



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff

FY 2016-17 Budget Briefing Summary

Department of Natural Resources

The Department of Natural Resources is responsible for developing, protecting, and enhancing Colorado's natural resources for the use and enjoyment of present and future residents and visitors. The Department's FY 2015-16 appropriation represents 0.9 percent of statewide operating appropriations and 0.3 percent of statewide General Fund appropriations.

FY 2015-16 Appropriation and FY 2016-17 Request

Department of Natural Resources						
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FTE
FY 2015-16 Appropriation						
SB 15-234 (Long Bill)	\$250,860,028	\$27,479,559	\$185,537,624	\$8,701,045	\$29,141,800	1,462.1
Other legislation	<u>13,059,199</u>	<u>191,959</u>	<u>12,867,240</u>	<u>0</u>	<u>0</u>	<u>0.5</u>
TOTAL	\$263,919,227	\$27,671,518	\$198,404,864	\$8,701,045	\$29,141,800	1,462.6
FY 2016-17 Requested Appropriation						
FY 2015-16 Appropriation	\$263,919,227	27,671,518	\$198,404,864	\$8,701,045	\$29,141,800	1,462.6
R1 State Land Board ATLAS licenses	0	0	0	0	0	0.0
R2 Parks and Wildlife digital radio replacement	1,024,000	0	1,024,000	0	0	0.0
R3 State Land Board asset manager FTE	87,515	0	87,515	0	0	1.0
R4 Parks and Wildlife FTE transfer	0	0	0	0	0	0.0
Non-prioritized requests	498,465	51,808	436,051	(2,533)	13,139	0.0
Centrally appropriated line items	2,916,423	1,890,081	4,211,183	(1,132,303)	(2,052,538)	0.0
Annualize prior year legislation	(10,500,703)	(4,703)	(10,496,000)	0	0	0.0
Indirect cost assessment	(415,675)	(719,232)	(426,319)	719,232	10,644	0.0
Annualize prior year budget actions	(311,679)	(27,832)	(262,023)	(10,279)	(11,545)	0.1
Other changes	<u>(250,000)</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>	<u>0</u>	<u>(1.0)</u>
TOTAL	\$256,967,573	\$28,861,640	\$192,979,271	\$8,025,162	\$27,101,500	1,462.7
Increase/(Decrease)	(\$6,951,654)	\$1,190,122	(\$5,425,593)	(\$675,883)	(\$2,040,300)	0.1
Percentage Change	(2.6%)	4.3%	(2.7%)	(7.8%)	(7.0%)	0.0%

Summary of Issues Presented to the Joint Budget Committee

Status of the Severance Tax Operational Fund: Projected severance tax revenues are not sufficient to support anticipated expenditures from the Severance Tax Operational Fund in FY 2016-17, requiring estimated proportional reductions of 16.3 percent to funding for Tier II programs. Proportional cuts are not called for in FY 2015-16, but 37.3 percent of the Tier II reserve will be required in order to fully fund authorized expenditures in the current year.

Projected Revenue Shortfall in the Oil and Gas Conservation and Environmental Response Fund: The Oil and Gas Conservation and Environmental Response Fund provides approximately 65 percent of the cash funds for the OGCC. Most of the revenue coming into the Response Fund is from a mill levy on the market value of oil and gas at the well, currently set at 0.7 mills. If the mill levy remains the same and the price and production of oil and gas follows current forecasts, the Response Fund will have a revenue shortfall of up to \$3.8 million in FY 2017-18.

Water Quality Issues at Legacy Mine Sites: The release of contaminated wastewater from the Gold King Mine in August of 2015 brought renewed attention to the impact of drainage from legacy mines on water quality in Colorado. This issue provides background on state and federal agencies involved in addressing water quality issues at legacy mine sites, focusing specifically on available funding for legacy mine hydrology projects and emergency response in the Division of Reclamation, Mining, and Safety.

Parks and Wildlife R2 Request for Radio Replacement and Cash Funds Status: The Department's FY 2016-17 request includes an increase of \$1.0 million cash funds for the Division of Parks and Wildlife to replace radios used by staff and volunteers starting in FY 2016-17. This will require ongoing funding in the same amount each year through FY 2019-20 and the cost will be split proportionally between the Parks and Outdoor Recreation Cash Fund (33 percent) and the Wildlife Cash Fund (67 percent).

State Land Board Public School Trust Revenues and FY 2016-17 Requests (R1 and R3): The State Land Board is forecasting a decrease of almost 60 percent in Public School Trust revenues over the next three years due to falling oil prices, reduced production on state trust lands, and expiring bonus payments. For FY 2016-17, the Department's request includes two separate changes to the State Land Board budget: (1) a net-zero transfer of \$90,000 cash funds from the Executive Director's Office to the State Land Board to fund ongoing licensing fees for the ATLAS asset management system; and (2) an increase of \$87,515 cash funds and 1.0 FTE for a new West Slope Resource Specialist.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2015-16/natbrf.pdf