



SB21-220

SHORT TITLE: Reverse Transfers From Severance Tax Operational Fund

LONG TITLE: Concerning the stabilization of revenue in the severance tax operational fund by returning money that was transferred to natural resources and energy grants

SPONSORS: Joint Budget Committee

COMMITTEES: Senate Appropriations Committee and House Appropriations Committee

PURPOSE OF THE BILL: To reverse the transfer previously made to five DNR grant programs to adequately fund the department's core programs and provide a one year reserve.

PROPOSERS OF THE BILL: Joint Budget Committee

POTENTIAL STAKEHOLDERS: Dept. of Natural Resources, beneficiaries of grants made from the species conservation fund, the CPW aquatic nuisance fund, the water supply reserve fund, the water efficiency grant program, and the interbasin compact committee operations fund.

BACKGROUND: The Dept. of Natural Resources receives primary funding for its core programs and grant programs from severance tax revenues under a statutory formula. The core programs must be fully funded and a one-year reserve maintained. Severance tax money not used is then distributed to the various grant programs, some within DNR and others outside the department. When severance taxes imposed on the extraction of certain minerals and mineral fuels fail to produce sufficient revenue, the program are at risk.

Is this bill necessary this year? Yes. The department cannot fund its core programs and maintain a one-year reserve with the projected decrease in severance tax revenue.

How does the bill change current law? No.

Does the bill affect the prior appropriations system? No.

How is the bill implemented? Approval of the bill will authorize the transfer back into the core programs of money previously allocated in August.

Practical considerations: A stable source of funding for the grant programs (and perhaps core programs) must be identified as coal mines are slated for closure and there is less drilling for oil and gas, as well as a decrease in price for those commodities.

Fiscal Impact: There is no appropriation, just a transfer of \$8.1 million within the department.