



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill # SB0391

Title: Conservation easements on state land

Primary Sponsor: Weinberg, Dan

Status: As Introduced-Revised

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund (01)	\$0	(\$76,498)	(\$118,209)	(\$157,994)
Common School Guarantee Acct (02)	\$0	\$76,498	\$118,209	\$157,994
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Common School Guarantee Acct (02)	\$0	\$76,498	\$118,209	\$157,994
Common School Perm Trust (09)	\$612,557	\$820,769	\$822,965	\$825,058
University System (71)	\$0	\$4,109	\$6,349	\$8,485
University System Perm Trust (09)	\$31,254	\$41,672	\$41,672	\$41,672
School for the Deaf and Blind (02)	\$0	\$634	\$797	\$1,309
School for the Deaf and Blind Perm Trust (09)	\$4,822	\$6,429	\$6,429	\$6,429
State Reform School (02)	\$0	\$1,179	\$1,821	\$2,434
State Reform School Perm Trust (09)	\$8,966	\$11,954	\$11,954	\$11,954
Veterans Home (02)	\$0	\$22	\$34	\$46
Veterans Home Perm Trust (09)	\$169	\$225	\$225	\$225
Public Buildings Perm Trust (09)	\$24,732	\$32,976	\$32,976	\$32,976
Net Impact-General Fund Balance:	\$0	\$76,498	\$118,209	\$157,994

Description of fiscal impact:

SB 391 authorizes the Department of Natural Resources and Conservation (DNRC) to sell conservation easements on interests in state lands. DNRC has completed a programmatic plan that includes the sale of partial interests in state lands.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation (DNRC)

1. The DNRC anticipates that the residential, commercial, and industrial interests sold as conservation easements as described in the programmatic plan would represent approximately 910 acres of state trust land on an annual basis.
2. The average land value of the 910 acres is approximately \$2,000 per acre or \$1,820,000 per year. Gross revenue from the interest is estimated at 50 percent of the per-acre value or \$910,000 per year.
3. Costs associated with the issuance of conservation easements would be expensed from existing spending authority in DNRC.
4. The revenue from the conveyance of conservation easements will be allocated to the permanent trusts of the appropriate trust beneficiaries. For fiscal note purposes, the gross revenue was allocated based on surface acreage of the trusts. The following table shows the increase in revenue to the appropriate trust beneficiaries. The bill is effective October 1, 2008, so only $\frac{3}{4}$ of the yearly land value estimate is used.

Yearly Permanent Trust Easement Revenue		
Beneficiaries	FY 2008	FY 2009 - FY 2011
Common School Permanent Trust (09)	\$612,557	\$816,743
University System Permanent Trust (09)	\$31,254	\$41,672
School for the Deaf and Blind Permanent Trust (09)	\$4,822	\$6,429
State Reform School Permanent Trust (09)	\$8,966	\$11,954
Veterans Home Permanent Trust (09)	\$169	\$225
Public Buildings Permanent Trust (09)	\$24,732	\$32,976
Total	\$682,499	\$910,000

5. The permanent trusts earn interest revenue that is distributable, except for the common school permanent trust revenue. Ninety-five percent of this revenue is distributable and allocated to the guarantee fund and the remaining 5% is deposited back into the permanent trust. It is assumed that interest income will be generated starting in FY 2009. The following table shows the interest revenue allocation.

Increased Interest Earnings from SB 391			
	FY 2009	FY 2010	FY 2011
Common School Guarantee Account (02)	\$76,498	\$118,209	\$157,994
Common School Permanent Trust (09)	\$4,026	\$6,222	\$8,315
University System (71)	\$4,109	\$6,349	\$8,485
School for the Deaf and Blind (02)	\$634	\$979	\$1,309
State Reform School (02)	\$1,179	\$1,821	\$2,434
Veterans Home (02)	\$22	\$34	\$46
Total	\$86,467	\$133,614	\$178,584

6. The guarantee fund is the first funding source for school BASE aid. The increased revenue will increase statutorily appropriated guarantee fund expenditures for school BASE aid and offset general fund expenditures.

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	(\$76,498)	(\$118,209)	(\$157,994)
Common School Guarantee Acct (02)	\$0	\$76,498	\$118,209	\$157,994
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Common School Guarantee Acct (02)	\$0	\$76,498	\$118,209	\$157,994
Common School Perm Trust (09)	\$612,557	\$820,769	\$822,965	\$825,058
University System (71)	\$0	\$4,109	\$6,349	\$8,485
University System Perm Trust (09)	\$31,254	\$41,672	\$41,672	\$41,672
School for the Deaf and Blind (02)	\$0	\$634	\$797	\$1,309
School for the Deaf and Blind Perm Trust (09)	\$4,822	\$6,429	\$6,429	\$6,429
State Reform School (02)	\$0	\$1,179	\$1,821	\$2,434
State Reform School Perm Trust (09)	\$8,966	\$11,954	\$11,954	\$11,954
Veterans Home (02)	\$0	\$22	\$34	\$46
Veterans Home Perm Trust (09)	\$169	\$225	\$225	\$225
Public Buildings Perm Trust (09)	\$24,732	\$32,976	\$32,976	\$32,976
TOTAL Revenues	\$682,500	\$963,491	\$1,010,455	\$1,055,606
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$76,498	\$118,209	\$157,994
Common School Guarantee Acct (02)	\$0	\$0	\$0	\$0
Common School Perm Trust (09)	\$612,557	\$820,769	\$822,965	\$825,058
University System (71)	\$0	\$4,109	\$6,349	\$8,485
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Veterans Home (02)	\$0	\$22	\$34	\$46
Veterans Home Perm Trust (09)	\$169	\$225	\$225	\$225
Public Buildings Perm Trust (09)	\$24,732	\$32,976	\$32,976	\$32,976

Sponsor's Initials

Date

Budget Director's Initials

Date