a state park, a third-party app such as a trail, fitness, or bird watching app could prompt the “tip your state parks” question.
- There are some higher end trails apps available, such as Gaia. It may be worth exploring where they get their data from and if data sources are compensated. CPW could provide information on geographic distribution or range for wildlife or other interpretive information in return for a fee.

## Other Funding Ideas

A number of other funding ideas have been brought up as part of the stakeholder engagement process and literature review. Some of these additional ideas are detailed below.

### **Ski pass fee or ski registration fee**

In thinking about funding sources tied to outdoor recreation in Colorado, several people raised the question of a funding mechanism tied to either a fee as part of a ski pass purchase or a ski/board registration sticker, similar to what is described above for mountain bikes and non-motorized boats.

- This would likely be strongly opposed by the major ski corporations.
- Downhill snow sports more directly interact with federal agencies, so the connection to CPW is less clear. However, many ski areas pursue year-round recreational opportunities, increasing their impact on wildlife.
- CPW could consider opportunities for partnerships or collaborations with other initiatives, such as the state water plan. Funding could potentially support both, which could be more appealing to the ski industry.

### **Sports gaming tax or fee**

Recent federal legislation permits states to regulate sports gaming. As Colorado decides how to proceed on this topic, it could potentially represent a new revenue source for state coffers, including CPW.

- It is unclear if revenue would be classified as a tax or fee, which would have implications for the TABOR challenges described throughout this report.
- This is likely a longer-term funding mechanism.
- Many other agencies and institutions will also be looking to this revenue source.

### **State-wide plastic bag fee**

A fee on plastic bags could raise revenue for CPW. This is timely, as there is currently momentum behind “plastic free” efforts nationally and the issue is receiving additional attention.

- This mechanism would require analysis to determine how this would interact with local and sub-state level existing restrictions or other policies regarding plastic bags.
- This revenue would likely decrease over time as additional plastic restrictions are put in place.

### **Real estate transfer tax**

Several other states have considered a real estate transfer tax or other tax mechanisms tied to development. This is appealing because of the link between population growth and wildlife impacts. However, TABOR has an explicit provision banning new real estate transfer taxes.

### **Lodging or transient accommodation tax**

Lodging or other accommodation taxes are appealing because they apply largely to out of state visitors. There is currently no statewide lodging tax, but many municipal and county governments have lodging taxes in place.

- Several people suggested a tax on “Airbnb” type short term rentals be considered. Timing may be ripe for this discussion, as many towns and counties are considering regulations for short term rentals.
- The TABOR-related challenges would be applicable to revenue generated from any new tax sources.
- Local governments who currently heavily rely on lodging taxes would likely strongly oppose a state-level tax. This is a significant source of revenue for many counties and towns with strong tourism industries.

### **Trailhead fee**

One potential model to consider would be leveraging trailheads as an intervention point for collecting fees from a variety of outdoor recreation users. This is an appealing idea at some of the more popular outdoor recreation areas in Colorado, such as trailheads for popular 14ers. Sedona’s Red Rocks or Moab’s Sand Flats fee areas are prominent examples.

- This type of funding model is often opposed by no-fee activists<sup>69</sup>
- It can be used to support site-specific improvements or management, but often faces stronger opposition if applied to other expenses.
- It can pose barriers to access.

### **Snow park or other parking fee**

Oregon, Washington, Idaho, and California have a winter parking fee called Sno-Park including both daily and seasonal permits which is required for using specific parking areas.

- The program supports plowing of trails heads, but also grooming of motorized and non-motorized winter recreation trails.
- Could be a good source of revenue to support winter recreation related infrastructure.
- In some states they are administered through state parks, in others through the DMV.

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<sup>69</sup> [Daniel Kraker, High Country News 2011.](#)

## Conclusions

There is no easy answer when it comes to future funding sources for CPW, and all the funding mechanisms included in this analysis come with significant pros and cons. No single funding source meets all criteria—some provide large revenue generation potential but would be politically challenging because of TABOR or competing state-wide funding priorities. Others have strong support from stakeholders, but revenue generation potential is limited.

Below are some general observations about each category of funding mechanisms:

**Tax based funding mechanisms:** Leveraging taxes to support CPW has the potential to generate the most revenue and, depending on how they are set up, can result in long-term stable funding. However, TABOR makes them very challenging to implement, and at odds with other state funding priorities. For revenue generated over approximately \$10 to 13 million, CPW would lose its enterprise exemption status.

**Fee based funding mechanisms:** Fees associated with specific uses, activities, or access all support user-pays funding concept that builds on the link between specific activities and the outdoor recreation infrastructure and wildlife resources that support or enhance them. This study focused on two specific user-fee models that could build on the existing infrastructure and administration of recreation fees for the motorized recreation community—a mountain bike fee and a non-motorized boat fee. The mountain bike fee is more closely aligned with user benefits (trail maintenance and development) and, as a result, we heard support for advancing the concept. The two other fee mechanisms—linked to motor vehicle registration or an outdoor stamp raise important questions about equity and access.

**Voluntary funding mechanisms:** The voluntary funding mechanisms included in this study are unlikely to generate significant funding, and the revenue that is raised is likely to fluctuate year to year. However, these are low-risk funding ideas and may be helpful in building a broad base of support, partners, and ultimately a coalition of enthusiasts for CPW.

The table on page 65 summarizes funding mechanisms against their revenue generation potential, political feasibility, TABOR implications, and stakeholder support. Based on how feasible the funding mechanisms against the category, we assigned it a green (very feasible), yellow (may be feasible, but key questions or challenges exist) and orange (significant challenges exist). This table is intended to highlight, in one place, some of the advantages, disadvantages, and key considerations for each funding mechanism in terms of its revenue generation, TABOR implications, political viability, and level of stakeholder support.



Mechanism	Revenue Generation	TABOR Implications	Political Viability	Stakeholder Support
<b>General sales tax</b>	\$128M	<ul style="list-style-type: none"> <li>• Lose enterprise exemption status</li> <li>• Requires constitutional amendment to be dedicated</li> </ul>	<ul style="list-style-type: none"> <li>• Ballot measure and popular vote</li> <li>• Widespread political support necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Support for a long-term, sustainable mechanism</li> </ul>
<b>Dedicated revenue from existing sales tax on gear</b>	\$36.2 – 42.6M (80 – 94% of revenue)	<ul style="list-style-type: none"> <li>• Lose enterprise exemption status</li> <li>• Requires constitutional amendment to be dedicated</li> </ul>	<ul style="list-style-type: none"> <li>• Ballot measure and popular vote</li> <li>• Takes money from other political priorities</li> </ul>	<ul style="list-style-type: none"> <li>• Strong support from variety of user groups and business</li> <li>• Fear of taking money from other priorities</li> </ul>
<b>Excise tax on outdoor gear</b>	.8% tax: \$13M 2.9% tax: \$45.3M 10% tax: \$230M	<ul style="list-style-type: none"> <li>• Could lose enterprise exemption status</li> <li>• Requires constitutional amendment to be dedicated</li> </ul>	<ul style="list-style-type: none"> <li>• Strongly opposed by OIA</li> <li>• Could cause changes in consumer demand</li> </ul>	<ul style="list-style-type: none"> <li>• Strongly opposed by OIA</li> <li>• Support from other user groups</li> </ul>
<b>Vehicle registration fee</b>	Opt-in: \$11.1M Opt-out: \$21.6M Mandatory: \$15.4M	None, as long as the DOR collecting a fee on behalf of CPW does not trigger TABOR	<ul style="list-style-type: none"> <li>• Legislative action; no ballot measure</li> <li>• Mandatory fee politically challenging; opt-in less so</li> </ul>	<ul style="list-style-type: none"> <li>• Support for opt-in or voluntary donation option</li> <li>• Equity and fee nexus concerns with mandatory model</li> </ul>
<b>Mountain bike registration fee</b>	\$6.1 – 11.5 M (\$15 - \$25 fee)	None	<ul style="list-style-type: none"> <li>• Legislative action</li> <li>• Outstanding implementation questions</li> </ul>	<ul style="list-style-type: none"> <li>• Support from mountain biking community</li> <li>• Support from other user groups</li> </ul>
<b>Non-motorized boat registration fee</b>	\$3.8 – 7.6M (\$10 - \$20 fee)	None	<ul style="list-style-type: none"> <li>• Legislative action</li> <li>• Outstanding implementation questions</li> </ul>	<ul style="list-style-type: none"> <li>• Opposed by non-motorized boat community</li> <li>• Support from other user groups</li> </ul>
<b>Colorado Outdoor Stamp</b>	\$9.5-28.5M (\$10 fee)	None	<ul style="list-style-type: none"> <li>• Legislative action</li> <li>• Outstanding implementation questions</li> <li>• Requires broad culture change</li> </ul>	General support for some kind of all-encompassing user-pays model
<b>Incentivized contributions</b>	\$263,000 (not reliable or long-term)	None	Difficult to implement	Little support from membership organizations or river outfitters.
<b>Tech voluntary donations</b>	N/A (not reliable or long-term)	None	No political concerns	Support as an engagement mechanism.

Informed by the many discussions with stakeholder groups, experts on funding for wildlife and state parks, below we have summarized some overarching observations and core questions to consider as part of potential next steps.

**Consider the advantages, disadvantages, and opportunity costs of pursuing funding ideas that expand the user-pays structure to include non-sportsmen outdoor recreation groups against those associated with more of a “public good” model that relies on tax revenue.** Does it make sense to engage user groups in activity-specific funding ideas that primarily fund user-specific benefits? Is there enough support and political will to consider a tax-based funding idea, such as the sales tax or dedicated-revenue from existing sales of gear?

**Consider the level of alignment between what the user groups would like to support and where the greatest funding needs are:** Some funding models included in the study, such as mountain bike fee, are tied to earmarks, such as funding for specific user benefits. This funding would restrict CPW’s ability to use the revenue for broader purposes and where CPW (and many stakeholder groups) sees the greatest need, such as endangered and threatened species or general wildlife management.

**There is enthusiasm for the Colorado Outdoor Stamp concept, but more work is needed to define how it would work.** In many of the consultations with stakeholders, this idea was brought up as a potential opportunity to move away from activity-specific funding mechanisms towards a simpler and more holistic approach to outdoor recreation to support conservation, outdoor recreation infrastructure, and wildlife in Colorado. However, there are significant logistics, scope, and implementation questions that are central to determining how it might work, who would participate, where the funding would go, and how it would be incentivized or enforced.

**There is a potential near-term opportunity for a mountain bike fee.** There is enthusiasm from the stakeholder group, at least at the organizational level. Additional work may be needed to build broader support for the concept, further test willingness to pay, and determine the program structure and parameters.

**An opt-in or opt-out vehicle registration fee could be a good way to generate additional revenue for state parks or offset the current pass generated revenue.** An opt-in model that allows for voluntary purchase of an annual pass at time of vehicle registration could be a low-risk option for increasing sales of annual park passes. Additional legal questions remain about how a mandatory fee would be implemented and if funding would be used to support the wildlife portion of the budget.

**Consider funding mechanisms in combination:** Funding for CPW will likely be a mix of funding mechanisms. During the stakeholder engagement we also heard that a phased or multi-step approach may be most effective, especially considering the potential for interesting combinations and synergies. For example, an outdoor stamp could be combined with user specific fees, similar to the current habitat stamp and hunting license model. It is also possible

that implementing some funding mechanisms with strong support from the user group could build the agency profile and relevance, which may make additional user-pays models increasingly feasible.

**Finally, for most of the funding ideas to get off the ground, they will require building and leveraging partnerships and coalitions.** CPW is something of an unknown entity to the broader outdoor recreation community. Many of the individuals we talked were unclear why their user group was being tapped to support CPW, when they do not visit state parks and wildlife is not central to their outdoor recreation experiences and constituencies (although its value is often appreciated). Building a broad constituent to support funding mechanisms will require demonstrating value, strategic messaging, and identifying opportunities to build relationships and partnerships in the lead up to implementing specific funding ideas. It is also worth thinking about engaging the broad groups whose priorities align with CPWs—wildlife enthusiasts, people who recreate outdoors, sportsmen and women, anglers, and businesses who enjoy and benefit from the outdoor recreation opportunities and wildlife resources. These groups can be natural allies and could form a strong coalition to identify next steps for securing future funding for CPW. CPW is well positioned to bring them together towards a common vision for Colorado with abundant wildlife and ample outdoor recreation opportunities.

## Appendix A | Stakeholders Consulted

### Group of Advisors

The study received periodic council and guidance from a small, informal group of advisors.

Alex Boian Outdoor Industry Association	Suzanne O'Neill Colorado Wildlife Federation
Aaron Clark International Mountain Bike Association	Jim Petterson Trust for Public Land
Dan Gates Colorado Trappers Association	Luke Schafer Conservation CO
Carlos Fernandez The Nature Conservancy	Tom Spezze National Wild Turkey Foundation
Alison Holloran Audubon Society	Madeleine West Colorado Department of Natural Resources
John Marriott Larson Sports	Jeff Ver Steeg Katie Lanter Mike Quartuch Colorado Parks and Wildlife
Julie Mach Colorado Mountain Club	

### User Group Consultations

Meridian Institute talked with more than 200 individuals from a range of user groups as part of the stakeholder engagement component of this analysis. We presented to established stakeholder/user groups, convened specific groups of stakeholders, and filled in gaps with individual interviews with those unable to attend or critical thought-leaders on this topic.

Presentation and discussion at the Colorado Snowmobile Association meeting  
*35 participants, August 4, Glenwood Springs*

Presentation and discussion at the Colorado Off-Highway Vehicle Coalition meeting  
*21 participants, August 28, Denver*

Presentation and discussion at the Colorado Sportsmen's Roundtable  
*30 participants, August 11, Fort Collins*

Presentation and discussion at the Colorado Outdoor Partnership (CO-OP)  
*~20 participants, May 9, Breckenridge*

Discussion with a subgroup of the Outdoor Alliance Colorado  
*4 participants, July 23, Denver*

Presentation and discussion at the Outdoor Recreation Advisory Group  
*24 participants, October 4, Colorado Springs*

Convened front-range mountain bikers  
*4 participants, September 18, Morrison*

Convene western slope mountain bikers  
*6 participants, October 2, Grand Junction*

Convened non-motorized boats and watersports  
*7 participants, October 1, Frisco*

Convened conservation, wildlife enthusiasts, and other outdoor recreation users  
*14 participants, September 19, Denver*

Met with a subgroup of the CPW Leadership team  
*6 participants, September 18, Denver*

Conducted additional interviews with stakeholders and individuals familiar with similar efforts in other states.  
*40 interviews*

## Appendix B | Evaluation Framework

3. Scale and revenue generation
  - a. How much money can it raise annually (estimate)? And how significant would this contribution be to CPW?
  - b. Is the mechanism likely to support long-term funding needs and be stable into the future?
4. Political viability
  - a. Is the funding mechanism likely to have support from the necessary authority required to implement (executive authority, legislative approval, voter approval, CPW commission approval)?
  - b. Is TABOR implicated? If so, is it likely to pass? Would CPW maintain its enterprise exemption status?
5. User group and stakeholder support
  - a. How does this impact stakeholder groups? Does one group sustain more of the cost?
  - b. Would the number of users increase or decrease with this funding mechanism?
  - c. Would the funding mechanism support engagement of stakeholder and user groups?
6. Equity
  - a. Is the mechanism fair across demographic, geographic, and socioeconomic groups?
7. Transaction costs
  - a. Does the mechanism incur administrative costs that are reasonable (costs associated with implementation and costs associated with revenue collection methods)?
8. Opportunity costs
  - a. Does the mechanism avoid threatening other funding streams program priorities in the future?

## Appendix C | NAICS Codes Relevant to Outdoor Gear

Table 22: NAICS Codes Relevant to Outdoor Gear

NAICS	CDOR	Description	Notes
11	Agriculture	Agriculture, Forestry, Fishing and Hunting	Subsector 114000 (Fishing, hunting and trapping)
441	MV/Parts	Motor Vehicle and Parts Dealers	Subsector 441228 (Motorcycle, ATV, and All Other Motor Vehicle Dealers) is most strongly related to outdoor activities.
451	Sports/Hob	Sporting Goods, Hobby, Musical Instrument, and Book Stores	Subsector 451110 (Sporting Goods Stores) is most strongly related to outdoor activities.
453	Misc Stores	Miscellaneous Store Retailers	Retailing used sporting goods and used bicycles is classified as subsector 453310, (Used Merchandise Stores).
454	Non-Store	Non-store Retailers	Retailing sporting goods via electronic home shopping, mail-order, or direct sale is classified as subsector 454 (Non-store Retailers). See <i>South Dakota v. Wayfair</i> (June 2018) for enabling language.
71	Arts/Ent	Arts, Entertainment, and Recreation	Subsector 71392 (Skiing Facilities)
721	Lodging	Accommodation	Subsectors 7211 (Traveler Accommodation), and 7212 (RV Parks and Recreational Camps) are most strongly related to outdoor activities.

### NAICS 451110

All of the following retailer categories are included under NAICS 451110, the clearest match for “outdoor gear.”

These are likely to retail “outdoor gear” in the sense that CPW is interested:

- Fishing supply stores (e.g., bait)
- Outdoor sporting equipment stores
- Sports gear stores (e.g., outdoors, scuba, skiing)
- Tackle shops (i.e., fishing)
- Diving equipment stores

These are indeterminate:

- Bicycle (except motorized) shops
- Gun shops
- Sporting goods stores
- Saddlery stores
- Tack (e.g., harnesses, saddlery) shops

These are unlikely:

- Athletic equipment and supply stores (including uniforms)
- Bowling equipment and supply stores
- Exercise equipment stores
- Footwear (e.g., bowling, golf, spiked), specialty sports, stores
- Golf pro shops
- Pro shops (e.g., golf, skiing, tennis)
- Shoe stores, specialty sports footwear (e.g., bowling, golf, spiked)
- Uniform stores, athletics

NAICS also cross-references 451110 with the following:

*Table 23: NAICS cross-references with 45110*

Non-store Retailers	Subsector 454	Retailing sporting goods via electronic home shopping, mail-order, or direct sale
Recreational Vehicle Dealers	Industry 441210	Retailing new or used campers (pick-up coaches) and camping trailers
Motorcycle, ATV, and All Other Motor Vehicle Dealers	Industry 441228	Retailing new or used snowmobiles, motorized bicycles, and motorized golf carts
Shoe Stores	Industry 448210	Retailing new shoes (except specialty sports footwear, such as golf shoes, bowling shoes, and spiked shoes)
Other Personal and Household Goods Repair and Maintenance	Industry 811490	Repairing or servicing sporting goods, without retailing new sporting goods
Used Merchandise Stores	Industry 453310	Retailing used sporting goods and used bicycles



## Appendix D | Colorado demographics

The table below compares Colorado's basic demographics with those states which currently tie annual park access to individual vehicles. While Colorado has slightly more people than the average for these states, Colorado residents are considerably younger, with the lowest rate living in poverty, and slightly lower proportions of veterans and the disabled. Colorado's population density is only slightly above the average (42 persons/mi<sup>2</sup>). In other words, among these states, Colorado has the population most likely to be able to participate in outdoor recreation.

Table 24: Colorado Demographics

	2016 population	Proportion of population				Persons/mi <sup>2</sup>
		<65	Poverty	Veterans	Disabled	
CO	5,540,545	86.6%	11.5	7.0	7.2	48.5
ID	1,683,140	84.9%	15.1	7.1	9.0	19.0
MT	1,042,520	82.3%	14.6	8.6	9.1	6.8
WA	7,288,000	85.2%	12.2	7.8	8.9	101.2
<i>Average</i>	<i>5,096,501</i>	<i>83.7%</i>	<i>13.8</i>	<i>7.4</i>	<i>8.9</i>	<i>70.1</i>

## Appendix E | Expanded Motor vehicle registration fee analysis

Before discussing potential links between CPW and Colorado vehicle registrations, it may be helpful to compare Colorado’s basic demographics with those states which currently tie annual park access to individual vehicles (see table 21) While Colorado has slightly more people than the average for these states, they are considerably younger, with the lowest rate living in poverty, and slightly lower proportions of veterans and the disabled.

Table 25: State Demographics

	2016 population	Proportion of population <sup>70</sup>				Persons/mi <sup>2</sup>
		<65	Poverty	Veterans	Disabled	
CO	5,540,545	86.6%	11.5%	7.0%	7.2%	48.5
ID	1,683,140	84.9%	15.1%	7.1%	9.0%	19.0
MT	1,042,520	82.3%	14.6%	8.6%	9.1%	6.8
WA	7,288,000	85.2%	12.2%	7.8%	8.9%	101.2
<i>Average</i>	<i>5,096,501</i>	<i>83.7%</i>	<i>13.8%</i>	<i>7.4%</i>	<i>8.9%</i>	<i>70.1</i>

To estimate the proportion of vehicle owners who purchase (aka “opt-in”) annual parks passes, we first divide total pass revenues by the annual resident fee<sup>71</sup> to calculate the number of vehicles with annual passes. This number is then divided by the total number of passenger vehicles registered in each state during the same year to estimate participation rates.<sup>72</sup> Because this approach cannot include out-of-state visitors, we are likely over-estimating the actual participation rates, since a portion of revenues would come from non-residents.

Table 26: Park Funding via Vehicle Registration Systems 2016

State	Type	Fee <sup>73</sup>	Passenger Vehicles	Participation	Revenue
MT	Plate	\$6 (resident)	671,111 <sup>74</sup>	75%	\$3,020,000

<sup>70</sup> Many states offer park access discounts to those of limited and fixed income, veterans, and the disabled.

<sup>71</sup> Estimated, based on fees, passenger vehicles, and revenues – does not reflect contributions from non-residents.

<sup>72</sup> Montana participation rates and revenues (adjusted to 2016\$) from: Forward Observer, 2014. *Dedicated Revenue Sources for California State Parks*. Forward Observer, Sacramento, CA.

<sup>73</sup> Fee and revenue values for all but Washington state’s opt-out donation system are from Anderson, B., Carnohan, S., David, J., Schreier, A., Stenovec, M., 2017. *Recreation Fee Systems: State Case Studies*. William D Ruckelshaus Center, WSU and UW, Pullman, WA.

<sup>74</sup> Estimated, based on revenue and participation rates.

ID	Sticker	\$10 (resident)	1,302,462 <sup>75,76</sup>	23.2% <sup>i</sup>	\$3,016,700
WA	<i>Does not grant access</i>	\$5 (donation)	7,559,161 <sup>77</sup>	15.9%	\$6,000,000 <sup>78</sup>

Translating these numbers to a Colorado context is challenging. If we assume an opt-out system with participation rates similar to Montana (75%), Colorado could have generated \$21.6 million (2016) with the same \$6 per vehicle fee on 4,801,034 non-farm, non-emergency vehicles<sup>79</sup> registered in Colorado that year (see Table 27). Projecting Idaho's opt-in fee and participation rate onto Colorado results in \$11.1 million for 2016. Washington state's \$5 voluntary donation (integrated into the annual vehicle registration process) had the potential to generate \$3.8 million in 2016 (see Table 23).

*Table 27: Vehicles Registered in Colorado in 2016*

Type	Registered in 2016	Percentage of Subtotal
<b>Light Truck</b>	974,337	20.3%
<b>Motorcycle</b>	194,129	4.0%
<b>Motorhome</b>	33,032	0.7%
<b>Passenger</b>	3,549,731	73.9%
<b>Recreational Truck</b>	49,805	1.0%
<b>Subtotal</b>	<b>4,801,034</b>	
<b>Not included<sup>80</sup></b>	864,811	
<b>Total</b>	<b>5,665,845</b>	

<sup>75</sup> State of Idaho, 2018. DMV Data. Idaho Transportation Department. URL <https://itd.idaho.gov/dmvdta> (accessed 8.6.18).

<sup>76</sup> Estimated, based on 2005-2015 data.

<sup>77</sup> WDOL, 2018. Statistics At-A-Glance (Annual Report Summary). Washington State Department of Licensing, Research and Analyst's Office, Olympia, WA.

<sup>78</sup> Stenovec, M., Kern, M., Page, C., Carnohan, S., Schreier, A., Hoard, S., 2017. Recreation Fees in Washington State: Options and Recommendations (A Report to the Washington State Legislature pursuant to SSB5883, Section 303(5), 2016 Legislative Session). William D Ruckelshaus Center, WSU and UW, Pullman, WA.

<sup>79</sup> CDOR, 2016. 2015-2016 Annual Report (Annual Report). Colorado Department of Revenue.

<sup>80</sup> The following vehicle classes have been excluded from consideration here: bus, dealer, farm trucks / tractors, GVW (semi) truck / trailer, public utility, "special mobile machinery," and special use trucks.

Table 28: CPW Revenue Projections, based on Fees and Participation in Other States

State	Fee	Participation	CO Vehicles (2016)	Projected Revenues (2016)
<b>MT</b>	\$6	75.0%		\$21,604,653
<b>ID</b>	\$10	23.2%	4,801,034	\$11,138,399
<b>WA</b>	\$5	15.9%		\$3,816,822

If we instead attempt to replace the revenues CPW currently receives from parks access fees based on a range of participation rates and Colorado's registered passenger vehicles, the necessary fee levels range from just over \$3 per vehicle (for a mandatory system) to \$13.47 (based on Idaho's participation rate). These figures do not include any fees charged to out of state visitors, due to data limitations.

Table 29: Projected Fees, based on Participation and Existing Pass Revenues

	Fee	Participation	CO Vehicles	Existing Pass Revenues (2016)
<b>Mandatory</b>	\$3.12	100.0%		
<b>Opt-out (based on MT)</b>	\$4.17	75.0%	4,801,034	\$15,000,000
<b>Hypothetical</b>	\$6.25	50.0%		
<b>Opt-in (based on ID)</b>	\$13.47	23.2%		

Using the same method to estimate the fees necessary to replace CPW's full 2016 budget (\$75,463,722) results in fee levels ranging from just under \$16 per vehicle (for a mandatory system) to just under \$68 (based on Idaho's participation rate). Of course, the same limitations and considerations for revenue from out-of-state visitors apply here.

Table 30: Projected Fees, based on Participation and CPW's 2016 Parks Budget

	Fee	Participation	CO Vehicles	Parks Budget (2016)
<b>Mandatory</b>	\$15.72	100.0%		
<b>Opt-out (based on MT)</b>	\$20.96	75.0%	4,801,034	\$75,463,722 <sup>81</sup>
<b>Hypothetical</b>	\$31.44	50.0%		
<b>Opt-in (based on ID)</b>	\$67.75	23.2%		

Of course, including out-of-state visitors could translate to lower fees for Colorado residents. Assuming that out-of-state visitorship is influenced by the cost of accessing the state's parks, it may be possible to increase out-of-state visitors by lowering the cost of those passes.

<sup>81</sup> Revenue from park and camping access fees (adjusted to 2016\$), from: Pohl, K., Lawson, M., 2017. *State Funding Mechanisms for Outdoor Recreation*. Outdoor Industry Association, Boulder, CO.

## Appendix F | Expanded mountain bike registration fee analysis

This appendix contains the full economic analysis conducted by Earth Economics on potential mountain bike registration.

This mechanism explores the implementation of a new permit system for mountain bike use on Colorado state and federal lands. Following the model of the Colorado OHV use permit, a valid permit/registration would be required for riders accessing trails on state or federal lands. Three options for registration were considered in this analysis. Specifically, fees could be collected on a per-rider or per-bike basis, or a combination of both.

### Methods

To determine potential revenue of a bike registration fee, two primary inputs were required – the number of unique mountain bike riders subject to the new fee and the costs associated with fee enforcement and administrative processing. This section details the methods, data sources, and assumptions used to derive these inputs.

### Colorado Residents' Participation in Mountain Biking

Two estimates are presented below using different assumptions to arrive at an estimated number of unique Colorado resident mountain bikers who are predicted to register under the new fee.

#### *High Estimate – Total Colorado Resident Mountain Bike Population*

Estimating a population of riders is a key step to understanding the potential revenue of an annual bike registration fee. Based on the 2019 Colorado Statewide Comprehensive Outdoor Recreation Plan (SCORP), over 700,000 Colorado adult residents participate in mountain biking annually.<sup>82</sup>

For an analysis of bike registration fees, 700,000 riders represents the high-end estimate for trail users required to register under the proposed annual registration structure. Of those who indicated participation in mountain biking, not all are likely to own a bike. More importantly, city, regional, and county trail systems provide opportunities for mountain biking, no doubt accommodating a portion of Colorado riders participating in mountain biking.

#### *Low Estimate - Colorado Resident Mountain Bike Population + Registration Participation Rate*

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<sup>82</sup> Quartuch, M.R. (2018). "SCORP Public Engagement Technical Report: Statewide Public and Land Managers Surveys." In Statewide Comprehensive Outdoor Recreation Plan 2019-2023, Appendix D.

An additional alternative for refining the high-end estimate of total mountain bike participants considers OVH registration rate as an estimation of mountain bike registration rate. This attempts to understand the subset of unique users who will register under the new fee. The current annual Colorado OHV permit sales were compared to the estimated OHV rider population generated through SCORP activity participation percentages. Just as mountain biking participation is reported, Colorado's SCORP indicates that almost 900,000 people participate in OHV activities annually.

Under Colorado's current OHV registration program, approximately 201,497 vehicles are registered annually (See detailed methodology in *Enforcement and Administrative Overhead* below). Comparing this to the population of OHV participants, the rate of registration for OHVs is 20 vehicles out of every 100 participants, or 23%. If the same rate is applied to the population of mountain bike participants, an estimated 170,000 riders would register under the new fee annually.

### **Out-of-state Visitors' Participation in Mountain Biking**

Visitors from outside of Colorado come to the state to enjoy a range of activities, including mountain biking. This section follows the methods presented above to estimate the population (and potential subsets) of out-of-state mountain bike participants that could be required to register under the new fee. The analysis presented does not address the increased cost/difficulty of informing out-of-state visitors of the mountain bike fee for state and federal lands.

#### ***High Estimate – Total Out-of-State Mountain Bike Population***

Colorado's SCORP does not include out-of-state visitors participating in recreation activities. To estimate the number of out-of-state mountain bikers visiting Colorado each year, 2017 data from Colorado's tourism office was used. Based on the 2017 profile of Colorado's visitors, 4% of the 34 million overnight leisure visitors participated in mountain biking during their trip – 1.4 million participants.<sup>83</sup> This figure does not include day visitors who might participate in mountain biking as their profiles and preferences are less surveyed and documented. This analysis does not assume additional participation from day visitors who many visit the state for a range of leisure and business purposes. This estimate of 1.4 million participants represents the high-end of out-of-state visitors as it assumes that all out-of-state participants would register to ride on state or federal lands.

#### ***Low Estimate - Out-of-State Mountain Bike Population + Registration Participation Rate***

Again, following the methodology presented for in-state registration rate, 23% or 310,000 of out-of-state mountain bikers are predicted to register under the new fee as a low estimate.

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<sup>83</sup> <https://industry.colorado.com/longwoods-international> - pg. 82 & 220

## Estimation of Enforcement and Administrative Overhead

This mechanism is based on the current OHV annual permit fee, \$25.25 per vehicle. In 2017, the OHV trail improvement grant program awarded \$4.2 million in funding generated through the OHV use permit. Given a known breakdown of the \$25.25 per vehicle fee – \$20 to trail grants and \$5.25 to enforcement, administrative overhead, and search and rescue – approximately 201,497 permits were issued in fiscal year 2018 for OHV use. Given that \$5.25 per permit goes to program costs, the OHV program costs totaled \$1,058,000. This analysis assumes the same program costs for a mountain bike registration fee program.

*Table 31: Annual Mountain Bike Registration Program Costs*

Enforcement Cost	\$	200,000
Administrative Overhead	\$	858,000
Total Annual Cost	\$	1,058,000

## Mountain Bike Registration Fee Options

Options discussed in this section were calculated using two values for an annual fee, summarized in Table 32. Adjusting the fee amount would impact revenue generated and the participation rate.

*Table 32: Annual registration fee range*

Low	\$ 15.00
High	\$ 25.00

### *Option 1: Per Rider Fee Structure*

The first fee option presented is modeled on a per participant structure. The estimated participants above are multiplied by the fee rates described in Table 32. Note that in Table 33 below total revenue is presented by participant type, while net revenue is presented for the sum of in-state and out-state participants for each estimate.

Table 33: Per rider annual registration fee revenue

		Total Annual Fee Revenue Generated By Participant Type		Net Annual Fee Revenue (after enforcement and administrative costs)	
		Low (\$15/permit)	High (\$25/permit)	Low (\$15/permit)	High (\$25/permit)
Low Estimate	CO Residents	\$ 2,537,000	\$ 4,228,000	\$ 6,106,000	\$ 10,881,000
	Out-of-State	\$ 4,627,000	\$ 7,711,000		
High Estimate	CO Residents	\$ 11,184,000	\$ 18,641,000	\$ 31,584,000	\$ 52,641,000
	Out-of-State	\$ 20,400,000	\$ 34,000,000		

### Option 2: Per Bike Fee Structure

Calculating a per bike registration fee requires assumptions on the number of bikes participants own and would register. This analysis assumes that while out-of-state visitors may own multiple bikes, they are likely to register only a single bike for use on their trip. This may overestimate the number of bikes as presumably rented bikes would only be registered once per year by a rental company yet used by multiple participants.

Colorado mountain bike participants can be further segmented into avid and occasional riders. Participants in these two groups will own different numbers of bikes as avid riders likely spend more time and disposable income on the activity. A 2016 survey by Single Tracks, a website and forum for trail info and reviews, found that their users own 1.5 mountain bikes.<sup>84</sup> Relying on their survey, this analysis assumes that avid mountain bikers own 1.5 bikes while occasional riders own 1 mountain bike. The distribution of avid vs. occasional Colorado mountain bike participants is unknown. This analysis assumes that 1/3 (33%) of riders are avid mountain bikers – adjustments to this assumption could be made given additional data on participant characteristics.

<sup>84</sup> Personal communication.



Table 34: Per bike annual registration fee revenue

		Bikes Per Participant	Total Annual Fee Revenue By Mountain Bike		Net Annual Fee Revenue (after enforcement and administrative costs)	
			Low (\$15/permit)	High (\$25/permit)	Low (\$15/permit)	High (\$25/permit)
			Low Estimate	Resident, Avid	1.5	\$ 1,256,000
	Resident, Occ.	1	\$ 1,674,000	\$ 2,790,000	\$ 6,499,000	\$ 11,536,000
	Out-of-State	1	\$ 4,627,000	\$ 7,711,000		
High Estimate	Resident, Avid	1.5	\$ 5,536,000	\$ 9,227,000		
	Resident, Occ.	1	\$ 7,382,000	\$ 12,303,000	\$ 32,260,000	\$ 54,472,000
	Out-of-State	1	\$ 20,400,000	\$ 34,000,000		

### Option 3: Combination structure

Combining the two fee structures discussed above, this option applies a per rider (+ 1 bike) fee with an additional lower fee for additional bikes. Under this option, extra bikes incur an additional \$5 fee. The assumption that 1/3 of Colorado resident mountain bike participants can be considered avid riders and own 1.5 bikes is again used to assess a combination fee. Table 6 outlines the breakdown of participation along with extra mountain bikes.

Table 35: Estimated Participants and Bike Under a Combined Structure

	Participants (Full Fee)		Extra Mountain Bikes (Additional \$5 Fee)
	CO Residents	Out-Of-State Visitors	
Low Estimate	170,000	310,000	27,900
High Estimate	750,000	1,360,000	123,000

Table 36: Rider and Bike Combination Annual Registration Fee Revenue

		Annual Fee Revenue By Participant Type		Additional Bike Fee Revenue	Total Annual Fee Revenue	
		Low (\$15/permit)	High (\$25/permit)	(\$5/extra bike)	Low (\$15/permit)	High (\$25/permit)
		Low Estimate	CO Residents	\$ 2,537,000	\$ 4,228,000	\$ 140,000
	Out-of-State	\$ 4,627,000	\$ 7,711,000			
High Estimate	CO Residents	\$ 11,184,000	\$ 18,641,000	\$ 615,000	\$ 31,141,000	\$ 52,198,000
	Out-of-State	\$ 20,400,000	\$ 34,000,000			

## Discussion

The two options presented above give a broad sense of the revenue potential from a bike registration fee. Knowing that a portion of users will not register their mountain bikes or participate in mountain biking on state or federal land, the high estimates are useful to benchmark a high end but do not reflect the revenue CPW could reasonably expect from this mechanism.

Questions remain surrounding the implementation of an annual bike registration fee, its enforcement, and the effect on rider preferences. Further analysis of the administrative and enforcement structure of this fee may highlight differences from the current OHV model, necessitating the adjustment of associated costs, which currently remain constant at \$1,058,000 across all participation estimates. In addition to program costs, decisions on the model of enforcement and fines may additionally impact the registration rate of mountain bike participants. Also effecting the registration rate is the availability of substitutes. The analysis presented here does not account for the availability of alternative trails (on local or private land) in different regions of the state. The number of mountain bike participants buying into the fee would be subject to use of and appeal of available substitutes. In areas with extensive locally managed trail systems, riders may prefer to visit those trails more frequently as opposed to paying a registration fee. Primary evaluation of rider preferences would help determine the potential effect of trail substitutes on annual registration rate.

Several key assumptions and data inputs could be refined to improve the analysis of revenue from a bike registration fee. As discussed above, further data on rider preferences through local surveys would help in understanding riders' demand for state and federal mountain bike trails in Colorado. Other rider characteristics, including the bikes per rider and frequency and duration of mountain bike trips would improve estimates of a per-bike fee as well as willingness to participate under the new fee structure. IMBA is currently running a national survey<sup>85</sup> which may generate data to adjust the estimates of participation and bike ownership used in this analysis. Lastly, further research into the marginal effect of different fee amounts and enforcement structures would inform the impact of differing fee amounts on the total revenue generated from the mechanism.

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<sup>85</sup> Survey running August 20<sup>th</sup> to September 20<sup>th</sup>, 2018.

## Appendix G | Membership organizations

Table 37: Colorado membership organizations included in the economic analysis

Colorado Membership Organizations Included in Economic Analysis	
Organization	Estimated Members
Arrowhead Snowmobile Club	290
Bird Conservancy of the Rockies	425
Boulder Mountain bike Alliance	250
Colorado Mountain Bike Association	1,250
Colorado Mountain Club	6,000
Conservation Colorado	40,000
Continental Divide Trail Coalition	100
Creeper Jeepers Gang	70
Friends of Cheyenne Mountain State Park	300
Friends of the Dillon Ranger District	400
Friends of the Peak	200
Grand Mesa Nordic Center	400
Gunnison Trails, Inc.	114
Orient Land Trust	200
Salida Mountain Trails	155
San Juan Mountains Association	200
Sheep Mountain Alliance	120
Silent Tracks	50
Tamarisk Coalition	200
Telluride Mountain Club	300
The Greenway Foundation	500
Upper Arkansas Wilderness Volunteers	350
Vail Valley Mountain Bike Association	250
Volunteers for Outdoor Colorado	1,000
Walking Mountains Science Center	200
Wilderness Workshop	50
Yampatika	200

Table 38: National Organizations with a presence in Colorado

Examples of National Organizations with a Presence in Colorado
Access Fund (14 CO affiliate coalitions)
American Alpine Club (3 CO chapters)
American Whitewater
Audubon Society (10 CO chapters)
Great Old Broads for Wilderness

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International Mountain Bike Association
Mule Deer Foundation (10 CO chapters)
National Wild Turkey Federation (13 CO chapters)
Sierra Club (9 CO chapters)
The Nature Conservancy
Wilderness Society
Winter Wildlands Alliance
World Wildlife Fund

## About Meridian

Meridian Institute is a not-for-profit organization that helps people solve complex and controversial problems, make informed decisions, and implement solutions that improve lives, the economy, and the environment. We design and manage collaboration, providing services such as facilitation, mediation, convening power, and strategic planning. Drawing from over two decades of experience, we help people develop and implement solutions across a wide range of issue areas, including climate change and energy, agriculture and food systems, oceans and freshwater, forests, and health. As a neutral third-party, we bring people together to listen to one another, build trusted working relationships, and forge consensus.

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