

# **Report of the Environment and Natural Resources Trust Fund Advisory Task Force**

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# HOUSE RESEARCH

## Information Brief

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### State Environmental Trust Funds

This information brief provides summary background on the known environment and natural resources trust funds that have been established in states around the country. It addresses four basic questions for each state:

- (1) Is the trust fund established in the state's constitution or by statute?
- (2) Is the trust fund money for broad-based purposes or only limited spending?
- (3) Are there any specific restrictions on spending the trust fund money?
- (4) Who makes up the trust fund governing board, and who appoints its members?

#### Alabama

##### How the fund is established

Constitutionally dedicated as the *Forever Wild Trust Fund*. (Ala. Const. of 1901, Amendment 543)

##### Spending purposes

The constitutional language is broad for spending purposes, which include spending to:

- "Protect, manage, and enhance certain lands and waters of Alabama with full recognition that this generation is a trustee of the environment for succeeding generations;
- Protect, to the fullest extent practicable, recreational lands and areas of unique ecological, biological and geological importance; and
- Promote a proper balance among population growth, economic development, environmental protection, and ecological diversity."

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**Spending restrictions** The governing board may not construct or improve buildings, structures, or facilities used for human lodging, feeding, or entertainment, including hotels, restaurants, convention centers, meeting halls, golf courses, dancing pavilions, tennis courts, recreational dams, and similar facilities.

**Who makes up the governing board** The governing board is composed of 15 members: nine citizens whom are appointed by the governor and who must reside in geographic locations throughout the state, the state forester, the director of the Marine Environmental Sciences Consortium, the Commissioner of Conservation and Natural Resources, and three members with scientific background chosen by three separate Alabama colleges.

## Arizona

**How the fund is established** Created in 1990 through a ballot initiative and established in state statute as the *Arizona Heritage Fund*. (Ariz. Rev. Stat. § 41-502)

**Spending purposes** The funding is for local, regional, and state parks and trails, water conservation, and historic preservation, with specific percentages for the various programs:

- 5 percent for local, regional and state trails
- 35 percent for local, regional, and state parks for outdoor recreation purposes
- 17 percent for acquisition of natural areas
- 17 percent for local, regional, and state historic preservation programs
- 4 percent on maintenance, operation, and management of natural areas
- 17 percent on state park acquisition and development
- 5 percent on environmental education

**Spending restrictions** No entity may receive more than 20 percent of the funds available annually, and any interest earned in the trust fund must be expended according to the exact percentages identified above.

**Who makes up the governing board** The State Parks Board administers the trust fund and is made up of the state land commissioner and six citizens at-large, appointed by the governor.

## Colorado

### How the fund is established

Article XXVII of the Colorado Constitution (1980) allots state lottery proceeds (capped at \$35 million, adjusted annually for inflation) to the *Great Outdoors Colorado Trust Fund*, called GOCO.

### Spending purposes

There are four major categories—outdoor recreation, wildlife, open space, and local government—where the constitutional language requires trust fund expenditures to be made on a substantially equal basis for projects. Five competitive grant cycles are outlined:

- Open space and natural areas: projects in urban, suburban, and rural areas
- Local government: awarded to local governments to acquire, establish, expand, and enhance park and outdoor recreation facilities, including environmental education
- Legacy: major regional or statewide projects that combine two or more of the board's four funding categories
- Trails: construction of new trails, trail renovation, acquisition of land or permanent easements for trail access, and trailhead development
- Planning and capacity: seed grants to local governments and nonprofit organizations primarily for land conservation planning

### Spending restrictions

The constitutional language explicitly provides that the expenditures of the funds "...shall not be subject to legislative appropriation or restriction." Money also cannot be used in condemnation proceedings.

### Who makes up the governing board

The governing board is composed of 17 members, 14 appointed by the governor from the seven congressional districts—and no two in each district from the same political party—and the executive director of the Department of Natural Resources, a representative from the State Parks Board, and a representative from the State Wildlife Commission.

## Florida

### How the fund is established

Established in state statute (1999) as the *Florida Forever Act*. (Fla. Stat. § 259.105)

### Spending purposes

The act primarily functions for land acquisition needs of natural resources through the sale of state bonds, and the funds are divided as follows:

- 35 percent to the Department of Environmental Protection (DEP) for acquisition of lands that are necessary to implement water management district's priority lists

- 35 percent to DEP for acquisition of lands and capital project expenditures
- 22 percent to the Department of Community Affairs (DCA) for grants to local governments or nonprofit environmental organizations that are tax exempt under subchapter S for the acquisition of community-based projects, urban open spaces, parks, and greenways to implement local government comprehensive plans
  - ▶ 75 percent of the funds available for land acquisition shall be matched by local governments on a dollar-for-dollar basis and at least 30 percent of the total allocations must be used in Standard Metropolitan Statistical Areas, but one-half that amount shall be used in localities in which the project site is located in built-up commercial, industrial, or mixed-use areas to intersperse open spaces within congested urban spaces
  - ▶ No less than 5 percent shall be used to acquire lands for recreational trail systems
  - ▶ Any lands purchased by nonprofit organizations using trust funds must provide for such lands to remain permanently in public use through a reversion of title to local or state government, conservation easement, or other appropriate mechanism
- 2 percent to the DEP for grants “to qualified local governmental entities to acquire or develop land for public outdoor recreation purposes.” Fla. Stat. § 375.075(1).
- 1.5 percent to DEP for the purchase of inholdings and additions to state parks and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the trust funds.
- 1.5 percent to the Division of Forestry of the Department of Agriculture and Consumer Services to fund the acquisition of state forest inholdings and additions, the implementation of reforestation plans or sustainable forestry management practices, and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated to the department.
- 1.5 percent to the Fish and Wildlife Conservation Commission to fund the acquisition of inholdings and additions to lands managed by the commission that are important to the conservation of fish and wildlife and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the funds allocated to the commission.

- 1.5 percent to DEP for the Florida Greenways and Trails Program, to acquire greenways and trails or greenways and trail systems including, but not limited to, abandoned railroad rights-of-way and the Florida National Scenic Trail and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated under this paragraph.

**Spending restrictions**

No specific statutory restrictions are specified.

**Who makes up the governing board**

Governed under the Acquisition and Restoration Council, which has nine members: four appointed by the governor who have scientific backgrounds, and five executive cabinet members from the Department of Community Affairs, DEP, divisions of forestry and historical resources, and the Fish and Wildlife Conservation Commission.

**Indiana**

**How the fund is established**

Created in state statute (1995) as the *Indiana Heritage Trust Fund*. (Ind. Code § 14-12-2-1)

**Spending purposes**

Established to provide funds for land acquisition and preservation for the purposes of protecting outstanding natural features and habitat, historical and archaeological preservation, and conservation and restoration of biological diversity.

**Spending restrictions**

Money may not be expended on the costs of constructing structures, removal and remediation of hazardous substances, and wastewater treatment projects. No eminent domain may be utilized for land acquisition.

**Who makes up the governing board**

The governing foundation board has 17 members: 12 appointed by the governor from each congressional district, and two members each from the legislative House and Senate, and the state treasurer.

**Maryland**

**How the fund is established**

Established in statute (1973) as the *Maryland Environmental Trust*. (Md. Code Ann. § 3-201)

**Spending purposes**

The statute is very broad for the purpose of land acquisition. The stated purpose of the trust fund is to "...perpetuate the aesthetic, natural, health and welfare, scenic, and cultural qualities of the environment, including,

