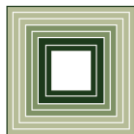


# Conservation Trust Funds



**Joint Appropriations Subcommittee on NER**

**March 5, 2013**



**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Agenda

## 4 Trust Funds

- Parks & Recreation Trust Fund
- Natural Heritage Trust Fund
- Clean Water Management Trust Fund
- Agriculture Development & Farmland Preservation Trust Fund

# Parks and Recreation Trust Fund (PARTF)

- **Created:** 1994
- **Statutory Authority:** G.S. 113-44.15
- **Purpose:** To fund improvements in state's park system, to fund grants for local governments and to increase the public's access to the state's beaches.
- **Governance** (G.S. 143B-313.1 & 313.2): 15-member appointed board serving 3-year terms
  - FY 11-12 actual expense = \$9,883

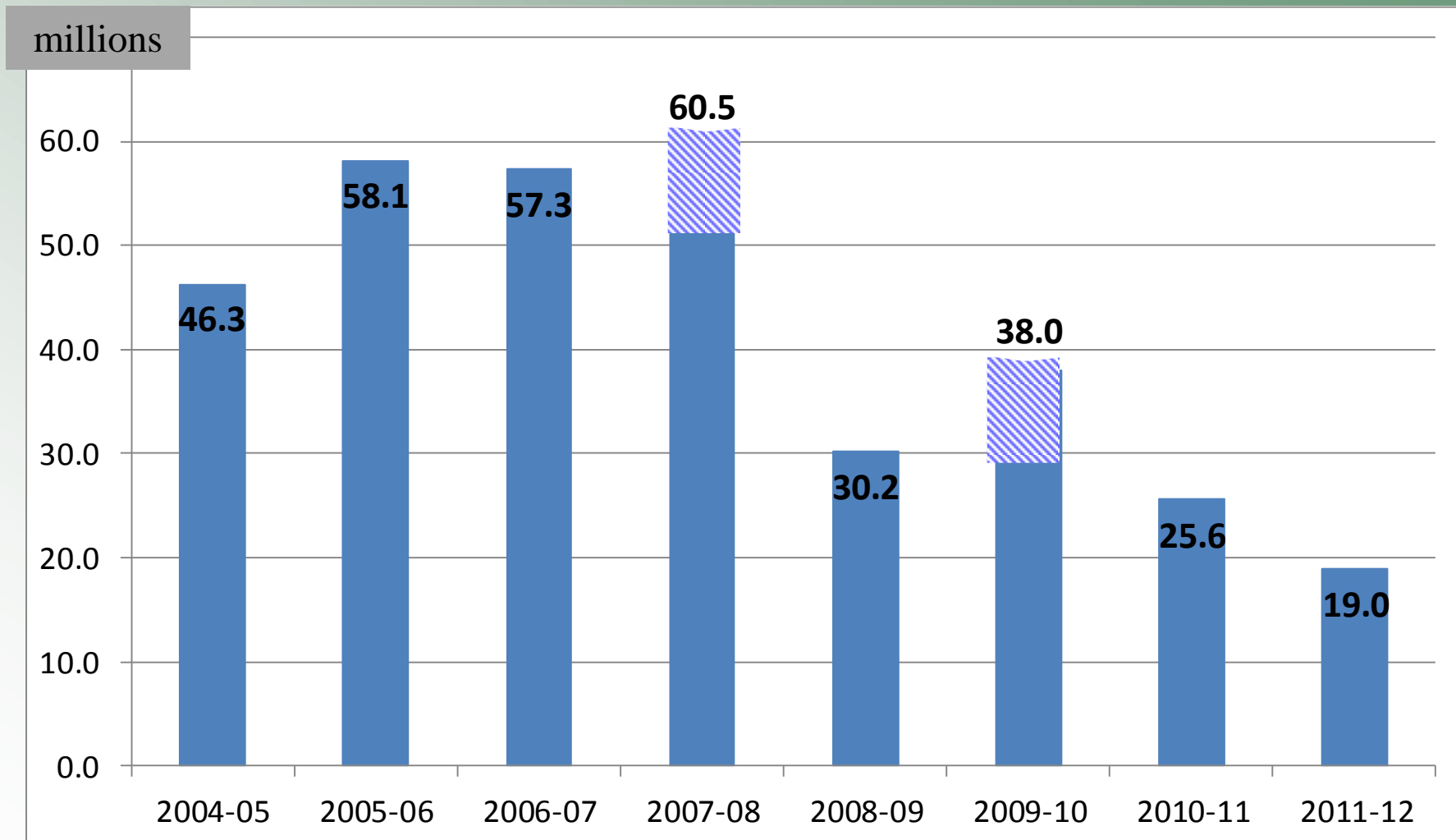
# Parks and Recreation Trust Fund

- **Allocation of Funds:**
  - 65% for land acquisition, capital projects, repairs and renovations at State Parks and to retire debt
  - 35% for a local government matching grants program for local parks and recreation purposes
  - 5% for Public Beach and Coastal Waterfront Access Program in the Division of Coastal Management
- **Administrative/Operating Costs:**
  - Limited to 3% of the money credited to the Trust Fund
  - In FY 2012 = \$794,973, 13 FTEs
- **Other Costs:**
  - Debt service on two debt issuances
  - In FY 2012 = \$7.2 million

# Parks and Recreation Trust Fund

- **Funding Sources:**
  - 75% of deed stamp tax
  - Fees from specialty license plates (\$5/plate)
  - Interest earnings
- **Since FY 2004-05:**
  - Deed Stamp Tax has ranged between \$56.3 - \$21.7 million and typically makes up over 90% of total revenue
  - License plate - relatively stable, averages \$1.3 - \$1.4 million

# PARTF Funding History



In FY 2008-09, the Governor transferred \$6 million from cash balance or budget shortfall, and \$1.7 million in FY 2010-11 per SB 109.

# Parks and Recreation Trust Fund

- **Recent Actions by the General Assembly**
  - \$6 million non-recurring operating reduction offset by a transfer of funds from Trust Fund in both years of biennium
  - \$8.435 million diversion of deed stamp tax to General Fund in FY 2011-12
- **Governor's Continuation Budget**
  - Continues the transfer from the Trust Fund to the division to support recurring operating needs
    - Not typical
  - No other changes



# Natural Heritage Trust Fund (NHTF)

- **Created:** 1987
- **Statutory Authority:** G.S. 113-77.6 - 77.9
- **Purpose:** To serve as a funding source for state agencies to acquire and protect land with outstanding natural or cultural heritage value.
- **Governance:** 12-member Board of Trustees appointed for staggered 6-year terms by the Governor, President Pro-Tempore, and Speaker
  - FY 2011-12 actual expense = \$5,441





# Natural Heritage Trust Fund (NHTF)

- **Allocation of Funds:**

- Land acquisition that represents the ecological diversity of the State
- Land acquisition as additions to state parks, trails, forests, wildlife management areas, wild and scenic rivers and natural areas
- Land acquisition that contributes to the development of a state program of historic properties
- To pay for an inventory of natural areas conducted under the Natural Heritage Program (Article 9, Chapter 113A)

- **Administrative Costs:**

- No limitation, In FY 2012 = \$111,865, 1.5 FTE

- **Other Costs:**

- Debt service on two debt issuances
- In FY 2012 = \$4.41 million

# Natural Heritage Trust Fund (NHTF)

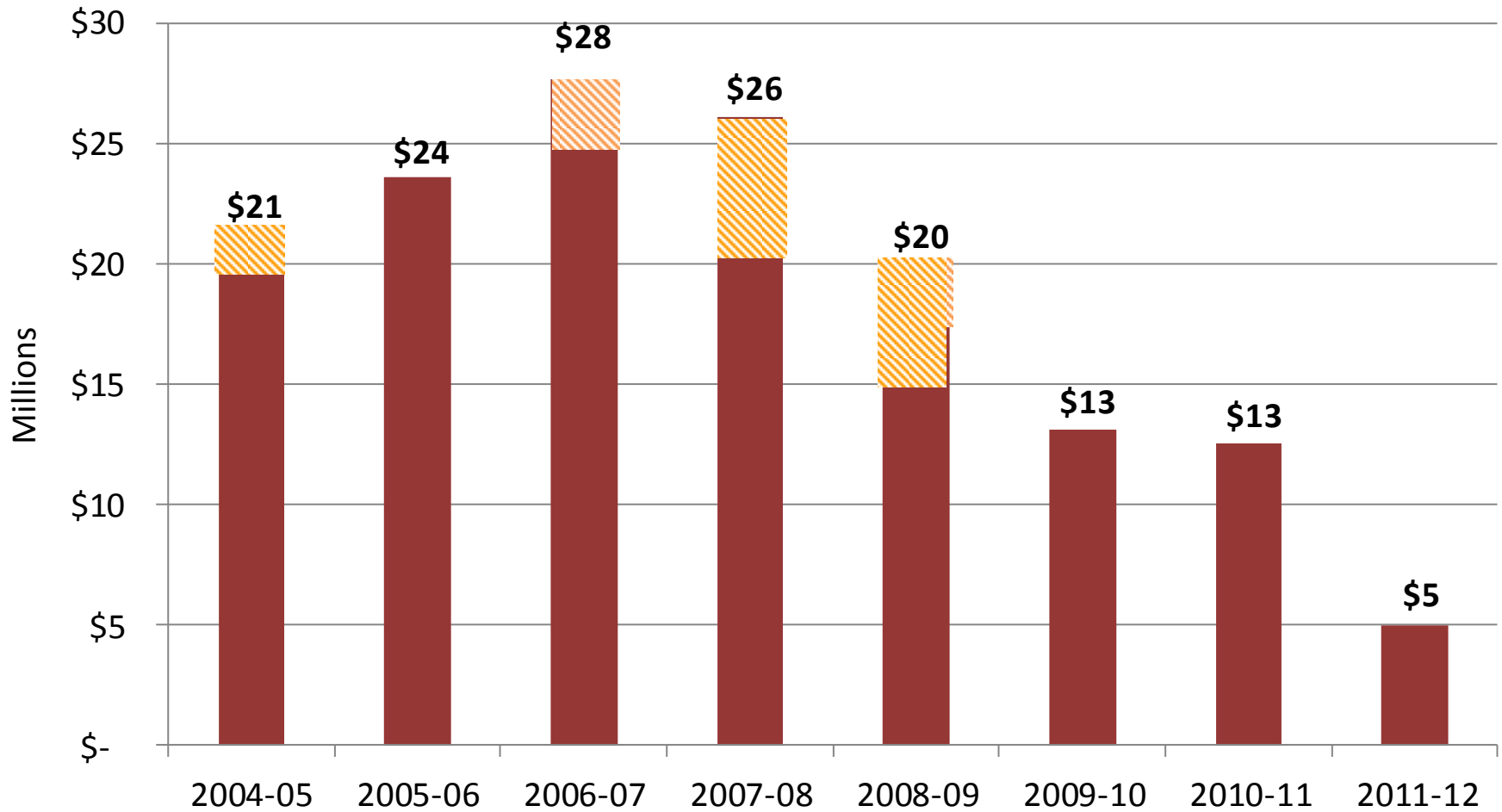
- **Eligibility:**

- DENR
- DACS
- Department of Cultural Resources
- Wildlife Resources Commission

- **Funding Sources**

- 25% of deed stamp tax
  - High of \$18.8 mil in FY 2005-06 to a low of \$8.6 mil in FY 2009-10
- Fees from specialty license plates (\$10-\$15/plate)
  - Averages \$4.2 mil over past eight years (FY 2004-05 to FY 2011-12)
- Interest earnings

# NHTF Funding History



**Budget shortfall transfers: \$2.83 m in FY 08-09; \$1.7 m in FY 10-11**

# Natural Heritage Trust Fund

- **Recent Actions by the General Assembly**

- In FY 2011-12:**

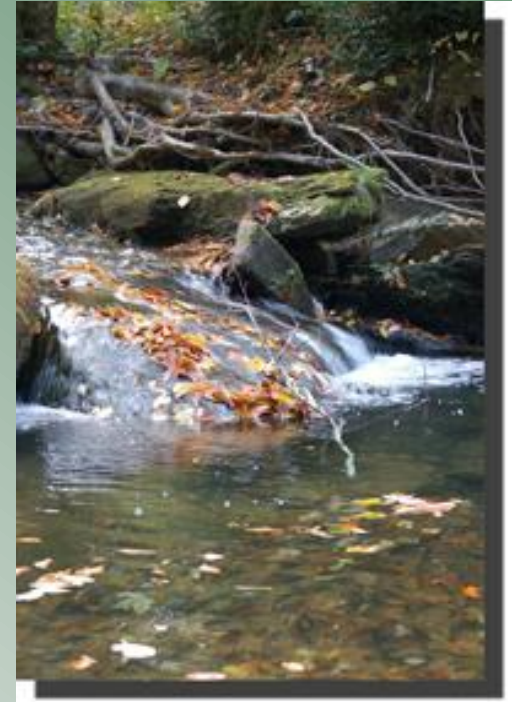
- \$75,000 for Plant Conservation Program in DACS
- \$325,000 for staff in the Office of Conservation Planning and Community Affairs in DENR
- \$8 million diversion of deed stamp tax to General Fund

- **Governor's Continuation Budget**

- No changes

# Clean Water Mgmt. Trust Fund

- **Created:** 1996
- **Statutory Authority:** Chapter 113A, Article 18
- **Purpose:** To preserve, protect and improve the State's surface waters, to establish riparian buffers and greenways for environmental, educational and recreational benefits and preserve lands for establishing clean water supplies
- **Governance:** 21-member board appointed to staggered four-year terms
  - FY 11-12 actual expense = \$14,420



# Clean Water Mgmt. Trust Fund

- **Allocation of Funds:**

- acquire land or conservation easements to establish riparian buffers, to build a network of riparian greenways and to protect military installations
- repair failing wastewater treatment systems, eliminate failing septic tank systems and illegal drainage connections
- improve stormwater control and management practices
- restore previously degraded land
- facilitate pollution reduction planning efforts
- coordinate with other public programs with similar purpose



# Clean Water Mgmt. Trust Fund

## Eligible Applicants:

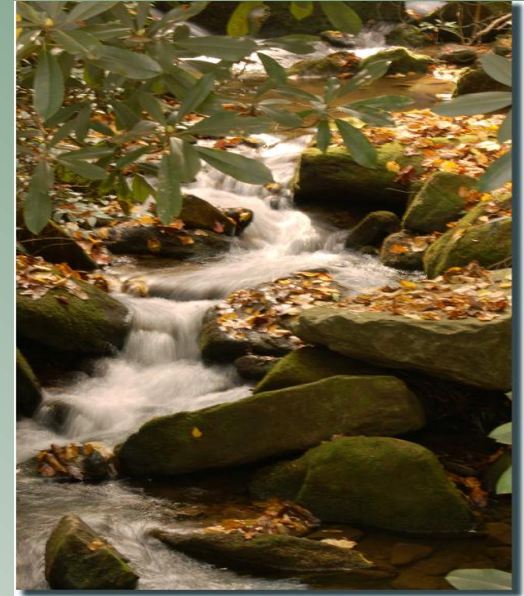
- State agencies
- Local governments
- Non-profits

## Administrative Costs:

- Limited to 3% of the money credited to the Trust Fund
  - Notwithstanding in FY 2010, 11 & 12
- FY 11-12 actual cost = \$1.4 M, 13 FTE

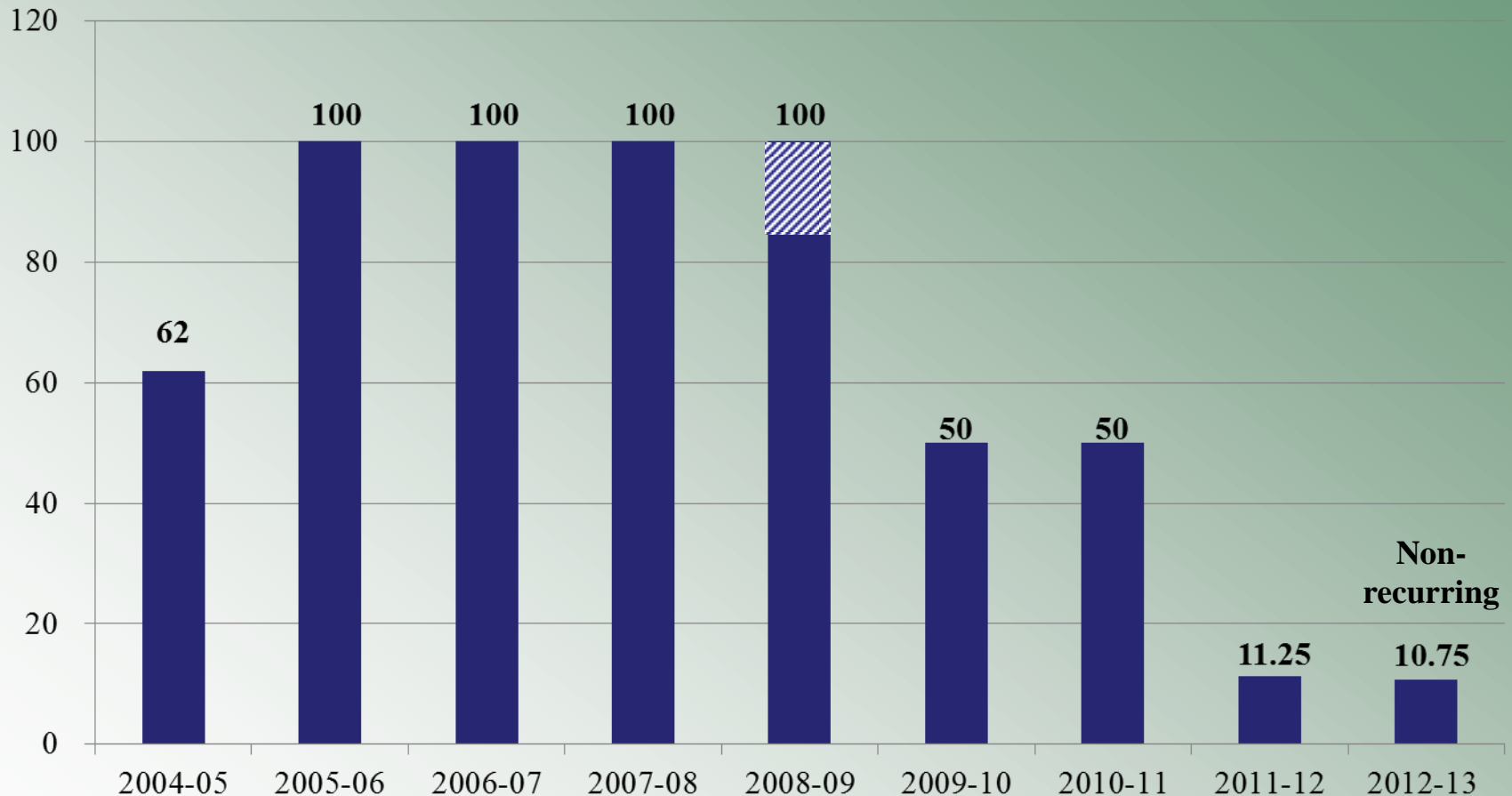
## Other Costs:

- Debt service 2004 debt issuance
- In FY 2012 = \$1.6 million





# CWMTF Funding History



In FY 2008-09, \$15 mil was withheld from deposit into the Fund and \$100 mil in cash balance was transferred due to budget crisis. In FY 2010-11, all state agencies were required to revert 3.5%, which equated to \$1.75 mil for CWMTF.

# Clean Water Mgmt Trust Fund

- **Recent Actions by the General Assembly**

- In FY 2011-12:**

- Eliminated the \$100 million statutory appropriation
    - Reduced recurring funds by \$88.75 million

- In FY 2012-13:**

- Eliminated recurring funds of \$11.25 million
    - Appropriated \$10.75 in non-recurring (NR) funds

- **Governor's Continuation Budget**

- No funds, as expected given current appropriation is NR

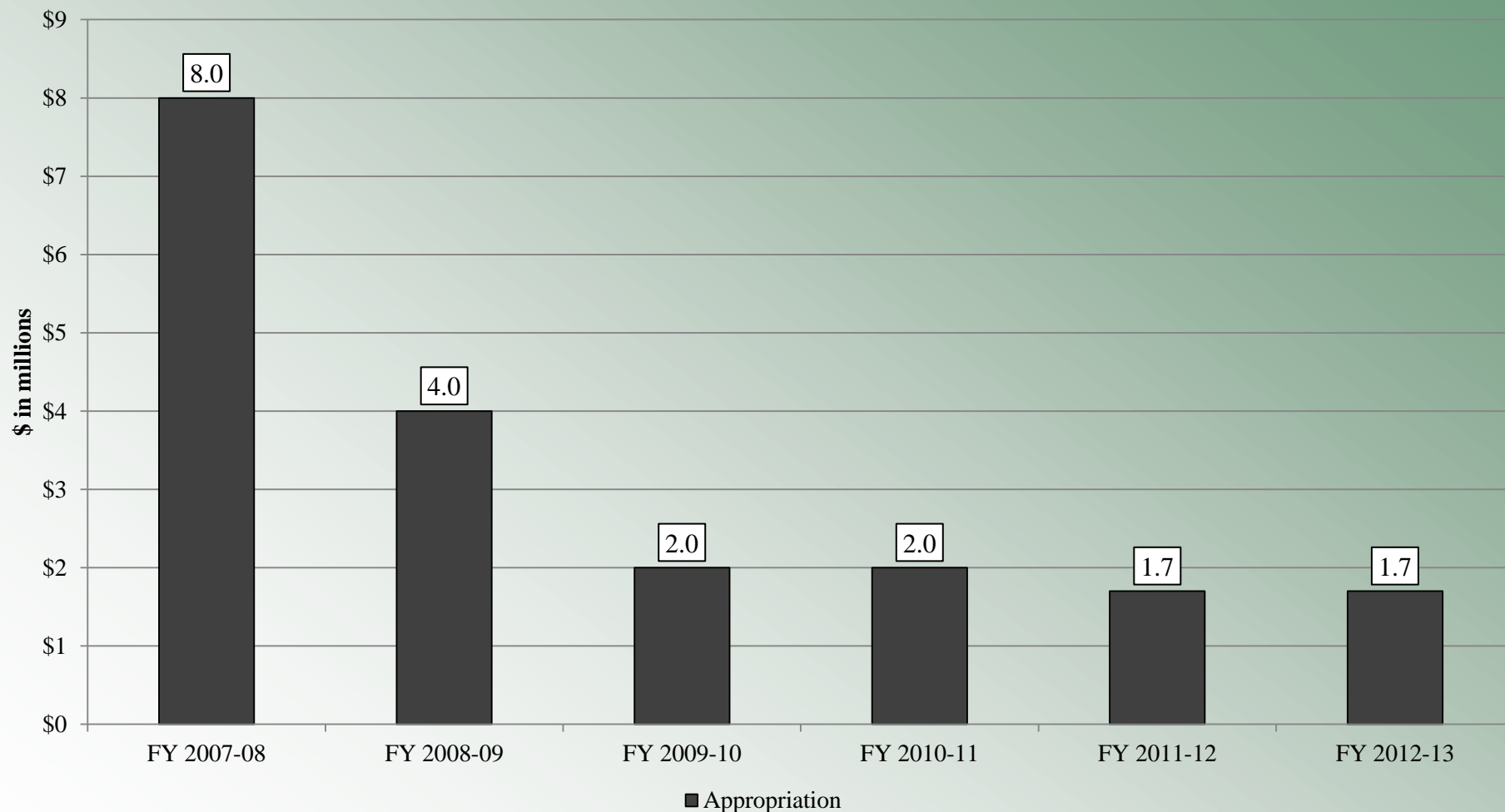
# Agricultural Development & Farmland Preservation Trust Fund (ADFP)

- **Created:** 1991
- **Statutory Authority:** G.S. 106-744(c)
- **Purpose:** To purchase agricultural conservation easements or funding programs that promote the development and sustainability of farming and assist in the transition of existing farms to new farm families
- **Governance:** 19-member ADFP Trust Fund Advisory Committee

# Agricultural Development & Farmland Preservation Trust Fund (ADFP)

- **Allocation of Funds:**
  - No mandated distribution allocation
  - Grant matching requirement differs between counties based on:
    - Tier status
    - If county has adopted farmland protection plan
- **Administrative Costs:** No statutory limit
  - FY 2011-12 – Budget: \$150,121; Actual: \$103, 936, 4.5 FTE's
  - FY 2012-13 – Budget: \$183,128; As of 3/1/13: \$48,840, 4.5 FTE's
- **Eligible Projects:**
  - Ag Conservation Easements
  - Public & Private Enterprise Programs
  - Conservation Agreements

# ADFP Funding History



# ADFP Trust Fund

- **Funding Sources:**
  - 100% - General Fund Appropriations
- **Recent Actions by the General Assembly**
  - FY 2011-12 - Implemented \$300,000 recurring reduction
- **Governor's Continuation Budget**
  - FY 2013-14: \$1,666,930
  - FY 2014-15: \$1,666,930

# Items for Subcommittee Consideration

## 1. Could the Conservation Trust Funds be merged? Which ones? And how?

1. Merge administrative staff?
2. Merge boards?
3. Merge funding streams?
4. All of the above?