

STATE LAND DEPARTMENT

A.R.S. § 37-102

Michael Anable, Acting Land Commissioner

JLBC Analyst: Jim Rounds

**General Fund and Environmental
Special Plate Fund****FY 1998
Actual****FY 1999
Estimate****FY 2000
Approved****FY 2001
Approved**

FTE Positions	176.0	181.0	183.0 ^{1/}	183.0 ^{1/}
Personal Services	5,537,800	6,247,300	6,419,900	6,547,500
Employee Related Expenditures	1,204,700	1,358,400	1,320,800	1,380,400
Professional and Outside Services	614,500	509,800	781,300	781,300
Travel - In State	223,100	254,000	261,500	261,500
Travel - Out of State	13,700	3,100	3,100	3,100
Other Operating Expenditures	3,066,700	3,377,300	1,988,500	1,989,200
Equipment	516,700	350,200	318,900	301,200
Operating Subtotal	11,177,200	12,100,100	11,094,000	11,264,200
CAP User Fees	1,753,200	1,872,300 ^{2/}	1,867,100 ^{2/}	1,084,100 ^{2/}
Natural Resource Conservation Districts	460,000	460,000	460,000	460,000
Conservation Education	456,800	864,400	847,200	847,200
Streambed Ownership	183,700	187,600	188,400	189,300
Legal Assistance	200,000	202,400	204,100 ^{3/}	207,700 ^{3/}
Wild Land Fire Emergency	547,200 ^{4/}	3,000,000 ^{4/}	3,000,000 ^{4/}	3,000,000 ^{4/}
Total	14,778,100	18,686,800	17,660,800	17,052,500
Additional Appropriations - Appropriation; Environmental Programs; Counties, Ch. 312	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>
Total Appropriations	14,778,100	18,686,800	17,910,800^{5/6/}	17,302,500^{5/6/}
<u>Fund Summary</u>				
General Fund	14,287,700	17,783,100	17,005,800	16,396,300
Environmental Special Plate Fund	<u>490,400</u>	<u>903,700</u>	<u>905,000</u>	<u>906,200</u>
Total Appropriations	14,778,100	18,686,800	17,910,800	17,302,500

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.*

Growing Smarter — The approved amount includes an increase of \$250,000 in FY 2000 for costs related to implementing the Growing Smarter Act. This amount is continued in FY 2001. When combined with the \$350,000

added in FY 1999 for this purpose, total Growing Smarter funding would amount to \$600,000 in both FY 2000 and FY 2001.

^{1/} Includes 1 FTE Position funded from a Special Line Item in FY 2000 and FY 2001.

^{2/} For every dollar received as reimbursement to the state in FY 2000 and FY 2001 from cities that assume their allocation of Central Arizona Project water for past Central Arizona Water Conservation District payments, one dollar reverts to the state General Fund from the CAP User Fees Special Line Item in the year that the reimbursement is collected. In addition, for every dollar received as reimbursement to the state in FY 1999 from cities that assume their water allocation, one dollar reverts to the state General Fund in FY 2000 from the CAP User Fees Special Line Item. (General Appropriation Act footnote)

^{3/} Includes an adjustment for Office of the Attorney General legal services. (See the Salary Adjustment table at the front of this report for more information.)

^{4/} Expenditures authorized by A.R.S. § 37-623, which states that up to \$3,000,000 may be spent on wildfire suppression. (For more information, refer to the "Wild Land Fire Emergency" description below.) This amount is not included in the General Appropriation Act.

^{5/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Agency.

^{6/} This amount does not include a \$1,000,000 "trigger" appropriation made by Laws 1999, Chapter 5, 1st Special Session. Triggered appropriations in FY 2000 and FY 2001 depend on the availability of excess revenues. (For more information, refer to the "Growing Smarter" description above and the "Summary of Appropriations Triggered by Revenues" table at the front of this report.)

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Laws 1998, Chapter 204 requires the department to develop long-run land use plans. These land use plans would then be integrated with local land use plans. The department is still in the early stages of developing a detailed framework for accomplishing the provisions of the Growing Smarter legislation, and this issue may need to be reexamined at a later date.

Also included in the land use plans will be the identification of land that would be suitable for open space preservation. In 1998, Arizona voters approved the spending of \$20,000,000 per year from FY 2001 through FY 2011 for the purchase of state trust land for open space preservation. While certain state trust land may be targeted for open space preservation, the department will still be responsible for selling the land at the best-use value.

In addition, Laws 1999, Chapter 5, 1st Special Session appropriated \$1,000,000 from the General Fund to the State Land Department for additional expenditures related to implementing the Growing Smarter legislation. This appropriation, however, is contingent on the amount of General Fund revenues available in FY 2000 or FY 2001. Prior to September 1, 1999 and 2000, JLBC and OSPB will calculate total revenues and determine if sufficient monies are available to trigger the appropriation. (*For more information on this and other triggered appropriations see the "Summary of Appropriations Triggered by Revenues" table at the front of this report.*)

Dust Abatement — The approved amount includes a reduction of \$(123,100) beginning in FY 2000 due to the removal of one-time funding related to the department's dust abatement program. Laws 1998, Chapter 217 appropriated \$200,000 to the department to implement dust control measures on state trust land. No FTE Positions were added in this legislation.

The \$76,900 that remains in the department's budget will be used on 1 FTE Position and related expenditures. The primary responsibility of this employee will be to maintain the fences on state trust land in order to reduce vehicle traffic on unpaved land. This is expected to reduce the corresponding particulate pollution.

Resource Manager — The approved FY 2000 amount includes an increase of \$68,700 and 1 FTE Position in FY2000 for a land manager in northern Arizona. In FY 2001, this amount is reduced by \$(25,400) to eliminate funding for one-time equipment. This position will monitor grazing lands, will develop habitat management, and will provide forestry management consultation.

Litigation Costs — The approved FY 2000 amount includes an increase of \$20,000 in the operating budget to adjust for recent increases in litigation costs.

Equipment Adjustments — The approved amount includes a reduction of \$(103,200) beginning in FY 2000 to eliminate funding for one-time equipment.

In addition, the approved FY 2000 amount includes an increase of \$71,900 for a truck and computer equipment. The approved FY 2001 amount includes a further increase of \$56,500 for an additional truck and additional computer equipment.

CAP User Fees — When the department received its allocation of Central Arizona Project (CAP) water for state trust lands, it entered into a 50-year subcontract with the Central Arizona Water Conservation District (CAWCD) to repay costs associated with the project. The approved amounts allow for the payment of these annual reimbursements. This Special Line Item is funded entirely by the General Fund.

The approved amount includes a reduction of \$(5,200) beginning in FY 2000 as a result of adjustments made to the department's CAWCD payments. The City of Scottsdale will assume responsibility for payments related to 4,430 acre-feet of water. At the same time, CAWCD payments will increase from \$48 to \$54 per acre-foot. The FY 2000 decrease of \$(5,200) represents the net impact from these 2 events.

The approved amount also includes a reduction of \$(783,000) beginning in FY 2001 as a result of the anticipated transfer of a portion of the state's annual CAP water payment to the City of Phoenix, the City of Peoria, and the City of Mesa.

In addition to the reduction in the department's annual CAWCD payments, the department will be reimbursed for back payments from the above cities that will assume their share of CAP water. The department currently estimates that \$520,200 will be reimbursed in FY 1999, and an additional \$3,009,400 will be reimbursed in FY 2001. A General Appropriation Act footnote would transfer these reimbursed monies to the General Fund upon receipt.

Natural Resource Conservation Districts (NRCDs) — The approved amounts provide funding to pay for expenses incurred by the state's 31 NRCDs. Monies in the Special Line Item provide for natural resource research, scholarships, and for staff to maintain the various centers. This Special Line Item is funded entirely by the General Fund.

Conservation Education — The approved amounts are utilized by the Arizona Advisory Council on Environmental Education for grants that support environmental education centers. This Special Line Item is funded entirely by the Environmental Special Plate Fund.

Streambed Ownership — The approved amounts fund a water resources engineer and outside consultants to research and determine the ownership of watercourses in the state. This Special Line Item is funded entirely by the General Fund.

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Legal Assistance — The approved amounts include monies to contract for a land issues expert and related staff within the Office of the Attorney General. The high profile litigation cases are funded through this Special Line Item while the day-to-day legal assistance is funded through the operating budget. This Special Line Item is funded entirely by the General Fund.

Wild Land Fire Emergency — The \$3,000,000 may be utilized by the department to fight wildfires. Previous Appropriations Reports did not display this amount as part of the department's budget. Under A.R.S. § 37-623, if the Governor declares a wild land fire emergency, the State Forester may incur liabilities related to fire suppression in an amount up to \$2,000,000 from the General Fund. In addition, if the Wild Land Fire Emergency Council declares a period of extreme fire danger, an additional \$1,000,000 from the General Fund may be used for fire suppression. Since no specific appropriation authority is required prior to the expenditure of these monies, these amounts are not included in the General Appropriation Act.

Additional Appropriations: Appropriation: Environmental Programs: Counties (Chapter 312) — The bill adds \$250,000 from the General Fund in both FY 2000 and FY 2001 to be used by Greenlee, Graham, Gila, Navajo, and Apache counties for various environmental projects. The State Land Department must approve any project prior to expenditure of the monies.

Additional Legislation: Tax Relief and Fiscal Control (Chapter 5, 1st Special Session) — This act appropriated \$1,000,000 from the General Fund to the State Land Department for additional expenditures related to the Growing Smarter legislation. This appropriation, however, is contingent on the amount of General Fund revenues available in FY 2000 or FY 2001. Prior to September 1, 1999 and 2000, JLBC and OSPB will calculate total revenues and determine if sufficient monies are available to trigger the appropriation. (*See the Growing Smarter discussion above for more information.*)

Municipal General Plans: Growth (Chapter 222) — The bill allows the State Land Department to allocate a portion of the additional appropriation provided by Laws 1999, Chapter 5 to local communities to assist with growth management plans. (*See the Growing Smarter discussion above for more information.*)