

Date of Hearing: August 7, 2024

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 1332 (Allen) – As Amended June 26, 2024

Policy Committee: Water, Parks and Wildlife

Vote: 11 - 0

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY: This bill establishes the Conservation Stewardship Endowment Fund (Endowment Fund) to generate funds for the maintenance and stewardship of lands and facilities owned and managed by the Department of Parks and Recreation (State Parks).

Specifically, this bill:

- 1) Establishes the Endowment Fund in the State Treasury administered by the Natural Resources Agency (NRA) for use, upon appropriation, to support maintenance and stewardship of lands and facilities owned and managed by State Parks.
- 2) Directs the Treasurer to invest moneys in the Endowment Fund to generate earnings to cover the estimated annual costs of maintenance and stewardship of State Parks lands and facilities.
- 3) Authorizes the Endowment Fund to receive donations and contributions from private entities and public sources including transfers from the General Fund.
- 4) Requires the Endowment Fund to supplement, not supplant, State Parks budget allocations.
- 5) Directs the NRA secretary to establish an Endowment Fund governing body with members including the NRA secretary, Controller, director of Finance; and director of State Parks.
- 6) 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.

FISCAL EFFECT:

- 1) Cost pressure of an unknown amount, but potentially in the millions of dollars, to the General Fund to provide funds to the Endowment Fund.
- 2) CNRA reports General Fund costs of \$230,000 annually ongoing for one Associate Governmental Program Analyst and a one-quarter Career Executive Assignment position to establish a governing body and oversee administration and disbursement of monies in the Endowment Fund.
- 3) State Parks reports that costs would be met with existing resources.
- 4) Additional unknown but likely significant costs to the Treasurer, Controller, Department of Finance and LAO.

According to the Legislative Analyst's Office, the General Fund faces a structural deficit in the tens of billions of dollars over the next several fiscal years.

COMMENTS:

1) **Purpose.** 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.

2) **Background.** California has 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. More than 68 million people annually visit California's state park system. The State Park Recreation Fund (SPRF) is the primary special fund supporting State Parks operations. The single largest source of funding for the SPRF, about \$125 million annually, is park entrance fees and overnight camping fees. After user fees, the second largest source for SPRF (about \$100 million annually) is transfers from the Motor Vehicle Fuel Account. Contracts with concessionaires in the parks and transfers from the Highway Users Tax Account also provide revenue to the SPRF.

State Parks estimates a current backlog of deferred maintenance that exceeds \$1 billion, which State Parks contends is due to a lack of adequate ongoing funding. In February 2024, the Legislative Analyst Office identified a structural imbalance in the SPRF and the potential for insolvency by fiscal year 2028-29. This condition poses challenges for State Parks to meet ongoing costs of operations. The LAO recommended identifying new funding sources to support State Parks' operations. This bill enables a new fund source to address the SPRF imbalance. On the other hand, this bill creates costs to establish a new fund and governing structure with no guarantee any dollars will be deposited into this fund.

The development and expansion of California's state park system has generally been financed with bond funding and General Fund dollars. Existing law typically allows bond funds to be used for capital costs, but not for operations costs.

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