

## State Environmental Trust Funds

This information brief provides summary background on the known environment and natural resources trust funds that have been established in states around the country. It addresses four basic questions for each state:

- (1) Is the trust fund established in the state's constitution or by statute?
  - (2) Is the trust fund money for broad-based purposes or only limited spending?
  - (3) Are there any specific restrictions on spending the trust fund money?
  - (4) Who makes up the trust fund governing board, and who appoints its members?
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### Alabama

<b>How the fund is established</b>	Constitutionally dedicated as the <i>Forever Wild Trust Fund</i> . (Ala. Const. of 1901, Amendment 543)
<b>Spending purposes</b>	The constitutional language is broad for spending purposes, which include spending to: <ul style="list-style-type: none"><li>• “Protect, manage, and enhance certain lands and waters of Alabama with full recognition that this generation is a trustee of the environment for succeeding generations;</li><li>• Protect, to the fullest extent practicable, recreational lands and areas of unique ecological, biological and geological importance; and</li><li>• Promote a proper balance among population growth, economic development, environmental protection, and ecological diversity.”</li></ul>

**Spending restrictions** The governing board may not construct or improve buildings, structures, or facilities used for human lodging, feeding, or entertainment, including hotels, restaurants, convention centers, meeting halls, golf courses, dancing pavilions, tennis courts, recreational dams, and similar facilities.

**Who makes up the governing board** The governing board is composed of 15 members: nine citizens whom are appointed by the governor and who must reside in geographic locations throughout the state, the state forester, the director of the Marine Environmental Sciences Consortium, the Commissioner of Conservation and Natural Resources, and three members with scientific background chosen by three separate Alabama colleges.

## Arizona

**How the fund is established** Created in 1990 through a ballot initiative and established in state statute as the *Arizona Heritage Fund*. (Ariz. Rev. Stat. § 41-502)

**Spending purposes** The funding is for local, regional, and state parks and trails, water conservation, and historic preservation, with specific percentages for the various programs:

- 5 percent for local, regional and state trails
- 35 percent for local, regional, and state parks for outdoor recreation purposes
- 17 percent for acquisition of natural areas
- 17 percent for local, regional, and state historic preservation programs
- 4 percent on maintenance, operation, and management of natural areas
- 17 percent on state park acquisition and development
- 5 percent on environmental education

**Spending restrictions** No entity may receive more than 20 percent of the funds available annually, and any interest earned in the trust fund must be expended according to the exact percentages identified above.

**Who makes up the governing board** The State Parks Board administers the trust fund and is made up of the state land commissioner and six citizens at-large, appointed by the governor.

## Colorado

### How the fund is established

Article XXVII of the Colorado Constitution (1980) allots state lottery proceeds (capped at \$35 million, adjusted annually for inflation) to the *Great Outdoors Colorado Trust Fund*, called GOCO.

### Spending purposes

There are four major categories—outdoor recreation, wildlife, open space, and local government—where the constitutional language requires trust fund expenditures to be made on a substantially equal basis for projects. Five competitive grant cycles are outlined:

- Open space and natural areas: projects in urban, suburban, and rural areas
- Local government: awarded to local governments to acquire, establish, expand, and enhance park and outdoor recreation facilities, including environmental education
- Legacy: major regional or statewide projects that combine two or more of the board’s four funding categories
- Trails: construction of new trails, trail renovation, acquisition of land or permanent easements for trail access, and trailhead development
- Planning and capacity: seed grants to local governments and nonprofit organizations primarily for land conservation planning

### Spending restrictions

The constitutional language explicitly provides that the expenditures of the funds “...shall not be subject to legislative appropriation or restriction.” Money also cannot be used in condemnation proceedings.

### Who makes up the governing board

The governing board is composed of 17 members, 14 appointed by the governor from the seven congressional districts—and no two in each district from the same political party—and the executive director of the Department of Natural Resources, a representative from the State Parks Board, and a representative from the State Wildlife Commission.

## Florida

### How the fund is established

Established in state statute (1999) as the *Florida Forever Act*. (Fla. Stat. § 259.105)

### Spending purposes

The act primarily functions for land acquisition needs of natural resources through the sale of state bonds, and the funds are divided as follows:

- 35 percent to the Department of Environmental Protection (DEP) for acquisition of lands that are necessary to implement water management district’s priority lists

- 35 percent to DEP for acquisition of lands and capital project expenditures
- 22 percent to the Department of Community Affairs (DCA) for grants to local governments or nonprofit environmental organizations that are tax exempt under subchapter S for the acquisition of community-based projects, urban open spaces, parks, and greenways to implement local government comprehensive plans
  - ▶ 75 percent of the funds available for land acquisition shall be matched by local governments on a dollar-for-dollar basis and at least 30 percent of the total allocations must be used in Standard Metropolitan Statistical Areas, but one-half that amount shall be used in localities in which the project site is located in built-up commercial, industrial, or mixed-use areas to intersperse open spaces within congested urban spaces
  - ▶ No less than 5 percent shall be used to acquire lands for recreational trail systems
  - ▶ Any lands purchased by nonprofit organizations using trust funds must provide for such lands to remain permanently in public use through a reversion of title to local or state government, conservation easement, or other appropriate mechanism
- 2 percent to the DEP for grants “to qualified local governmental entities to acquire or develop land for public outdoor recreation purposes.” Fla. Stat. § 375.075(1).
- 1.5 percent to DEP for the purchase of inholdings and additions to state parks and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the trust funds.
- 1.5 percent to the Division of Forestry of the Department of Agriculture and Consumer Services to fund the acquisition of state forest inholdings and additions, the implementation of reforestation plans or sustainable forestry management practices, and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated to the department.
- 1.5 percent to the Fish and Wildlife Conservation Commission to fund the acquisition of inholdings and additions to lands managed by the commission that are important to the conservation of fish and wildlife and for capital project expenditures as described in this section. Capital project expenditures may not exceed 10 percent of the funds allocated to the commission.

- 1.5 percent to DEP for the Florida Greenways and Trails Program, to acquire greenways and trails or greenways and trail systems including, but not limited to, abandoned railroad rights-of-way and the Florida National Scenic Trail and for capital project expenditures. Capital project expenditures may not exceed 10 percent of the funds allocated under this paragraph.

**Spending restrictions**

No specific statutory restrictions are specified.

**Who makes up the governing board**

Governed under the Acquisition and Restoration Council, which has nine members: four appointed by the governor who have scientific backgrounds, and five executive cabinet members from the Department of Community Affairs, DEP, divisions of forestry and historical resources, and the Fish and Wildlife Conservation Commission.

## **Indiana**

**How the fund is established**

Created in state statute (1995) as the *Indiana Heritage Trust Fund*. (Ind. Code § 14-12-2-1)

**Spending purposes**

Established to provide funds for land acquisition and preservation for the purposes of protecting outstanding natural features and habitat, historical and archaeological preservation, and conservation and restoration of biological diversity.

**Spending restrictions**

Money may not be expended on the costs of constructing structures, removal and remediation of hazardous substances, and wastewater treatment projects. No eminent domain may be utilized for land acquisition.

**Who makes up the governing board**

The governing foundation board has 17 members: 12 appointed by the governor from each congressional district, and two members each from the legislative House and Senate, and the state treasurer.

## **Maryland**

**How the fund is established**

Established in statute (1973) as the *Maryland Environmental Trust*. (Md. Code Ann. § 3-201)

**Spending purposes**

The statute is very broad for the purpose of land acquisition. The stated purpose of the trust fund is to "...perpetuate the aesthetic, natural, health and welfare, scenic, and cultural qualities of the environment, including,

but not limited to land, water, air, wildlife, scenic qualities, open spaces, buildings or any interest...pertaining to any way to the State.” Money is allocated to the trust through state appropriations and private donations, most of the latter being land.

**Spending restrictions**

There are no specific statutory restrictions on spending trust fund dollars.

**Who makes up the governing board**

The board of trustees has 15 members, 12 citizens whom are appointed by the governor, and a representative each from the governor’s cabinet, the House, and the Senate.

**Michigan**

**How the fund is established**

The *Michigan Natural Resources Trust Fund* was established by constitutional amendment in 1963 and expenditures are governed by state statute (clarified in 1994). (Mich. Stat. Ann. § 324.1902)

**Spending purposes**

The trust is funded by bonuses and royalties collected or reserved by the state for the lease of nonrenewable resources from state-owned lands. The interest and earnings of the trust fund must be expended for the following:

- Land acquisition or rights in land for recreational uses, or protection of the land because of its environmental importance and scenic beauty
- Development of public recreational facilities
- Administration of the trust fund, which may include payments in lieu of taxes on state-owned land purchased through the trust fund

**Spending restrictions**

No less than 25 percent of total annual expenditures from the fund can be for development of land acquisition and rights in land, and no more than 25 percent can be expended for development of public recreational facilities.

**Who makes up the governing board**

Michigan’s trust fund board is composed of five members, the director of the Department of Natural Resources and four citizens appointed by the governor.

## Minnesota

### How the fund is established

Constitutionally dedicated as the *Minnesota Environmental and Natural Resources Trust Fund*, established under Minnesota Constitution, article XI, section 14.

### Spending purposes

Money in the trust fund may be spent only for:

- the Reinvest in Minnesota program as provided in Minnesota Statutes, section 84.95, subdivision 2;
- research that contributes to increasing the effectiveness of protecting or managing the state's environment or natural resources;
- collection and analysis of information that assists in developing the state's environmental and natural resources policies;
- enhancement of public education awareness, and understanding necessary for the protection, conservation, restoration, and enhancement of air, land, water, forests, fish wildlife, and other natural resources;
- capital projects for the preservation and protection of unique natural resources;
- activities that preserve or enhance fish, wildlife, land, air, water, and other natural resources that otherwise may be substantially impaired or destroyed in any area of the state;
- administrative and investment expenses incurred by the State Board of Investment in investing deposits to the trust fund; and
- administrative expenses subject to the limits in section 116P.09, for the commission.

### Spending restrictions

Money from the trust fund may not be spent for:

- purposes of environmental compensation and liability under chapter 115B and response actions under chapter 115C;
- purposes of municipal water pollution control under the authority of chapters 115 and 116;
- costs associated with the decommissioning of nuclear power plants;
- hazardous waste disposal facilities;
- solid waste disposal facilities; or
- projects or purposes inconsistent with the strategic plan.

Additionally, the trust fund may not be used as a substitute for traditional sources of funding environmental activities.

**Who makes up the governing board** A legislative commission on Minnesota resources composed of ten legislators each from the House and Senate, including certain funding and policy chairs, recommends a trust fund budget plan to the full legislature for approval.

## Nebraska

**How the fund is established** Protected by a constitutional amendment in 2004, 44.5 percent of lottery proceeds are deposited in the *Nebraska Environmental Trust Fund*, which was created by statute in 1992.

**Spending purposes** The fund was established for broad purposes: "...conserving, enhancing, and restoring the natural physical and biological environment...including the air, land, ground water and surface water, flora and fauna, prairies and forests, wildlife habitat, and natural areas of aesthetic or scenic values." Priority funding categories are:

- preservation and restoration of wetlands and other areas critical to rare or endangered species;
- protection of lakes and streams from deterioration due to pollution;
- fostering of good management practices to preserve groundwater from degradation, and clean-up of soils and groundwater;
- development of recycling markets and reduction of the volume and toxicity of solid waste; and
- strategies to manage carbon in the atmosphere, and sequester carbon in the soil.

**Spending restrictions** Not subject to legislative approval. No land using trust fund money may be acquired by condemnation.

**Who makes up the governing board** The 14-member governing board is made up of nine citizens (three from each of the three congressional districts) appointed by the governor, and five related state agency directors.

## New Jersey

**How the fund is established** Created by constitutional amendment in 1998 as the *Garden State Preservation Trust*, with a goal to preserve one million acres of land by 2008.

<b>Spending purposes</b>	<p>The constitutional amendment dedicated \$98 million annually for ten years to a variety of preservation efforts and authorized the issuance of up to one billion dollars in revenue bonds. The trust fund money goes to three major areas—historic preservation, farmland preservation, and green acres. The following program areas comprise the Green Acres program:</p> <ul style="list-style-type: none"><li>• State park and open space acquisition</li><li>• Local government grants and nonprofit funding for land preservation</li><li>• Planning and technical assistance grants</li><li>• Stewardship for monitoring and maintenance of land preservation efforts</li></ul>
<b>Spending restrictions</b>	<p>No specific constitutional or statutory restrictions on expenditure.</p>
<b>Who makes up the governing board</b>	<p>A nine-member governing board is composed of five citizens, with one appointed by the governor, and two each appointed by the leadership of the House and Senate, and four cabinet heads, including the secretaries of state and treasury.</p>

## North Carolina

<b>How the fund is established</b>	<p>Created by statute for three distinct trust funds in 1987, 1991, and 1996.</p>
<b>Spending purposes</b>	<p>Funding for each trust fund comes from state deed transfer revenue when property is sold. <i>The Parks and Recreation Trust Fund</i> allocates revenue as follows: 65 percent to state parks for acquisition and development; 30 percent for matching grants to local governments for park and recreation needs; and 5 percent for a coastal and estuary water access program.</p> <p><i>The Natural Heritage Trust Fund</i> is used for acquiring ecologically diverse land, natural areas in the state, and historic properties. It also receives a portion of vanity license plate sales.</p> <p><i>The Clean Water Management Trust Fund</i> revenues go to help projects that specifically address water pollution problems. This fund is mainly funded by legislative appropriations.</p>
<b>Spending restrictions</b>	<p>Each fund is very specific for the type of projects the money is intended for, and no specific restrictions are mentioned.</p>

**Who makes up the governing board** The Parks and Recreation Trust Fund's 11-member board has three citizens appointed by the governor and four members each appointed by the House and the Senate.

The Natural Heritage Trust Fund's nine-member board has three citizens each appointed by the governor, the House, and the Senate.

The Clean Water Management Trust Fund 21-member board has seven citizens appointed by the governor and seven each by the House and the Senate.

## South Carolina

**How the fund is established** Established by state statute in 1995 as the *Legacy Trust Fund*. (S.C. Code Ann. § 51-22-20)

**Spending purposes** Funded by state appropriations and private donations, the fund has the following purposes:

- Acquire sensitive ecological resources
- Preserve, renovate, and restore historic sites
- Protect habitat for plant and animal species considered endangered
- Acquire and develop resource-based recreational projects and facilities

**Spending restrictions** No land or properties may be acquired by eminent domain, and the trust fund may not hold title or interest in land. Specific state and nonprofit entities are listed to hold title and interest in land.

**Who makes up the governing board** There is a 15-member governing board composed of 13 citizens (two from each of the six congressional districts and one other at-large who serves as chair), the chair of the Senate Finance Committee, and the chair of the House Ways and Means Committee, or their designees.

## Virginia

**How the fund is established** The *Natural Resources Trust Fund* was established in 1999 by state statute. (Va. Code Ann. § 10.1-1017)

**Spending purposes** Funded by state appropriations and private donations, the fund is designed to establish permanent conservation easements and direct land acquisition of open space and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas.

**Spending restrictions** No eminent domain may be used, and no legislative approval is required.

**Who makes up the governing board** The Virginia Land Conservation Board's 18-member board is made up of 11 citizens appointed by the governor representing each congressional district, four citizens appointed by the House, two citizens appointed by the Senate, and the Secretary of Natural Resources.

Several of these state's trust funds are discussed in more detail in the House Research publication, *Natural Resources Trust Funds and Their Citizen Committees*, October 2002.

*For more information about natural resources, visit the environment and natural resources area of our web site, [www.house.leg.state.mn.us/hrd/issinfo/environ.htm](http://www.house.leg.state.mn.us/hrd/issinfo/environ.htm).*