

Office of the
Legislative Fiscal Analyst

**FY 2004 Supplemental
Budget Recommendations**

Joint Appropriations Subcommittee for
Natural Resources

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1.0 Summary: Fiscal Year 2004 Reallocations

The purpose of this section is to discuss amendments to current fiscal year (FY 2004—ending June 30, 2004) appropriations. Changes to current year appropriations are called “supplemental appropriations” and are one-time in nature. The Analyst’s recommendations are found below. The total recommendation is \$1,615,800, of which \$0 is from the General Fund. However, the subcommittee may wish to reallocate funds or prioritize other items if more General Funds become available.

| | FY 2004 Estimated | FY 2004 Supplemental | FY 2004 Revised |
|----------------------------------|------------------------------|---------------------------------|----------------------------|
| Financing | | | |
| General Fund | 43,094,200 | | 43,094,200 |
| General Fund, One-time | (19,900) | | (19,900) |
| Federal Funds | 32,508,800 | | 32,508,800 |
| Dedicated Credits Revenue | 12,893,400 | 10,100 | 12,903,500 |
| Mineral Lease Revenue | 779,200 | | 779,200 |
| GFR - Boating | 3,553,800 | 120,000 | 3,673,800 |
| GFR - Off-Highway Vehicle | 2,282,300 | 320,000 | 2,602,300 |
| GFR - Oil & Gas Conservation | 1,707,700 | | 1,707,700 |
| GFR - Sovereign Land Management | 2,424,800 | 200,000 | 2,624,800 |
| GFR - Species Protection | 687,200 | | 687,200 |
| GFR - State Fish Hatchery | 1,000,000 | | 1,000,000 |
| GFR - State Park Fees | 8,541,500 | (465,000) | 8,076,500 |
| GFR - Wildlife Habitat | 2,388,500 | | 2,388,500 |
| GFR - Wildlife Resources | 23,883,400 | | 23,883,400 |
| GFR - Horse Racing | 50,000 | | 50,000 |
| GFR - Brand Inspection | 751,300 | | 751,300 |
| GFR - Wildlife Damage | 540,200 | | 540,200 |
| Agriculture Resource Development | 629,400 | | 629,400 |
| Rural Rehab Loan Fund | 18,000 | | 18,000 |
| Land Grant Management Fund | 10,342,100 | 1,000,000 | 11,342,100 |
| Oil Overcharge Funds | 1,222,800 | 430,700 | 1,653,500 |
| Water Resources Cons & Devel | 5,702,400 | | 5,702,400 |
| Water Resources Construction | 150,000 | | 150,000 |
| Transfers | 189,700 | | 189,700 |
| Beginning Nonlapsing | 19,114,200 | | 19,114,200 |
| Closing Nonlapsing | (1,032,400) | | (1,032,400) |
| Lapsing | (2,600,400) | | (2,600,400) |
| Total | \$170,802,200 | \$1,615,800 | \$172,418,000 |
| Programs | | | |
| Dept. of Agriculture and Food | 21,002,500 | 10,100 | 21,012,600 |
| Dept. of Natural Resources | 139,457,600 | 605,700 | 140,063,300 |
| School & Inst Trust Lands Admin | 10,342,100 | 1,000,000 | 11,342,100 |
| Total | \$170,802,200 | \$1,615,800 | \$172,418,000 |
| FTE/Other | | | |
| Total FTE | 1,505.9 | 1.0 | 1,507 |

2.0 Issues: Fiscal Year 2004 Reallocations

2.1 Egg and Poultry Grader (UDAF)

Growth at Delta Egg Farms requires one additional egg inspector. The Analyst already recommended \$40,300 for FY 2005. The Analyst also recommends \$10,100 for the four remaining months (March – June) in FY 2004.

Dedicated Credits.....\$10,100

2.2 Agriculture Building Maintenance (UDAF)

The Analyst recommends transferring \$6,000 from the Agriculture – Administration line item to the Agriculture – Building line item to cover increased maintenance charges by DFCM. This is a one-time transfer. The increase should be covered in FY 2005 by statewide internal service fund adjustments made by the Executive Appropriations Committee.

General Fund – One-Time (Administration) (\$6,000)

General Fund – One-Time (Building)\$6,000

2.3 PVE Appropriation Increase for Utah Energy Office (DNR Administration)

The Utah Energy Office has requested an additional appropriation of \$430,700 from its Oil Overcharge funds in order to meet increased project costs. Since these funds come from a one-time legal settlement and are to be used according to the best judgment of the executive branch, the Analyst recommends the Legislature approve their request. The Analyst already recommended a similar increase for FY 2005.

Exxon Oil Overcharge\$327,300

Stripper Well – PVE\$103,400

2.4 Utah Lake Boundary Settlements (DNR Forestry, Fire and State Lands)

Litigation continues over the boundaries between sovereign lands and private lands around Utah Lake. The courts have appointed a “Special Master” to help resolve the litigation. In addition, opportunities may arise to settle individual cases. The Analyst recommends an appropriation from restricted funds to pay the state’s share to the Special Master and possibly make settlement payments.

GFR – Sovereign Land Management.....\$200,000

2.5 State Park Collections Re-Estimate (DNR Parks and Recreation – Operations)

Nearly all state park collections are deposited in the GFR – State Park Fees Account. The current FY 2004 appropriation overestimated the revenues that would be collected. For the sake of accuracy, the Analyst recommends decreasing the appropriation by \$465,000. This would lower the total operating appropriation from \$8,391,500 to \$7,926,500.

GFR – State Park Fees(\$465,000)

2.6 Soldier Hollow Golf Start-Up (DNR Parks and Recreation – Operations)

Operations and bond payments for the two new golf courses at Soldier Hollow are likely to lose money for the division for several years. Due to General Fund cuts in previous years, the division is no longer in a good position to absorb the losses. The Analyst recommends increasing appropriations from restricted funds to the operating budget in order to free up General Funds that can be shifted to pay costs at Soldier Hollow for the remainder of FY 2004.

GFR – Boating.....\$120,000

GFR – Off-Highway Vehicle.....\$120,000

2.7 Off-Highway Vehicle Rider Management (DNR Parks and Recreation – Operations)

During the 2003 General Session, the Legislature made additional funds available to the restricted OHV account. An appropriation is recommended to maintain adequate management of OHV activities in sensitive areas of the state. Funds will be used in three specific areas: 1) For management and enforcement of OHV rules and regulations in the San Rafael Swell; 2) For a comprehensive OHV safety and responsibility riding campaign aimed at adult riders; 3) For assistance to local governments in managing OHV traffic.

GFR – Off-Highway Vehicle.....\$200,000

2.8 Capital Development Opportunities (SITLA)

SITLA’s Development – Capital program has seen steady growth in revenue potential. The Analyst already recommended an appropriation increase of \$1M for FY 2005. The Analyst also recommends an increase of \$1M for FY 2004. This will increase the total FY 2004 capital appropriation from \$3M to \$4M.

Land Grant Management Fund\$1,000,000

Nonlapsing Authorization List

According to UCA 63-38-8.1(3)(a), each agency that wishes to preserve any or all of its unrestricted fund appropriation balance must include a one-time projects list as part of its budget request. Agencies may not include a proposed expenditure if it:

- Creates a new program
- Enhances the level of an existing program, or
- Will require a legislative appropriation in the next fiscal year

The agencies have requested authorization to make one-time expenditures should any of their FY 2004 unrestricted appropriations remain unexpended at the end of the fiscal year. If the Legislature approves the request, the approval will appear as intent language in the Supplemental Appropriations Act as follows:

Under the terms of UCA 63-38-8.1, the Legislature intends not to lapse Item [____], Chapter [____], Laws of Utah 2003. Expenditure of these funds is limited to: [approved categories].

The Analyst recommends:

Department of Agriculture and Food

| | |
|-----------------------------------|------------------|
| General Administration | |
| Capital Equipment or Improvements | \$300,000 |
| Computer Equipment/Software | 200,000 |
| Employee Training/Incentives | 100,000 |
| Equipment/Supplies | 200,000 |
| Special Projects/Studies | 85,000 |
| Vehicles | <u>100,000</u> |
| Total | <u>\$985,000</u> |
| Resource Conservation | |
| Computer Equipment/Software | \$10,000 |
| Employee Training/Incentives | 5,000 |
| Equipment/Supplies | <u>5,000</u> |
| Total | <u>\$20,000</u> |

Department of Natural Resources

| | |
|------------------------------------|------------------|
| Administration | |
| Current Expense Items | \$40,000 |
| Computer Equipment/Software | 18,000 |
| Employee Training/Incentives | 15,000 |
| Copy Machine/Printers | 14,000 |
| Special Projects/Studies | 15,000 |
| Professional/Technical Services | <u>25,000</u> |
| Total | <u>\$127,000</u> |
| | |
| Building Operation and Maintenance | |
| East Gate Replacement | \$23,000 |
| Building Maintenance | <u>25,000</u> |
| Total | <u>\$48,000</u> |
| | |
| Oil, Gas and Mining | |
| Computer Equipment/Software | \$35,000 |
| Employee Training/Incentives | <u>25,000</u> |
| Total | <u>\$60,000</u> |
| | |
| Parks and Recreation | |
| Capital Equipment or Improvements | \$20,000 |
| Computer Equipment/Software | 25,000 |
| Employee Training/Incentives | 45,000 |
| Equipment/Supplies | <u>60,000</u> |
| Total | <u>\$150,000</u> |
| | |
| Water Resources | |
| Computer Equipment/Software | \$25,000 |
| Employee Training/Incentives | 5,000 |
| Equipment/Supplies | 10,000 |
| Special Projects/Studies | 10,000 |
| Printing/Binding | <u>5,000</u> |
| Total | <u>\$55,000</u> |
| | |
| Water Rights | |
| Computer Equipment/Software | \$25,000 |
| Employee Training/Incentives | 50,000 |
| Special Projects/Studies | 25,000 |
| Water Resource Investigations | <u>50,000</u> |
| Total | <u>\$150,000</u> |