


 Colorado *Legislative Council Staff Fiscal Note*
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0708
Prime Sponsor(s): Rep. Fischer
 Sen. Whitehead

Date: April 13, 2010
Bill Status: House Agriculture
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TITLE: CONCERNING THE SPECIES CONSERVATION TRUST FUND, AND, IN CONNECTION THEREWITH, APPROVING THE SPECIES CONSERVATION ELIGIBILITY LIST.

| Fiscal Impact Summary | FY 2010-2011 | FY 2011-2012 | FY 2012-2013 |
|--|------------------------------|---------------|----------------|
| State Revenue | | | |
| State Transfers or Diversions Transfer from the Operational Account of the Severance Tax Trust Fund to the Species Conservation Trust Fund (SCTF): | | | |
| Capital Account | See State Transfers section. | | (\$4,500,000)* |
| Operation and Maintenance Account | | | (\$2,500,000)* |
| State Expenditures | | | |
| General Fund | | | |
| Cash Funds | | | |
| SCTF – Capital Account | \$4,500,000 | (\$1,000,000) | \$4,500,000* |
| SCTF – Operation and Maintenance Account | \$3,500,000 | \$1,000,000 | \$2,500,000* |
| FTE Position Change | | | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature. | | | |
| Appropriation Summary for FY 2010-2011: See State Appropriation section. | | | |
| Local Government Impact: None. | | | |

* *These transfer amounts and associated expenditures are subject to proportionate reductions if there is not sufficient severance tax revenue to fund all authorized expenditures from the Operational Account of the Severance Tax Trust Fund.*

Summary of Legislation

The bill appropriates money from both the Operation and Maintenance Account and the Capital Account of the Species Conservation Trust Fund (SCTF) for programs submitted by the executive director of the Department of Natural Resources. These programs are designed to conserve native species that are listed as threatened or endangered under state or federal law, are candidate species, or are likely to become candidate species as determined by the U.S. Fish and Wildlife Service.

The bill also transfers funding between the Capital and the Operation and Maintenance Accounts of the SCTF and transfers funding to these accounts from Tier 2 of the Operational Account of the Severance Tax Trust Fund.

Background

The Operational Account of the Severance Tax Trust Fund receives 25 percent of severance tax receipts. Current law provides a mechanism for balancing spending from the Operational Account by making reductions to the account's Tier 2 programs when insufficient funds exist to fully fund the programs and the account's statutory reserve requirement. Tier 2 programs include water-related programs, agriculture-related programs, clean and renewable energy development, soil conservation, the control of invasive species, low-income energy assistance, and the SCTF. The reductions to Tier 2 programs are made on a proportional basis. For example, if the funding for Tier 2 programs needs to be reduced by 10 percent to ensure the Operational Account is balanced, each Tier 2 program's funding level is reduced by 10 percent.

State Transfers or Diversions

Severance Tax Trust Fund. For FY 2011-12, the bill reduces the amount to be transferred from the Operational Account of the Severance Tax Trust Fund to the Capital Account by \$1,000,000 and instead transfers the \$1,000,000 to the SCTF Operation and Maintenance Account. This change does not increase the amount of severance tax funds transferred to the SCTF, it simply changes the destination account for the funds.

For FY 2012-13 and FY 2013-14, the bill transfers from the Operational Account of the Severance Tax Trust Fund:

- \$4,500,000 to the SCTF Capital Account, and
- \$2,500,000 to the SCTF Operation and Maintenance Account.

These amounts may be proportionally reduced if insufficient funds exist to balance the Operational Account of the Severance Tax Trust Fund.

Species Conservation Trust Fund. For FY 2010-11, the bill transfers \$500,000 from the Capital Account to the Operation and Maintenance Account of the SCTF for the Colorado River Recovery Program. These moneys are not new to the SCTF, they are simply transferred within the fund. In FY 2009-10, these moneys were used for Instream Flow Protection.

State Expenditures

Total state expenditures by the Department of Natural Resources are \$8,000,000 in FY 2010-11, unchanged in FY 2011-12, and \$7,000,000 in FY 2012-13. FY 2010-11 expenditures are from the SCTF for the 8 specific species conservation programs that are summarized in Table 1. Since authorized expenditures are for FY 2010-11 only, this is the only year shown.

| Table 1. Species Conservation Trust Fund Project Expenditures | |
|--|--------------------|
| Project | FY 2010-11 |
| <u>Capital Account</u> | |
| Platte River Recovery Program | \$3,000,000 |
| Native Grouse Conservation Program | <u>1,500,000</u> |
| Subtotal | \$4,500,000 |
| <u>Operation and Maintenance Account</u> | |
| Upper Colorado River Recovery Program | \$1,500,000 |
| Native Grouse Conservation Program | 630,000 |
| Native Fish Conservation Program | 470,000 |
| Wildlife Disease Management | 400,000 |
| Wildlife Research | 100,000 |
| Natural Areas Program | <u>400,000</u> |
| Subtotal | \$3,500,000 |
| Total Expenditures | \$8,000,000 |

State Appropriations

The bill provides the authorization necessary for the projects listed in Table 1.

Departments Contacted

Natural Resources