



**Testimony of The Nature Conservancy for the
New York State Division of the Budget
Public Hearings in Preparation for the 2008-09 Budget
November 30, 2007
Hauppauge, New York**

Good morning. My name is Jessica Ottney and I am the Director of State Government Relations for The Nature Conservancy in New York. The Nature Conservancy, our 70,000 members across New York and our more than 1 million members worldwide support environmental protection projects in 28 countries and all 50 U.S. States. We have protected or helped protect more than 117 million acres and 5,000 river miles around the world, and over 500,000 acres in New York. We have more than 100 marine conservation projects, including sites in New York. We are the largest private environmental conservation organization in the world. We are proud of our partnership with the Legislature and the State of New York, and what we have accomplished together, and we are excited about what we can continue to accomplish in 2007, 2008 and beyond. I appreciate the opportunity to comment today regarding the New York State budget for FY2008-2009.

OVERVIEW

- The Nature Conservancy thinks progress has been made recently to increase environmental funding and reinvigorate depleted state agencies in order to better protect our environment.
- The Conservancy supports increasing the Environmental Protection Fund to \$500 million by 2010 through the passage of an expanded Bottle Bill and/or increased deposits into the Fund from the revenue generated through the state's Real Estate Transfer Tax, which has grown to almost \$1 billion annually.
- The Nature Conservancy supports the continuation of efforts to revitalize state agencies that protect and steward our natural resources through targeted staff increases with support from the state's General Fund.
- The Conservancy believes it is time for a new statewide Environmental Bond Act to provide increased levels of funding for critical environmental projects throughout New York whose needs now amount to billions of dollars.

The Nature Conservancy thanks the Legislature and the Governor for increases in dedicated environmental funding as well as increases in environmental staff at state agencies, approved in the FY2007-2008 State budget. As you know, the Environmental Protection Fund (EPF) was increased during the budget negotiations to \$250 million. Later, during the regularly scheduled legislative session, a bill passed and was subsequently signed, further increasing the EPF to \$300 million by the 2009-2010 State Fiscal Year. This all-time high level of funding for the EPF, in conjunction with General Fund support for 174 new staff at the Department of Environmental

Conservation (DEC), Office of Parks, Recreation and Historic Preservation (OPRHP), Adirondack Park Agency (APA) and Department of State (DOS) represents a critical step in helping key agencies protect New York's natural resources.

Lands and waters around the world and in New York are today being altered in ways that threaten plants, animals and our way of life. The problems that face us are as diverse as the accumulation of greenhouse gasses and suburban sprawl's impact on our food supply; they threaten our open space and our quality of life. Here in New York, our needs include substantial programs to ensure clean air, clean water, energy independence and effective recycling. These challenges, along with threats like acid rain, mercury contamination, coastal degradation, pollution and invasive species infestation cross all geographic and political boundaries.

But there is hope. With good science, we can identify Earth's and New York's most important natural places. Using innovative tools we can protect and restore these priority places. Municipalities, non-government organizations, and a host of public and private partners can work with the State to achieve lasting results. Working together we can protect the diversity of life on Earth and enrich the quality of life, now and for future generations of New Yorkers.

ENVIRONMENTAL FUNDING

Thanks to the excellent work of the Legislature and Executive during the 2007 Legislative Session, the Environmental Protection Fund (EPF) was increased to an all-time high. Through the State budget process, the EPF was increased to \$250 million. This was an increase of \$25 million from State Fiscal Year 2006-2007. *(See attachment with EPF funding levels over the life of the Fund.)* In addition to the increased EPF appropriation during the budget process, the Legislature and Governor took action to boost the fund again through a legislative initiative that was passed and signed into law. The act requires EPF appropriations from the NYS Real Estate Transfer Tax fund to grow to at least \$300 million by the FY2009-2010 state budget.

The EPF, after being funded at the same level for seven years, now stands at double what it was in the 2004-2005 state budget. These funds will help protect clean water, clean air, open space, farmland, urban and wilderness parks, land stewardship, recycling programs and public health initiatives like breast cancer research that help meet everyday needs of current and future generations of New Yorkers. While total environmental and parks spending was reduced by \$124 million between 2001 and 2006, the FY2007-2008 EPF appropriation and general fund environmental and parks appropriations starts the state on a path of restoring the power and strength of New York's strapped environmental, agricultural and parks programs.

TNC along with a broad coalition of more than 200 organizations called the Friends of New York's Environment support increasing the EPF to \$500 million by 2010. TNC supports increases in several EPF categories, as the EPF is increased to \$500 million by 2010. ***The following goals for increases to specific lines of the EPF are those of TNC, and this testimony many not represent the position of organizations who take part in the Friends of New York's Environment coalition, as many coalition partners have their own priorities.***

TNC supports increases to the following EPF lines:

- Open space / land acquisition – currently \$55 million, increase to \$150 million
- LTA Conservation Partnership Program – currently at \$1 million, increase to \$1.5 million
- State land stewardship – currently \$22.25 million, increase to \$30 million
- Farmland protection – currently \$28 million, increase to \$50 million
- Invasive species – currently \$5 million, increase to \$10 million

- Oceans and Great Lakes – currently \$4 million, increase to \$25 million
- Zoos, Botanical Gardens and Aquaria – currently \$8 million, increase to \$20 million
- Water Quality Improvement – currently \$10 million, increase to \$25 million
- Smart growth – currently \$2 million, increase to \$10 million
- Hudson River Park – currently \$5 million, increase to \$20 million
- Hudson River Estuary Program – currently \$5.5 million, increase to \$10 million
- Albany Pine Bush – currently at \$2 million, increase to \$3.5 million.
- Long Island Pine Barrens – currently \$1.1 million, increase to \$2.5 million
- South Shore Estuary Reserve – currently \$900,000, increase to \$1 million
- Peconic Estuary – currently this line was unfunded, funded at \$200,000 in FY2003, increase to \$1 million

These suggested funding levels would increase the EPF to roughly \$460 million, and allow additional increases in categories not mentioned above, including pollution prevention, solid waste programs, and coastal and waterfront revitalization programs.

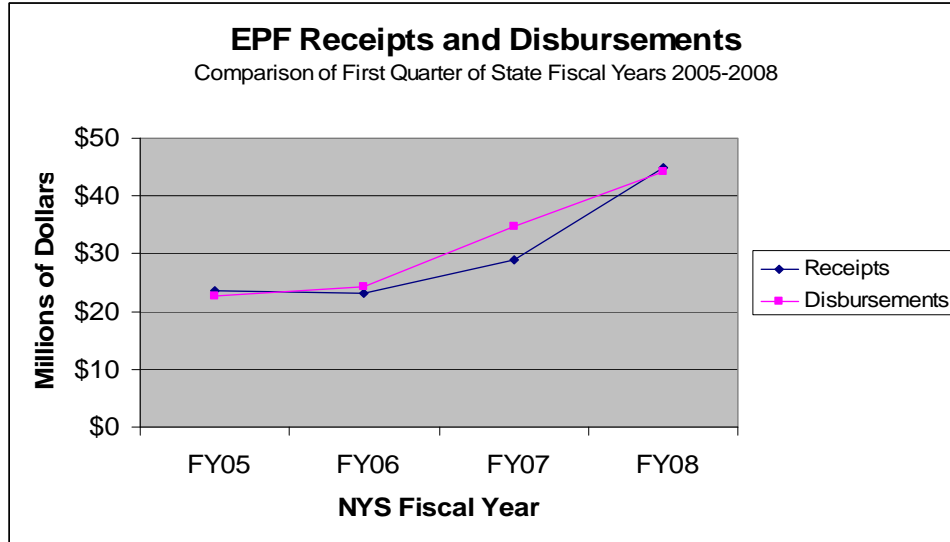
TNC supports the expansion of the Bottle Bill as a method of funding a \$500 million dedicated EPF. Statistics show that up to \$200 million annually could be generated if the state began to collect the unclaimed nickel deposits. Another source of EPF increased funding should continue to be the state's Real Estate Transfer Tax (RETT). The RETT has generated up to \$950 million in recent years. To date this fiscal year, according to the Office of Tax Policy Analysis within the State Department of Taxation and Finance, the RETT has generated more than \$639 million. Data from the same office shows that year to date, the RETT has generated 6.6% more than in FY2007-2008. The RETT remains a stable and strong source of funding for critically needed environmental programs throughout our state.

This year, through the budget process, two new categories were added to the EPF: The Smart Growth Program and the Pollution Prevention Initiative. DEC has taken swift action to begin work on each of these new programs. A Request for Proposals (RFP) was released for the Pollution Prevention Initiative this fall. This will ensure that the \$2 million in EPF funding provided for this initiative in the current year's Budget will be spent or committed before the end of the State fiscal year. By issuing this RFP within just five months of the State budget approval, DEC is displaying what TNC believes to be a new and welcome commitment to spending appropriated environmental funding. This is a critical step in addressing the enormous environmental needs throughout the State. TNC supports future increases to both of these new categories.

TNC understands that DEC is also very close to issuing RFPs for the \$2 million of Smart Growth funding provided in this year's EPF. This funding will help municipalities in areas including the Adirondack and Catskill Parks plan for future development, and allow communities throughout the state to direct growth to areas that can responsibly support the need for water and transportation infrastructure as well as other public services.

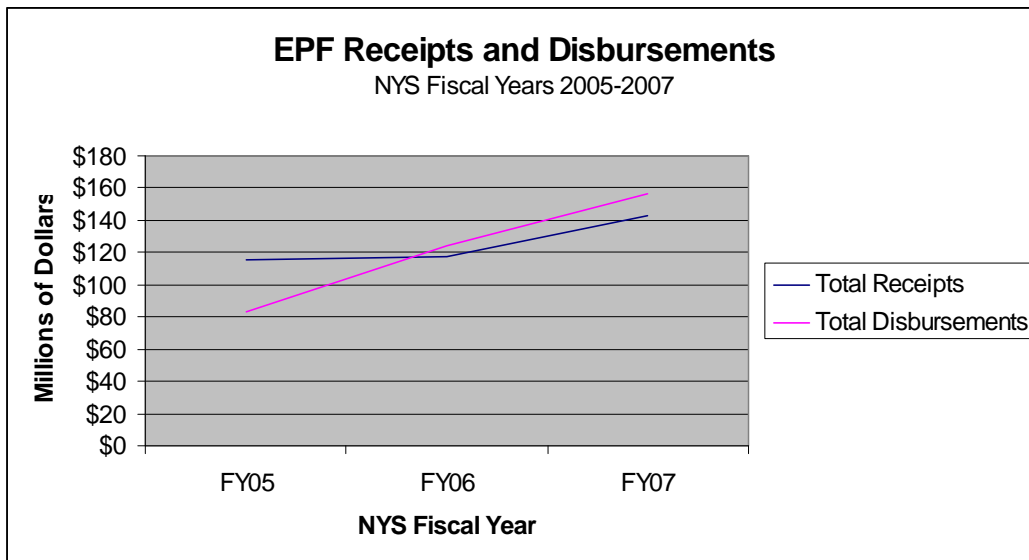
While TNC commends DEC for working to ensure funds appropriated through the EPF are spent expeditiously, delays in some programs continue. Several program area delays may be remedied through additional DEC staff increases, as well as internal policy changes.

FIGURE 1



For the last several years, EPF disbursements have exceeded receipts during the first quarter of the State Fiscal Year. (Figure 1 uses the first quarter only so that progress to date on the current year's State budget could be compared with previous years.) The trend remains positive, with receipts at an all time high during the first quarter of the 2007-2008 State Fiscal Year. Disbursements remain strong and could exceed receipts again by the end of SFY 2008.

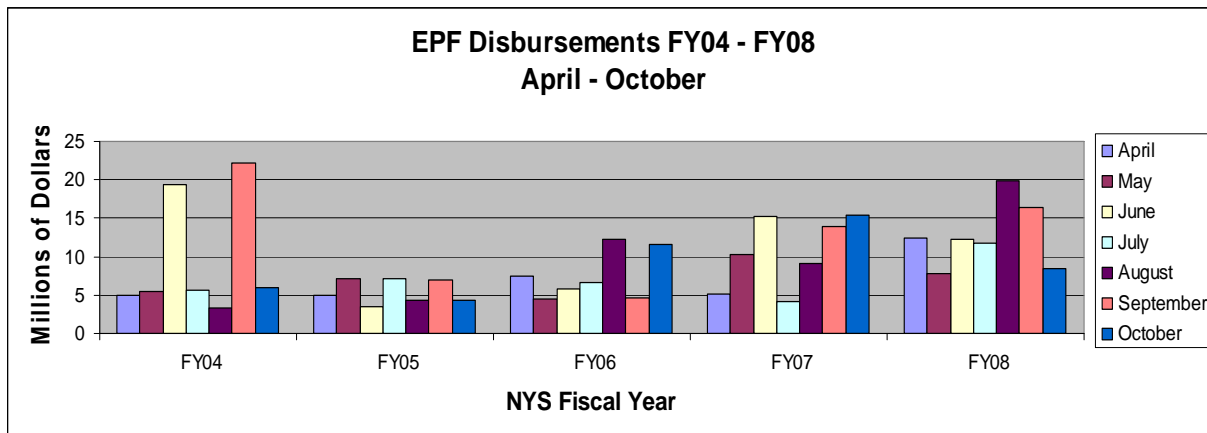
FIGURE 2



Disbursements over the last three *full* State Fiscal Years exceed receipts each year. These disbursements have been covered by drawing down reserves and extra deposits. With additional DEC staff restorations, increased appropriations and a willingness to spend appropriations in a timely fashion, EPF cash can continue to fill project needs in communities across the state, where

and when they are most required. Our best data also indicate that there has been a significant surge in projects in “the EPF pipeline.”

FIGURE 3



EPF disbursements in FY2007-2008 have outpaced those in the previous fiscal years so far. While the rate of disbursements for the remainder of this fiscal year could slow, the pace to date could lead to the most successful year of EPF spending over the life of the Fund. It is critically important that EPF spending reach the same level as appropriations so that previously announced projects can be completed, and new projects to protect the state’s land, air and water can move forward.

DEC STAFFING

TNC commends the new administration at the DEC, led by Commissioner Grannis, which is making significant progress in implementing new and existing programs in a timely, effective, and professional manner, while hiring new staff as authorized in the most recent State budget. It is our understanding that DEC has hired over half of the 109 new staff and is on pace to fill all of the newly authorized positions by year's end. TNC applauds the Department for taking rapid action to capitalize on their newly authorized staffing levels and believes that with these new employees New York’s natural resources will be much better protected.

There will be, however, the need for the Legislature to authorize further staff additions at DEC in the coming State budget, and likely several budgets thereafter, as DEC’s staffing needs far exceed the 109 additional staff provided this year. The agencies should be provided General Fund support to hire additional new staff. Critical shortages include: dedicated staffing to implement the invasive species program, including the five dedicated positions recommended by of the Invasive Species Task Force Report, which was delivered to the Legislature and Governor in fall 2005, as well as staff to support the Oceans and Great Lakes Council and the Sea Level Rise Task Force.

Staff in the Bureau of Real Property are needed to ensure the State’s open space protection program is able to move forward. Since land protection opportunities arise quickly, staff is needed to move parcels through the application process expeditiously. The Bureau, which not long ago had a staff of 130, now stands at approximately 40 full time employees. These staff

members need substantial additional support to allow the State to close on projects that have been pending for a number of years, and to begin new projects in areas throughout the State including the Catskills and Long Island, where land acquisition not only protects wildlife habitat but serves as a vital protection for drinking water quality for millions of New Yorkers.

The Lands and Forests Division is also in need of additional staff. Foresters, land surveyors, and other personnel are needed to ensure the State's preserve lands and conservation easements are properly monitored and managed. Staff are also needed to continue DEC's work to preserve open space, encourage stewardship of natural resources on private lands, support urban forestry, and provide improvements to public access so that all New Yorkers can enjoy their natural areas.

As DEC implements new and visionary programs to halt climate change, reduce the introduction of toxins into the environment, continue to protect wildlife habitat, and deploy management strategies that look holistically at natural systems, many new employees will be needed. TNC is hoping that the Legislature and Governor will continue to encourage these and other programs within DEC, and authorize additional staffing for the Agency in the next State budget.

OPRHP CAPITAL BUDGET

As Division of Budget, legislative, and executive staff heard during the October 30, 2007 hearing on the capital budget for OPRHP, there is currently a \$600 million - \$650 million shortfall in funding for projects to ensure New York State Parks are safe, healthy and ecologically sound. Infrastructure in our parks is crumbling, and new parks still do not have facilities to welcome the public and allow for the interpretation of natural resources. Additionally, funding is needed to ensure the ecological integrity of our state parks. As TNC testified at the October 30th hearing, state park system is home to some of the state's most significant biological treasures including endangered, threatened and rare species, and many of the state's natural community types. It is critically important that the FY2008-2009 state budget begin to increase capital funds for OPRHP. TNC acknowledges that the restoration of our state parks will require a multi-year funding plan as well as a combination of state, federal, local and private funding.

NYS ENVIRONMENTAL BOND ACT

The Nature Conservancy believes that the funding needs previously mentioned in this testimony are the tip of the proverbial iceberg with regards to environmental funding needs in New York State. The Conservancy and other partners have identified billions of dollars in needs for environmental programs including state parks capital projects, land acquisition, farmland protection, invasive species eradication, air quality improvement, pollution prevention, water quality protection and more. In order for New York to begin to properly address these needs, a Statewide Environmental Bond Act is needed. We urge the Governor and the Legislature to take action to create this new and critical funding source protect and preserve our state's magnificent natural resources for future generations.

IN SUMMARY

The Nature Conservancy is pleased to testify that EPF and environmental spending are increasing, both in response to environmental and conservation needs throughout the State, as well as to the increase in appropriation levels. Needs, however, are growing even faster, and TNC supports further increases in dedicated funding and staffing. The EPF increase mandated in the EPF Enhancement Act that passed during the 2007 legislative session should be expedited so

that the EPF is increased to \$300 million in the FY2008-2009 state budget. The Conservancy, along with partners in the Friends of New York's Environment Coalition, supports a \$500 million EPF by 2010 to help address the new and ever-growing environmental funding needs across our state. In order to meet this goal without having to drastically increase the EPF in one state fiscal year, increases to the Fund should continue in the upcoming state budget.

State agency action to hire new staff authorized in the 2007-2008 State budget has been swift and effective. New programs added to the EPF during the Budget process earlier this year are already moving forward; the environmental community is pleased to observe the increases in official notices on behalf of critical environmental projects that will now greatly benefit from this timely funding.

Thank you again for the opportunity to testify today. TNC looks forward to continuing our work with the Legislature and Governor as well as the state agencies to ensure environmental funding in New York State grows, and our land, air and water are protected.

NYS ENVIRONMENTAL PROTECTION FUND (1993-2007)

,000s omitted

11/26/07

Open Space Program	FY1994-95	FY1995-96	FY1996-97	FY1997-98	FY1998-99	FY1999-00	FY2000-01	FY2002-03	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07	FY2007-08	TOTALS
DEC/OPRHP land acquisition	9,000	15,900	31,500	30,000	26,000	34,250	33,500	38,000	38,000	30,000	32,000	40,000	50,000	55,000	463,150
(W/LTA starting in FY03)										250	250	500	500	1,000	3,000
(W/Urban Forestry)								?	?	?	?	?	500	500	1,000
Farmland protection	300	300	4,000	4,000	5,000	4,500	5,500	8,000	8,000	12,000	12,600	16,000	23,000	28,000	131,200
Hudson River estuary management			6,000	6,000	6,000	8,325	6,000	5,800	5,800	5,000	5,000	5,000	5,000	5,500	69,425
Muni. Non-point water pollution control													5,502	6,417	11,919
Ag. Non-point water pollution control	1,000	1,370	3,447	3,447	5,000	6,500	6,500	5,500	6,000	10,100	10,850	11,700	11,003	12,833	95,250
Soil and Water Districts			553	653	0	900	1,350	1,860	1,860	1,860	1,860	1,860	3,000	3,000	18,756
Biodiversity stewardship & research	250	250	250	275	300	300	750	750	750	700	700	1,000	1,500	1,500	9,275
Albany Pine Bush Commission	180	180	180	200	220	240	325	370	370	400	600	800	1,500	2,000	7,565
Long Island Pine Barrens Commission	150	350	600	615	630	650	700	700	700	700	950	950	1,100	1,100	9,895
LI South Shore Estuary Reserve	150	150	150	225	275	285	350	350	350	350	600	600	900	900	5,635
Finger Lakes/Lake Ontario Alliance				1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,500	1,500	2,000	2,300	16,400
Peconic Bay Estuary						-		0	200	0	0	0	0	0	200
Quality Communities												3,000	3,000	0	6,000
Smart Growth														2,000	2,000
Invasives													3,250	5,000	8,250
Oceans and Great Lakes													3,000	4,000	7,000
Water Quality Improvement													7,000	10,000	17,000
Total Budget	11,030	18,500	46,680	46,715	44,725	57,250	56,275	62,630	63,330	62,410	66,660	62,410	120,755	139,550	878,920
Parks Projects															
DEC/OPRHP state land stewardship						12,000	12,000	7,000	6,500	5,750	5,750	6,500	15,000	22,250	92,750
Local (Municipal) parks/HP grants	5,000	4,000	16,500	14,525	9,100	6,875	7,482	7,250	8,500	12,165	12,565	14,315	20,470	21,225	159,972
Local waterfront revitalization	1,270	1,300	4,500	8,975	5,800	4,975	7,068	6,685	6,750	12,000	12,500	14,250	27,000	26,825	139,498
Coastal rehabilitation projects	1,200	1,200	1,500	10,675	1,000										15,575
Hudson River Park construction					4,000	21,000	20,000	15,000	15,000	15,000	10,000	5,000	5,000	5,000	115,000
Historic Barns								1,000	1,000	750	750	750	5,000	0	9,250
State Parks Projects								11,000	10,000						21,000
Zoos, Botanical Gardens and Aquaria												6,000	7,500	8,000	21,500
Total Budget	7,470	6,500	22,500	34,175	19,700	44,850	46,550	47,935	47,750	45,665	41,565	46,815	79,970	83,100	574,545
Solid Waste Programs															
Landfill Closure	9,000	9,500	18,000	17,000	13,000	9,000	7,000	0	0	0	0	3,000	3,000	3,000	91,500
Municipal Recycling	2,000	4,000	6,410	5,505	6,000	4,500	6,225	5,255	5,000	6,500	6,500	7,000	8,750	9,825	83,470
Secondary materials markets	2,000	4,000	6,410	5,505	6,000	4,500	5,000	5,255	4,995	6,500	6,500	7,000	8,750	8,750	81,165
Pollution Prevention														2,000	2,000
Pesticide use database program				1,100	1,100	3,600	2,850	2,625	2,625	2,625	2,475	2,475	2,475	2,475	26,225
Natural Resource Damage assessment						1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300	11,700
Total Budget	13,000	17,500	30,820	29,110	26,100	22,900	22,175	14,435	13,920	16,925	16,775	20,775	24,275	27,350	296,060
EPF Program Enhancements	0	0	0	0	0	34,475	10,000	0	0	0	0	0	0	0	44,475
Total Appropriations	31,500	42,500	100,000	110,000	80,525	159,475	135,000	125,000	125,000	125,000	125,000	150,000	225,000	250,000	1,794,000

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