

# State Land Department

JLBC: Jay Chilton

OSPB: Thomas Soteros-McNamara

DESCRIPTION	FY 2008 ACTUAL	FY 2009 ESTIMATE	FY 2010 JLBC
<b>OPERATING BUDGET</b>			
<i>Full Time Equivalent Positions</i>	230.9	232.9	232.9
Personal Services	7,049,400	7,718,600	7,718,600
Employee Related Expenditures	2,368,000	2,520,300	2,520,300
Professional and Outside Services	4,022,900	1,960,000	1,960,000
Travel - In State	207,300	293,500	293,500
Travel - Out of State	11,900	1,500	1,500
Other Operating Expenditures	2,406,500	2,071,900	2,071,900
Equipment	549,100	231,000	231,000
<b>OPERATING SUBTOTAL</b>	<b>16,615,100</b>	<b>14,796,800</b>	<b>14,796,800</b>
<b>SPECIAL LINE ITEMS</b>			
CAP User Fees	1,143,600	1,263,300	1,263,300
Community Protection Initiative	993,200	0	0
Due Diligence Fund	0	500,000	500,000
Environmental County Grants	200,000	0	0
Fire Suppression Operating Expenses	2,736,200	2,713,200	2,713,200
Fire Suppression	3,000,000	3,000,000	3,000,000
Inmate Fire Crews	1,014,900	1,208,700	1,208,700
Natural Resource Conservation Districts	650,000	638,400	638,400
<b>AGENCY TOTAL</b>	<b>26,353,000</b>	<b>24,120,400</b>	<b>24,120,400</b>
<b>FUND SOURCES</b>			
General Fund	26,093,000	23,360,400	23,360,400
<u>Other Appropriated Funds</u>			
Due Diligence Fund	0	500,000	500,000
Environmental Special Plate Fund	260,000	260,000	260,000
SUBTOTAL - Other Appropriated Funds	260,000	760,000	760,000
<b>SUBTOTAL - Appropriated Funds</b>	<b>26,353,000</b>	<b>24,120,400</b>	<b>24,120,400</b>
Other Non-Appropriated Funds	24,057,500	25,874,200	24,665,500
Federal Funds	900	0	0
<b>TOTAL - ALL SOURCES</b>	<b>50,411,400</b>	<b>49,994,600</b>	<b>48,785,900</b>

## CHANGE IN FUNDING SUMMARY

	FY 2009 to FY 2010 JLBC	
	\$ Change	% Change
General Fund	0	0.0%
Other Appropriated Funds	0	0.0%
Total Appropriated Funds	0	0.0%
Non-Appropriated Funds	(1,208,700)	(4.7%)
Total - All Sources	(1,208,700)	(2.4%)

**AGENCY DESCRIPTION** — The agency manages the state's 9.3 million acres of trust land on behalf of its 14 beneficiaries. In order to generate revenue, the agency plans, leases, and sells trust land. The agency also generates revenue by collecting royalties from the operators of 2 copper mines on state land. The department is also responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities (about 22 million acres total).

<b>PERFORMANCE MEASURES</b>	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2010 JLBC
• Average land sales processing time (application to auction, in months)	23.3	26.0	30.0	20.0
• % of customers giving the department a rating above 4 (5=very satisfied)	79	84	88	88
• Total trust generated (\$ in millions)	\$409.1	\$367.8	\$458.3	\$486.2
<p>Comments: Total trust generated includes both expendable and non-expendable permanent fund receipts. Expendable receipts include lease revenues, interest on outstanding sales balances, and the Treasurer's formula distribution. Non-expendable permanent fund receipts consist of revenues earned from the sale of State Trust land combined with the sales of minerals and natural products.</p>				
• Total Expendable Fund earnings generated (\$ in millions)	\$112.9	\$122.0	\$114.2	\$127.8
• Total trust land sales (\$ in millions)	\$544.3	\$453.47	\$126.0	\$130.0
• Total number of trust land acres sold in Maricopa, Pima, and Pinal Counties	2,637	3,494	1,994	2,000
• Total number of trust land acres sold in all other remaining counties	789	768	0	800

#### ***Operating Budget***

The JLBC includes \$14,796,800 and 172.9 FTE Positions from the General Fund for the operating budget in FY 2010. These amounts are unchanged from FY 2009.

#### ***CAP User Fees***

The JLBC includes \$1,263,300 from the General Fund for Central Arizona Project (CAP) User Fees in FY 2010. This amount is unchanged from FY 2009.

Monies in this line item are used to pay the Central Arizona Water Conservation District (CAWCD) for the department's allocation of CAP water used on state trust lands. The CAWCD sets the rates for all CAP subcontractors and applies the capital charges to the repayment of federal construction debt.

#### ***Community Protection Initiative***

The JLBC includes no funding for the Community Protection Initiative in FY 2010. This amount is unchanged from FY 2009.

In FY 2008, the Legislature appropriated \$1,000,000 from the General Fund to establish the Community Protection Initiative Fund. The State Forester tracks communities at risk of wildfire, and with the monies in this fund may issue grants to at-risk communities to complete community wildfire protection plans.

#### ***Due Diligence Fund***

The JLBC includes \$500,000 from the Due Diligence Fund for this line item in FY 2010. This amount is unchanged from FY 2009.

The State Land Department uses monies in this line item to fund due diligence studies on land that it prepares for auction. The purchasers of State Trust Land then reimburse the State Land Department for the cost of the studies. The reimbursements are deposited into the Due Diligence Fund and those monies again become available to the department to fund new studies. The fund is subject to appropriation, so appropriation authority is added to allow the State Land Department to spend the reimbursements.

#### ***Environmental County Grants***

The JLBC includes no funding for Environmental County Grants in FY 2010. This amount is unchanged from FY 2009.

Monies in this line item have been used by Greenlee, Graham, Gila, Navajo, and Apache Counties for environmental projects that impact economic development in those counties. The State Land Department must approve any project prior to expenditure of the monies. This item was eliminated by the department as part of its FY 2009 agencywide budget reduction.

**Fire Suppression Operating Expenses**

The JLBC includes \$2,713,200 and 43 FTE Positions from the General Fund for the Fire Suppression Operating Expenses Special Line Item in FY 2010. These amounts are unchanged from FY 2009.

Monies in this Special Line Item are used to fund the Division of Forestry. The Division of Forestry is primarily responsible for fire suppression and pre-suppression activities in the state and forest management. The Special Line Item does not include expenses paid to other entities that provide fire suppression assistance.

**Fire Suppression**

The JLBC includes \$3,000,000 from the General Fund for Fire Suppression in FY 2010. This amount is unchanged from FY 2008.

This program funds fire suppression on state trust land and rural private land. A.R.S. § 37-623.02 provides an annual appropriation of up to \$3,000,000 for fire suppression. Because this authorization is in permanent statute, it is not included in the General Appropriation Act.

**Inmate Fire Crews**

The JLBC includes \$1,208,700 and 17 FTE Positions from the General Fund in FY 2010. These amounts are unchanged from FY 2009.

These monies provide fire-fighting training for 15 inmate fire crews. The crews are used for fuel treatment and fire suppression in and around communities at risk.

**Natural Resource Conservation Districts**

The JLBC includes \$638,400 for Natural Resource Conservation Districts (NRCDs) in FY 2010. This amount consists of:

General Fund	\$378,400
Environmental Special Plate Fund	260,000

These amounts are unchanged from FY 2009.

Monies in this line item are used to provide for natural resource research, scholarships, and staff at the state’s 32 NRCDs. These districts are established to provide local conservation assistance and education and to coordinate the receipt of federal grants. A.R.S. § 37-1014 requires the department to include in its budget request up to \$30,000 for each NRCD and \$60,000 for each education center for a 2-year period. A General Appropriation Act footnote requires that \$30,000 of the total appropriation for NRCDs be used to provide grants to NRCD environmental education centers. There are currently 21 education centers sponsored and co-sponsored by 27 NRCDs. The

\$30,000 is divided among the 21 education centers, meaning each center receives \$1,428. Districts which sponsor an education center also receive \$5,000 each year from the Environmental Special Plate Fund, per A.R.S. § 37-1015. The revenue deposited in the Environmental Special Plate Fund consists of \$17 of the \$25 fee for environmental license plates.

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**FORMAT** — Operating Lump Sum with Special Line Items by Agency

**FOOTNOTES**

*Standard Footnotes*

Of the operating lump sum appropriation, the sum of \$3,819,300 supplements planning and disposition funding and shall be used by the State Land Department for the sole purpose of the planning and disposition of state trust land as follows: 1. The employment of outside professional services. 2. At least 2 of the 12 FTE Positions appropriated in the FY 2006 budget for the planning and disposition of state trust land located within 5 miles of the corporate boundaries of incorporated cities and towns having a population of less than 100,000 persons. 3. The State Land Commissioner shall provide for the disposition of state trust land in the most expeditious manner consistent with the fiduciary duties prescribed by the Enabling Act and the Constitution of Arizona. By October 1 of each year the commissioner shall provide a report to the Joint Legislative Budget Committee on the planning, sale and lease of trust land in the preceding year. The report shall: (a) Identify the number of acres that were added to a conceptual plan, added to a master plan or otherwise planned or prepared for disposition, sale and long-term commercial lease. (b) Distinguish between urban and rural parcels. (c) Indicate the value added or revenue received. (d) List the resources used and dedicated to trust land planning and disposition, including FTE Positions, contracts and appropriated and non-appropriated expenditures for each of the items included in the report. (e) Include in the report an inventory of trust land prepared for sale, including the appraised value and totals for the fiscal year regarding: (i) The amount of trust land sold. (ii) The amount of trust land put under long-term commercial lease. (iii) The amount of revenue collected from the sale of trust land. (iv) The amount of revenue collected from the long-term commercial lease of trust land. (v) The amount of purchase price financed on installment sales of state trust land and the principal payoff terms and anticipated yield to the trust over the terms of the installment sales.

The appropriation includes \$1,263,300 for Central Arizona Project User Fees in FY 2010. For FY 2010, from municipalities that assume their allocation of Central Arizona Project water every dollar received as reimbursement to the state for past Central Arizona Water

Conservation District payments, \$1.00 reverts to the state General Fund in the year that the reimbursement is collected.

Of the amount appropriated for Natural Resource Conservation Districts in FY 2010, \$30,000 shall be used to provide grants to Natural Resource Conservation Districts environmental education centers.

*Deletion of Prior Year Footnotes*

The JLBC would delete the footnote requiring that the department use at least 10% of the FY 2009 appropriation for trust land management for lands in rural areas because that increase was eliminated in the FY 2009 budget.

The JLBC would delete the footnote requiring the department to submit a report detailing the activities of 2 FTE Positions appropriated in FY 2008 for mineral leasing.

**STATUTORY CHANGES**

The JLBC would not continue the session law for FY 2010 that provided \$600,000 in added FY 2009 fee authority. To offset a \$600,000 reduction from the General Fund in FY 2009, the FY 2009 Budget Procedures Reconciliation Bill (Laws 2008, Chapter 291) allowed the department to charge fees of \$600,000 in FY 2009 and appropriated any monies raised by these fees to the department. The department will be increasing fees related to various lease applications, special use permits, rights-of-way, recreational permits, and other fees related to the management of state trust land to raise this additional revenue and this revenue will be deposited into the General Fund. (The increased fee revenue has not been recorded in the summary table above.) The FY 2009 General Fund reduction of \$600,000 would be continued in FY 2010.

<b>SUMMARY OF FUNDS</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Estimate</b>
<b>CAP Municipal and Industrial Repayment Fund (LDA2129/A.R.S. § 37-526)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Reimbursements to the state for back water payments when cities assume their allocation of Central Arizona Project (CAP) water, and legislative appropriations.		
<b>Purpose of Fund:</b> To make CAP water fee payments for urban state trust land. Monies remaining in the fund revert to the General Fund after the CAP subcontract obligations are met.		
<b>Funds Expended</b>	77,500	164,900
<b>Year-End Fund Balance</b>	118,800	0
<b>Community Protection Initiative Fund (FOA2343/A.R.S. § 37-641)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, private and federal monies, grants, gifts, and contributions. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.		
<b>Purpose of Fund:</b> To provide grants to communities at risk of wildfire to complete community wildfire protection plans.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	940,200	0
<b>Cooperative Forestry Fund (FOA2232/A.R.S. § 37-624)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations, reimbursements from organizations, the public, other levels of government, and state agencies.		
<b>Purpose of Fund:</b> To fund the State Forester's activities, including forestry assistance and wildland fire prevention and suppression on state lands.		
<b>Funds Expended</b>	5,843,100	5,975,300
<b>Year-End Fund Balance</b>	2,682,800	1,955,100
<b>Due Diligence Fund (LDA2526/A.R.S. § 37-110)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> Reimbursements from successful bidders on state lands for expenses incurred by the department to fund due diligence studies. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations.		
<b>Purpose of Fund:</b> To fund Due Diligence studies.		
<b>Funds Expended</b>	0	500,000
<b>Year-End Fund Balance</b>	30,300	30,300

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
<b>Environmental Special Plate Fund (LDA2274/A.R.S. § 37-1015)</b>		<b>Appropriated</b>
<b>Source of Revenue:</b> \$17 of the \$25 fee for environmental license plates.		
<b>Purpose of Fund:</b> To provide grants for environmental education projects.		
<b>Funds Expended</b>	260,000	260,000
<b>Year-End Fund Balance</b>	64,600	54,600
<b>Federal Funds (LDA2000/A.R.S. § 35-142)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Federal grants for urban and rural forestry, resource conservation, development of forest lands, insect and disease control, fire training and protection of forests, and other forestry projects.		
<b>Purpose of Fund:</b> For resource conservation and development, in accordance with the requirements of each grant.		
<b>Funds Expended</b>	900	0
<b>Year-End Fund Balance</b>	1,100	1,100
<b>Federal Reclamation Trust Fund (LDA2024/A.R.S. § 37-106)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Reimbursements from lessees and interest.		
<b>Purpose of Fund:</b> To make payments for federal reclamation project assessments when state land lessees are delinquent.		
<b>Funds Expended</b>	6,900	0
<b>Year-End Fund Balance</b>	405,800	405,800
<b>Fire Suppression Fund (FOA2360/A.R.S. § 37-623.02)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> General Fund appropriations, monies authorized by the Governor's Emergency Council and the Wild Land Fire Emergency Council, and other monies. General Fund appropriation expenditures are not displayed to avoid double counting of appropriations. If the unobligated balance of the fund exceeds \$2,000,000 at the end of any Calendar Year, the excess shall be transferred to the General Fund.		
<b>Purpose of Fund:</b> To cover the costs of fighting fires on public and private lands.		
<b>Funds Expended</b>	16,771,300	18,745,500
<b>Year-End Fund Balance</b>	3,927,600	3,661,900
<b>Interagency Agreements Fund (LDA2212/A.R.S. § 35-148)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Collections from other state agencies for services and products provided by the State Land Department.		
<b>Purpose of Fund:</b> To pay for joint projects based upon interagency agreements with other state agencies.		
<b>Funds Expended</b>	7,600	0
<b>Year-End Fund Balance</b>	844,300	0
<b>Military Airport Land Exchange Fund (No fund number/A.R.S. § 37-1224)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Legislative appropriations and land exchange proposal-processing fees.		
<b>Purpose of Fund:</b> To fund the expenses of the military airport land exchange section for the purpose of facilitating exchanges of federal land for private land near military airports.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>Resource Analysis Division Revolving Fund (LDA4009/A.R.S. § 37-176)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Receipts from the provision of Geographic Information Systems (GIS) products and services.		
<b>Purpose of Fund:</b> To offset the costs of GIS supplies and support.		
<b>Funds Expended</b>	611,900	438,500
<b>Year-End Fund Balance</b>	0	0

SUMMARY OF FUNDS	FY 2008 Actual	FY 2009 Estimate
<b>Riparian Acquisition Trust Fund (LDA3201/A.R.S. § 37-1156)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Receipts from the sale or use of state streambed lands and resources, damages collected due to a federal violation of public trust by the conveyance of state streambeds, and designated donations.		
<b>Purpose of Fund:</b> To fund the acquisition of wetland areas in the state.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	0	0
<b>State Land Department Fund (LDA2451/A.R.S. § 37-108)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Reimbursements from successful bidders on state lands for expenses incurred to advertise land sales and for zoning application fees.		
<b>Purpose of Fund:</b> To fund expenses incurred from the advertisement of state trust land sales and to pay zoning fees for new projects.		
<b>Funds Expended</b>	739,200	550,000
<b>Year-End Fund Balance</b>	316,100	93,700
<b>Universities Timber Land Account Fund (LDA3134/A.R.S. § 37-482)</b>		<b>Non-Appropriated</b>
<b>Source of Revenue:</b> Proceeds from sales of timber or timber products on state trust land where the University Land Fund is the beneficiary.		
<b>Purpose of Fund:</b> To fund expenses incurred by the State Land Department for the conservation, sale, and administration of timber and timber products located on state lands where the University Land Fund is the beneficiary.		
<b>Funds Expended</b>	0	0
<b>Year-End Fund Balance</b>	119,100	119,100