

Date of Hearing: June 25, 2024

ASSEMBLY COMMITTEE ON WATER, PARKS, AND WILDLIFE

Diane Papan, Chair

SB 1332 (Allen) – As Amended April 17, 2024

SENATE VOTE: 37-0

SUBJECT: The Conservation Stewardship Endowment Fund

SUMMARY: Establishes the Conservation Stewardship Endowment Fund (Endowment Fund) to generate funds for the maintenance and stewardship of lands owned and managed by the Department of Parks and Recreation (State Parks). Specifically, **this bill:**

- 1) Establishes the Endowment Fund in the State Treasury and requires the California Natural Resources Agency (CNRA) to deposit funds received for the purposes set forth in (#2) in the Endowment Fund.
- 2) Provides that moneys in the Endowment Fund shall be used, 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) Directs 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) Authorizes the Endowment Fund to receive donations and contributions from specified entities and sources.
- 5) Requires earnings generated by the Endowment Fund to be retained by the Endowment Fund.
- 6) Exempts moneys deposited in the Endowment Fund from requirements for special funds to pay a fair share, as determined by the Department of Finance, of state administrative costs necessary to support the function of a given fund.
- 7) Directs the CNRA secretary to establish a governing body to oversee the administration of and the disbursement of moneys in the Endowment Fund that consists of the following members:
 - a) The CNRA secretary;
 - b) The Controller;
 - c) The Director of Finance; and

- d) The Director of State Parks.
- 8) Requires the Legislative Analyst's Office (LAO) to report to the Legislature on the performance of the Endowment Fund on or before December 30, 2030 and specifies the contents of the report.
- 9) Make findings and declarations expressing a need for this bill.

EXISTING LAW:

- 1) Establishes State Parks in CNRA under the control of the State Parks director [Public Resources Code (PRC) § 501].
- 2) Vests State Parks with control of the state park system (PRC § 5001) and directs State Parks to administer, protect, develop, and interpret the state park system for the use and enjoyment of the public (PRC § 5003) and protect the state park system from damage and preserve the peace (PRC § 5008).
- 3) Authorizes State Parks to enter into a statewide agreement with a park support organization, as defined, to facilitate the implementation of specified reforms and to develop and secure expertise, services, resources, and projects that are not readily available to the state park system, for multiple purposes, including to develop and engage new sources of public and private funding for the state park system (PRC § 521).
- 4) Establishes the State Parks and Recreation Fund (SPRF) in the State Treasury and makes all funds in this fund available for expenditure for state park planning, acquisition, and development projects, operation of the state park system, and resource and property management and protection, when appropriated by the Legislature (PRC § 5010).

FISCAL EFFECT: Unknown. This bill is keyed fiscal.

COMMENTS:

- 1) **Purpose of this bill.** According to the author, "California's state parks and other protected lands provide significant benefits that include outdoor recreation, climate change mitigation, water and air purification, and more. As such, these lands play a crucial role in achieving California's climate goals and several high-priority state initiatives including the 30x30 Initiative, the Outdoors for All Initiative, and the Water Supply Strategy, among others. California has made significant investments to protect and conserve these lands; however, dedicated resources for stewardship and management are necessary to ensure that they remain healthy landscapes. Unfortunately, those funds have been historically left out of this conversation, forcing State Parks to grapple with a \$1 billion deferred maintenance backlog."

The author asserts that this bill will help to "provide dedicated resources for the stewardship and management of California's state parks" by establishing the Endowment Fund and will help "California to protect its investments in state parks and conservation lands, as well as help increase their resilience to climate change. In doing so, this bill will ensure these lands continue to provide important benefits to all Californians for generations to come."

- 2) **Background.** 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 281 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.

SPRF is the primary special fund supporting State Parks. The single largest source of funding that goes into 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.

Funding challenges for state parks. The lack of adequate, ongoing funding for park maintenance has contributed to the development of a backlog of deferred maintenance projects that State Parks estimates exceeds \$1 billion. Further, in a February 2024 report entitled, "Insolvency Risks for Environmental and Transportation Special Funds," the LAO identified a structure imbalance in the SPRF and the potential for this fund to become insolvent by 2028-29. This condition poses challenges for State Parks to meet ongoing demands in the state park system, especially given the outsized importance of this fund to covering State Parks' operations. The LAO offered multiple options for the Legislature to consider to address this issue, including identifying new funding sources to support State Parks' operations. This bill, if funded, could create a new fund source to address the SPRF imbalance.

- 3) **Arguments in support.** The Nature Conservancy is the sponsor of this bill contending that State Park's is already facing significant challenges with a \$1 billion maintenance backlog and that these challenges will only increase as climate changes intensifies. To address these challenges, The Nature Conservancy argues that this bill will provide much needed "dedicated resources for the stewardship and management of California's state park lands."
- 4) **Proposed committee amendments.** The Committee may wish to request that the author take the following amendments to clarify funds in the Endowment can be used to maintain

facilities at State Parks and ensure that funds in the Endowment are to be additive and supplemental to the current revenue State Parks receives:

12805.7. (a) For purposes of this section, the following definitions apply:

(1) “Endowment Fund” means the Conservation Stewardship Endowment Fund established pursuant to subdivision (b).

(2) “Stewardship” has the same meaning as defined in Section 65965.

(b) The Conservation Stewardship Endowment Fund is hereby established in the State Treasury. Moneys received by the Natural Resources Agency, for the purposes set forth in subdivision (c), shall be deposited into the Endowment Fund.

(c) Moneys in the Endowment Fund shall be allocated to the Natural Resources Agency, upon appropriation by the Legislature, to support the maintenance and stewardship of lands and facilities owned and/or managed by the Department of Parks and Recreation and generate funding through investment earnings for the support of stewardship and maintenance of these lands and facilities.

(d) Moneys in the Endowment Fund shall be invested by the Treasurer 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 and facilities owned and managed by the Department of Parks and Recreation.

(e) Notwithstanding Section 11005 of the Government Code, the~~The~~ Endowment Fund may receive donations and/or contributions from public and private entities, partnerships between public and private entities, fees, cash advances, and transfers from the General Fund or other public sources as may be authorized by law.

(f) Earnings generated by the Endowment Fund shall be retained by the Endowment Fund.

(g) Any funds, public or private, allocated from the Endowment Fund, shall supplement, not supplant, the Department of Parks and Recreation budget allocations for any fiscal year.

- 5) **Related legislation.** SB 1111 (Pavley), Chapter 540, Statutes of 2016, authorizes State Parks to enter into a statewide agreement with a park support organization to facilitate the implementation of certain reforms and to develop and secure expertise, services, resources, and projects that are not readily available to the state park system.

AB 2202 (Gray), Chapter 756, Statutes of 2018, establishes the University of California, San Francisco (UCSF), San Joaquin Valley Regional Campus Medical Education Endowment Fund to support the annual operating costs of a branch campus of the UCSF School of Medicine in the San Joaquin Valley.

REGISTERED SUPPORT / OPPOSITION:

Support

The Nature Conservancy (sponsor)

Bolsa Chica Land Trust
California Environmental Voters
California Institute for Biodiversity
California Mountain Biking Coalition
California Park & Recreation Society
California Trails Foundation
California Trout
Center for Biological Diversity
Environment California
Environmental Protection Information Center
Outdoor Alliance
Planning and Conservation League
Sonoma County Regional Parks

Opposition

None on file

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