

---

## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2023 - 2024 Regular Session

---

### SB 1332 (Allen) - The Conservation Stewardship Endowment Fund

**Version:** April 17, 2024

**Urgency:** No

**Hearing Date:** April 29, 2024

**Policy Vote:** N.R. & W. 10 - 0

**Mandate:** No

**Consultant:** Ashley Ames

**Bill Summary:** This bill would (1) establish the Conservation Stewardship Endowment Fund to support the maintenance and stewardship of lands owned and managed by the Department of Parks and Recreation (State Parks), (2) direct the Treasurer to invest moneys in this fund to generate earnings to cover the costs of this purpose, (3) direct the secretary of the California Natural Resources Agency (CNRA) to establish a governing body to oversee the administration of and the disbursement of moneys in this fund, and (4) require the Legislative Analyst's Office (LAO) to submit a report to the Legislature that reviews the impact and performance of the fund, as specified.

#### **Fiscal Impact:**

- Unknown, likely significant ongoing cost pressure to spend the funds from the Endowment Fund that would be established by this bill to support the maintenance and stewardship of lands owned and managed by State Parks.
- Unknown, potentially significant costs for CNRA to establish a governing body and for that body to oversee the administration and disbursement of monies in the Endowment Fund. In addition, unknown but potentially significant costs for the Treasurer to invest monies in the Endowment Fund to generate earnings to cover the costs of the fund's purpose as specified.
- Unknown, potentially significant one-time costs (General Fund or special fund) for the LAO to prepare and submit a report as specified by the provisions of this bill.

#### **Background:**

*State Parks.* State Parks' mission is to provide for the health, inspiration, and education of the people of California by helping to preserve the state's extraordinary biological diversity, protecting its most valued natural and cultural resources, and creating opportunities for high-quality outdoor recreation. With 280 state park units, covering nearly 1.6 million acres, over 340 miles of coastline, 970 miles of lake and river frontage, 15,000 campsites, 5,200 miles of trails, 3,195 historic buildings, and more than 11,000 known prehistoric and historic archaeological sites, State Parks contains the largest and most diverse recreational, natural, and cultural heritage holdings of any state agency in the nation. More than 68 million people annually visit California's state park system.

*Paying for State Parks.* The state has provided support for capital outlay in order to acquire and develop park lands. The development and expansion of California's state park system has generally been financed with bond funding and General Fund dollars. Existing law typically limits the use of bond funds to costs associated with the

construction or acquisition of capital assets. The General Fund typically pays for general obligation bond debt service—including for both the principal and interest costs—over a couple decades.

The State Parks and Recreation Fund (SPRF) is the primary special fund supporting State Parks. The single largest source of funding for SPRF, providing about \$125 million annually, is fees charged to park users, such as park entrance fees and overnight camping fees. After user fees, the second largest source of support for SPRF—providing about \$100 million annually—is transfers from the Motor Vehicle Fuel Account. SPRF also receives some revenue from other sources, including contracts with concessionaires that provide certain services, as well as transfers from the Highway Users Tax Account.

SPRF moneys are used to support numerous aspects of State Parks' operations, such as staff to maintain and operate state parks and contracts with park vendors (such as for services like trash collection). In some cases, SPRF is also used to support capital projects, such as to replace aging park facilities.

The state has also used the General Fund for State Parks support, but the level of funding has varied over time, in large part based on variations in the state's overall General Fund condition. In addition to SPRF and the General Fund, State Parks also receives financial support from various other sources, including smaller special funds, federal funds, and reimbursements.

**Proposed Law:** This bill would (1) establish the Conservation Stewardship Endowment Fund to support the maintenance and stewardship of lands owned and managed by State Parks, (2) direct the Treasurer to invest moneys in this fund to generate earnings to cover the costs of this purpose, (3) direct CNRA to establish a governing body to oversee the administration of and the disbursement of moneys in this fund, and (4) require the LAO to submit a report to the Legislature that reviews the impact and performance of the fund.

Specifically, this bill would:

1. Establish the Conservation Stewardship Endowment Fund (Endowment Fund) in the State Treasury and require the deposit of moneys received by CNRA for the purposes set forth in (2) into the Endowment Fund.
2. Provide that moneys in the Endowment Fund shall be allocated to CNRA, upon appropriation by the Legislature, to:
  - a. Support the maintenance and stewardship of lands owned and managed by State Parks, and
  - b. Generate funding through investment earnings for the support of stewardship and maintenance of these lands.
3. Direct the Treasurer to invest moneys in the Endowment Fund with the goal of achieving capital appreciation to create a balance sufficient to generate ongoing earnings to cover the estimated annual costs associated with maintenance and stewardship of lands owned and managed by State Parks.

4. Authorize the Endowment Fund to receive donations and contributions from specified entities and sources.
5. Require earnings generated by the Endowment Fund to be retained by the Endowment Fund.
6. Provide that moneys deposited in the Endowment Fund are exempt from requirements for special funds in state law related to being charged, by the Department of Finance, a fair share of the state's administrative costs, as defined, related to the function supported by that fund.
7. Direct the CNRA secretary to establish a governing body to oversee the administration of and the disbursement of moneys in the Endowment Fund. Require this governing body to consist of the following members:
  - a. The CNRA secretary.
  - b. The Controller.
  - c. The Director of Finance.
  - d. The Director of State Parks.
8. Define terms, including "stewardship," which would encompass the range of activities involved in controlling, monitoring, and managing for conservation purposes a property, or a conservation or open-space easement, as defined by the terms of the easement, and its attendant resources.
9. Make findings and declarations, including:
  - a. While general obligation bond funding can be used for land acquisition to protect and enhance fish and wildlife habitat and achieve the state's biodiversity and conservation goals, bond funding cannot be used for stewardship and management of these lands.
  - b. Due to decades of underinvestment, the Department of Parks and Recreation has a maintenance backlog of approximately \$1 billion. Deferred maintenance projects are critical to increasing the resilience of California's state parks to climate impacts.
10. Require, on or before December 31, 2030, the LAO to submit a report to the Legislature that reviews the impact and performance of the Endowment Fund. Specify that the report shall include all of the following:
  - a. A review and assessment of the costs and benefits of the Endowment Fund.
  - b. A summary of the sources and amounts of gifts and donations to the Endowment Fund.
  - c. A review of the Endowment Fund's performance and an assessment of the Endowment Fund's potential to generate revenue over time.
  - d. An assessment of what types of costs the Endowment Fund might cover and, based on this assessment and the assessment in paragraph (3), how much of the Department of Parks and Recreation's stewardship and maintenance costs the Endowment Fund might reasonably and sustainably cover.

- e. An assessment of how the Endowment Fund might relieve pressure from other funds managed by the Department of Parks and Recreation and how it might support the state's Outdoors for All initiative.
- f. Recommendations for the operation, management, and governance of the Endowment Fund, including whether the state or another entity should administer the Endowment Fund.

**-- END --**