



Testimony of The Nature Conservancy in New York Before the Joint Legislative Public Hearings on the 2015-2016 Executive Budget Proposal

January 28, 2015

My name is Jessica Ottney Mahar and I am the director of government relations for The Nature Conservancy in New York. On behalf of our 70,000 New York supporters, thank you for the opportunity to testify before you today regarding the Executive Budget Proposal for State Fiscal Year 2015-16 (FY15-16).

I would like to start today by expressing appreciation for the work that you and your colleagues in the Legislature did last year in support of environmental funding. Your partnership with Governor Cuomo to increase funding for the Environmental Protection Fund (EPF) by \$9 million, including a Legislative push for \$5 million more than was included in the initial Executive Budget Proposal, was an excellent step toward continuing the restoration of the EPF and providing adequate environmental funding.

The Nature Conservancy in New York

The Nature Conservancy in New York is the state program of the world's largest conservation organization. Our mission is to conserve the lands and waters on which all life depends. We work in all 50 United States as well as in over 30 countries to protect nature for the benefit of people today and future generations. We have a collaborative, science-based approach to environmental problem-solving. We are engaged in hands-on research, we are land stewards for the 160 preserves we own in New York, and we work with governments, community groups, industry, and other stakeholders around the world to secure a more sustainable future.

In New York, and around the world, The Nature Conservancy is taking on tough conservation issues facing our communities — from climate change, to the availability of fresh water, to smart energy and infrastructure development. Our work spans the Empire State, from protecting and revitalizing the health of Lake Ontario; to conserving forest connectivity and restoring forest health in the Allegany, Adirondack and Catskill regions; to working with coastal communities on Long Island as they plan for future storm impacts and address impaired water quality; to understanding the value and role of natural systems in dense urban setting such as New York City; and of course, to the stewardship of our many preserves and the lands we own throughout the state. Across the state The Nature Conservancy works with governments, companies, conservation partners, educational institutions and others to collaboratively advance our conservation priorities. Our work combines policy advocacy, cutting edge science research, and on-the-ground projects across the globe.

Environmental Programs Pay Dividends for New York

Environmental investments support a wide variety of programs that are essential to all aspects of our quality of life in New York State. These investments generate revenue, protect public health and create jobs in many sectors throughout New York State. Recent studies have shown that publicly funded land and water conservation generates economic returns for New York and provides natural goods and services to communities. Environmentally-dependent industries including forestry, farming, outdoor recreation and tourism sustain hundreds of thousands of jobs throughout New York State and produce

billions for our economy. Corporate CEOs say that quality of life for employees is a top factor in locating their business, making New York’s communities with municipal parks, protected lands, revitalized waterfronts and other amenities strong contenders as locations for new companies. A 2012 study by the Trust for Public Land found that for every \$1 invested in land and water conservation through the EPF, New York State receives \$7 in return. A 7-1 return on investment is leverage that any program should be proud of, and shows a wise use of state resources.

Public Support Has Never Been Higher for Environmental Funding

2014 was an election year for the record books. Voters in 19 states approved 27 state and local ballot measures that will dedicate over \$29 billion to open space, land and water protection, parks and trails – far exceeding any amount approved by voters in previous election cycles. Statewide measures in Florida, California, Maine, and Rhode Island combine a variety of solutions to protect lands and waters for nature and for people. They include funding for both built and natural infrastructure, as well as significant funding for land and water conservation.

Many of these initiatives passed with significant margins of support and were passed in localities where conservative voters came out in numbers. This election proved a theme that has turned up time and time again in local and national polling that The Nature Conservancy has conducted: conservation is a bi-partisan issue, and voters of all political stripes strongly support programs that protect land and water for future generations.

Summary: 2014 Statewide Conservation Ballot Measures Approved by Voters

State	Amount of Funding	Funding Source	Margin of Victory
Florida	\$18 billion	Real estate transfer tax dedication	75% of voters supported
California	\$7.5 billion	Bond	67% of voters supported
New Jersey	\$2.8 billion	Corporate business tax rededication	65% of voters supported
Rhode Island	\$53 million	Bond	71% of voters supported
Maine	\$10 million	Bond	65% of voters supported

What do these victories in other states mean for New York? First, they mean that we should prioritize major investments in our natural systems, which will continue to keep us in line with the work going on in our region and nationally to protect the resources that we rely on for food, storm damage mitigation jobs, and tourism. Second, they mean that just like in these other states New York voters will recognize the value of environmental investments. The progress we make on conservation funding this year in New York as part of the state budget will be a story that resonates with the public in all corners of the state, and is something that we can all continue to take pride in. Finally, New York absolutely cannot fall behind in protecting its natural resources – if we are to be a place where people want to live, work, and raise their families, along with other initiatives to keep New York competitive, we need to make the needed investments in our incredible, valuable natural resources.

The Environmental Protection Fund (EPF)

Since its inception, the EPF has funded critical programs that protect our most iconic landscapes and our most valuable natural resources, including clean water, and important community assets such as invasive species prevention programs, parks, zoos, and waterfronts.

When the EPF was created just more than two decades ago, the Legislature and Governor took the important and wise step of identifying a dedicated funding source for the program. The state’s Real Estate Transfer Tax (RETT) generates revenue every time real property is transferred, and starting in 1993 a portion of that revenue was to be dedicated to ensuring New York can conserve land and clean

water, create community parks, support municipal recycling and undertake other important programs that reduce pollution and make our communities more attractive for businesses, tourists and residents, and keep New Yorkers healthy.

While there have been a few bumps in the road along the way (for example, the “sweeping” of nearly \$500 million in cash from the EPF between 2003-2009 in order to make up for deficits in the state budget) generally the EPF has worked extraordinarily well, and communities in every county of the state have significantly benefited. (To learn more about the benefits of the EPF in New York visit www.keepprotectingny.com.)

Then the recession hit. Real estate transfer taxes, like everything else, dropped, and accordingly EPF funding dropped. While not a good thing, it was understandable – nobody could argue that a fund linked to a revenue source should not decrease as the revenue source decreased.

Happily, the economy is recovering, and thanks to Governor Cuomo and the Legislature, the process of restoring the EPF to pre-recession levels has begun. Last year’s budget increased the EPF by \$9 million to \$162 million (still significantly below pre-recession levels, which topped \$250 million). This year’s Executive Budget proposal continues to build on the progress made in the last two years and increases the EPF appropriation from \$162 million to \$172 million. Recognizing that there is still a long way to go, we are grateful that the upward trajectory is continuing.

After steep cuts and significant sweeps of EPF funding during the economic crisis, the continued restoration of the EPF is critical to support programs that create jobs, protect clean water and improve communities in every county of New York State. The proposed \$10 million increase is progress towards the environmental community’s goal of reaching a \$200 million EPF in the near future, and a fully-funded \$300 million EPF in the long-term.

The Governor’s EPF proposal does present an issue for the environmental and energy sector, however. From its inception, the EPF has been linked to the state’s RETT, which has significantly rebounded, as well as other, smaller revenue sources. Rather than relying on these available and increasing revenue sources, the Governor has proposed using off-budget proceeds from the Regional Greenhouse Gas Initiative carbon pollution auctions to increase the EPF. As budget negotiations continue the Legislature should ensure the EPF appropriation is increased, and that increase is funded in such a way that it does not reduce funding from other environmental programs.

Given the state’s improved financial outlook, we urge the Legislature to appropriate additional funding for the EPF as budget negotiations continue. The RETT is going up, and in fact, is now projected to match or exceed pre-recession levels in the immediate future fiscal years. In fact, over the course of the new financial plan, RETT revenue is projected to exceed \$1 billion annually every fiscal year through 2020. As the RETT recovers, the amount of RETT revenue dedicated to the EPF should be restored as well – it is as simple as this: just as EPF funding decreased when RETT revenues decreased, EPF funding should increase as RETT revenues increase. Inexplicably, however, the financial plan as currently proposed, maintains a sharply reduced amount of revenue from the RETT for the EPF in FY15-16 and all years thereafter.

Actual and Projected RETT Revenue and EPF Appropriations SFY 2007-2019

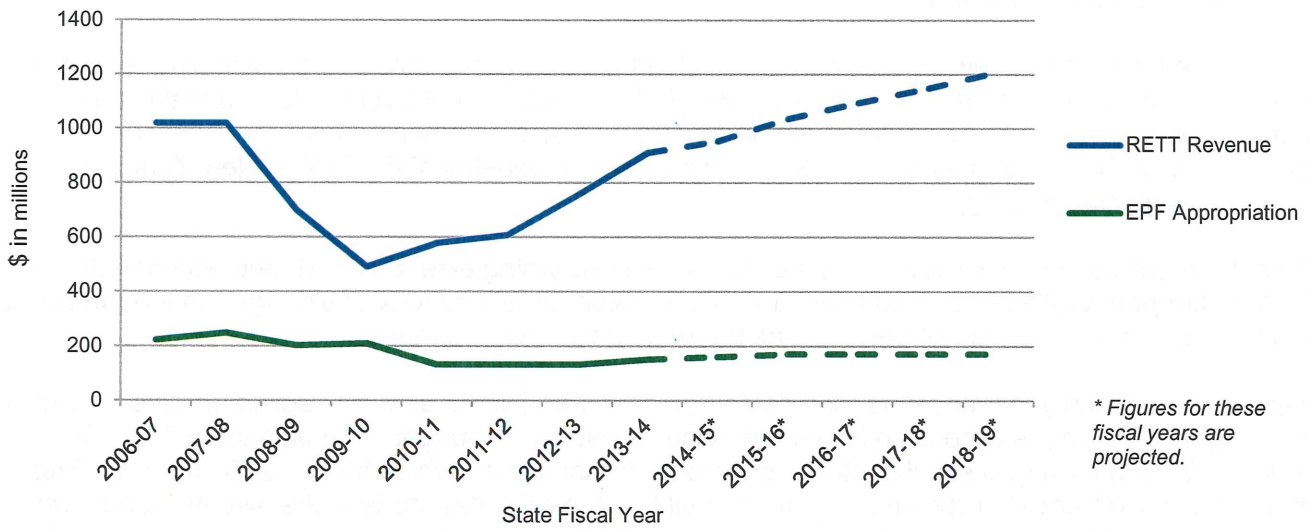


Chart by The Nature Conservancy. Data source: DOB FY2015-16 Financial Plan.

Actual and Projected RETT Revenue Dedicated to EPF SFY 2008-2019

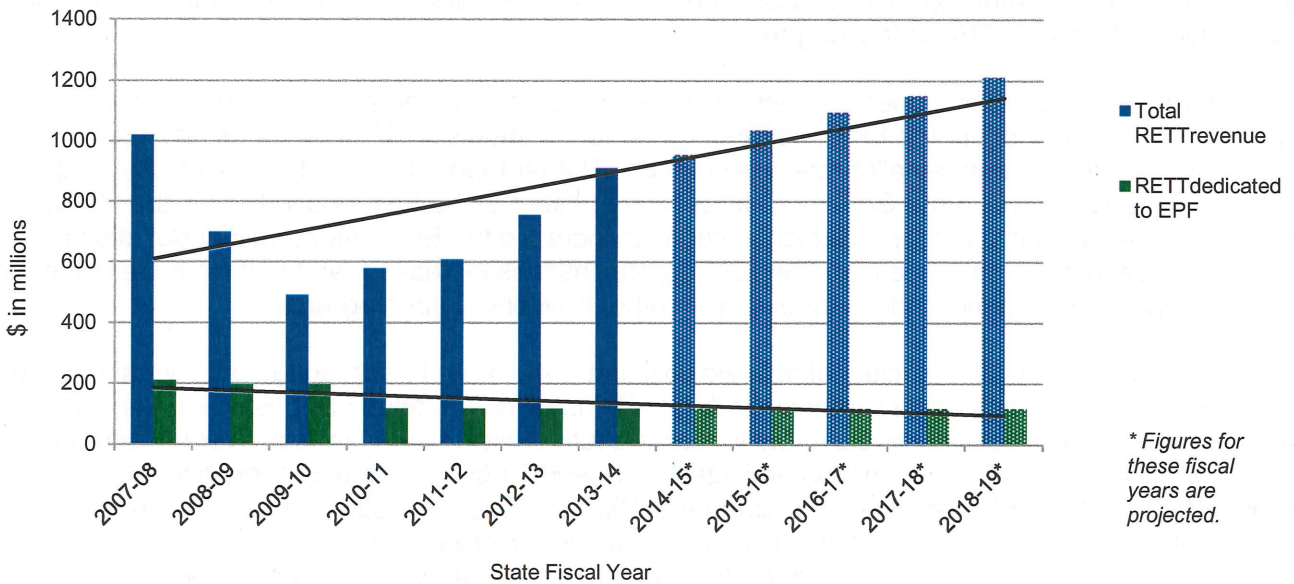


Chart by The Nature Conservancy. Data source: DOB FY2015-16 Financial Plan.

Because of the growth in RETT revenue, and the budget surplus projected for FY15-16 and beyond, we strongly urge that additional funds be appropriated for the EPF to continue the critically needed restoration of environmental programs. Additional appropriations would ensure critical programs to protect our land and water resources can be reinvigorated, expanded, and receive a much needed infusion of cash. Should the EPF be increased beyond the proposed \$172 million level in the enacted budget, we urge the following programs be increased to the following suggested funding levels as part of that agreement:

<u>EPF Program</u>	<u>FY14-15 Enacted</u>	<u>FY 15-16 Executive Proposal</u>	<u>TNC goal within EPF > \$172M</u>
DEC/OPRHP Land Conservation Program	21,650	25,500	30,000
Invasive Species	4,700	5,700	8,000
Oceans and Great Lakes Initiative	5,050	6,050	10,000
Water Quality Improvement Program <i>*Amend/Expand Suffolk County Water Quality Program to include nitrogen standards and mapping work in Nassau & Suffolk Co.</i>	7,800 3,000	6,800 3,000	10,000 6,000

Governor Cuomo’s Executive Budget Proposal includes modest increases for key programs, including land conservation; invasive species; ocean and Great Lakes and water quality improvement. We strongly support these increases, and hope additional increases to these programs are possible in the negotiated budget.

Land Conservation

The Nature Conservancy strongly supports the Governor’s proposal to restore land conservation funding within the EPF. The Executive Budget Proposal includes \$25.5 million for land conservation, which is a nearly \$4 million increase from the current funding level. Given that this program’s funding once stood at \$60 million annually, this proposed restoration is much needed and we urge the Legislature to support it, and if possible make further restorations. New York State just released a new Open Space Conservation Plan, which comprehensively defines statewide priorities for natural resource and open space protection, and park creation opportunities. This plan was created through ground-up stakeholder and local government involvement in every region of the State. New York’s land conservation programs have been shown to create economic returns for the State. The EPF Open Space Conservation Program creates jobs and attracts and retains businesses; protects drinking water supplies, lakes, streams, and coastal waters needed to sustain human life and aquatic ecosystems; builds resilience to extreme weather impacts; maintains our land and clean water-dependent industries such as forestry, commercial fishing and tourism, provides quality outdoor recreational opportunities; and protects our common scenic, historic and cultural heritage. Open space conservation provides one of the few true multi-return investment opportunities for the state. Every dollar yields returns ranging from public recreation, to community resiliency, to water quality, to job creation.

Despite the Open Space Conservation Plan’s call for robust land protection activity throughout our state, funding for land conservation fell sharply during the recession and has not yet recovered. EPF funding for open space conservation remains decreased by more than 50% of what it was in 2008-09, a cut disproportionate to the reductions in other EPF programs. To date, restorations for the EPF open space conservation program have lagged compared to other programs within the Fund. We believe the Governor’s proposal to restore this program is important, and we urge the Legislature to support it, and provide additional funds if the EPF is expanded further during budget negotiations.

Long Island Water Quality

The Nature Conservancy supports the continuation and expansion of funding for water quality improvement on Long Island as part of the Water Quality Improvement Program appropriation. We urge that the Legislature work to ensure that the scope of this program be updated to allow for a joint Suffolk County and Nassau County initiative, in consultation with the Department of Environmental Conservation (DEC) to establish nitrogen reduction targets on a sub-watershed basis and develop a plan with stakeholder engagement for meeting those goals, and to accelerate the establishment of science based numeric reactive nitrogen standards for ground and surface waters. Funding to support this program could also be provided through a portion of the NY Works capital funds for DEC.

As the Governor's Long Island Water Quality and Coastal Resilience Task Force report (released in October 2014) notes, much work remains to be done if we are to fix the problem of nitrogen pollution on Long Island. This serious issue has also been the subject of several legislative proposals in recent years. The Nature Conservancy believes that excess nitrogen in our groundwater is the most critical threat to Long Island's water quality, and puts the health of natural systems that reduce our risk from extreme weather at risk. To comprehensively address this issue an overarching plan is needed, sooner rather than later, to make sure that planned and on-going State, county and local efforts are coordinated and sequenced in an effective and efficient manner. The development of targets, a plan and numeric standards will allow the state to ensure that Long Island's water meets the goals of the Clean Water Act, and ensure communities have the science to implement the deployment of appropriate technology to meet needed nitrogen reductions. This budget is an extraordinary opportunity to start implementing the Task Force's recommendations and achieve some of the progress sought through previous legislative proposals, turning from analysis to action, and will result in improved water quality for millions of Long Island residents.

EPF Disbursements

An important and positive trend continues in the Executive Budget Proposal as EPF disbursements are projected to either match or exceed appropriations in FY14-15 and FY15-16. Past budgets included appropriations that were not always backed up by the same amount of cash, and financial plans did not anticipate full disbursement of the appropriated funding. This led to a significant fund balance that was subject to almost \$500 million in "sweeps" of cash to balance past budgets. Despite the legislative intent and designation to use those funds for environmental programs, the money has not been returned to the EPF. In recent years we have been pleased to see that agencies are making progress in more efficiently disbursing EPF monies to projects, with disbursements in FY11-12, FY 12-13, FY13-14 and FY14-15 (projected) all exceeding the annual appropriation. This disbursement of cash to projects in many EPF programs is excellent progress, and knowing the complexities of the state procurement and disbursement process, we are very appreciative of agency staff efforts to achieve these results. We are hopeful that this trend will continue in future years, and that along with increased appropriations, will help address backlogs of funding requests/needs and constrained cash flow issues that we have heard exist in many EPF programs. Currently, despite this progress, organizations are required to wait to receive payments from EPF programs in some cases, because agencies simply do not have enough cash each month to cover all bills/invoices they receive.

New York Works Program

The Nature Conservancy strongly supports continued appropriations of bonded capital to environmental agencies through the New York Works Program. This year, the program includes funding for important environmental programs including \$110 million of capital projects and stewardship at state parks as part of the Office of Parks, Recreation and Historic Preservation (OPRHP) Parks 2020 program, and \$40 million for projects at Department of Environmental Conservation (DEC) including funding for the recreational access initiative. The budget also makes reappropriations to both agencies to allow them to complete projects authorized under last year's New York Works budget that are in design and implementation phase. The Nature Conservancy believes it is critically important to provide these agencies with the resources needed to maintain valuable environmental and conservation assets to preserve these investments for the benefit of all New Yorkers, and to maximize the benefits to surrounding communities.

Environmental Agency Staffing

The Nature Conservancy supports the restoration of staff levels at DEC and OPRHP, which as you know are tasked with ensuring the quality of our clean air and water; protecting our valuable lands and other natural resources; providing adequate public access to state-owned and managed natural areas; and implementing important new strategies to reduce community risk in the face of extreme weather. The Executive Budget proposal includes modest staff restorations at DEC (36 FTEs) and OPRHP (12

FTEs), and we support these increases. We are hopeful that in the coming years, both agencies will receive additional funding to further restore staffing levels, which continue to remain at 20-year lows, while work to implement demanding and important missions continues at both agencies.

TED Article VII, Part AA: Creation of a new Habitat Conservation and Access account to support fish and wildlife habitat management and public access projects

The Nature Conservancy supports the creation of a Habitat Conservation and Access Program, which will allow DEC to hire 18 staff with a mix of state and leveraged federal funds, and engage in work to manage habitat throughout the State. We believe this proposal is a wise investment of state funds, and will smartly leverage increased federal funding coming to New York from the Pittman-Robertson Act. Should this funding not be utilized by New York, it would be lost, and so acting now to create a leveraging mechanism at the state level is smart and prudent. The Nature Conservancy looks forward to learning more about this program and working with DEC to identify additional habitat management and improvement projects that might be undertaken through this account in the future.

The Infrastructure Investment Fund

Governor Cuomo's budget and State of Opportunity Book propose investing the approximately \$5 billion of one-time funding from financial settlements into various infrastructure and economic development programs. Included in the plans is a Dedicated Infrastructure Investment Fund, with \$1.5 billion to be deposited into an Upstate Revitalization Account, and just more than \$3 billion deposited into the Special Infrastructure Account. The use of the Upstate Revitalization Account will be "...to finance projects, works, activities or purposes necessary to promote economic development."¹ The use of the Special Infrastructure Account will be "... to finance projects, works, activities or purposes necessary to support statewide investments."² More detail about the planned use of these funds is provided in the financial plan and the Governor's Opportunity Agenda materials, but not included in legislation.

Our society depends upon infrastructure to support our health, our economy, and our quality of life. We need roads, bridges, and airports. We also need the infrastructure that keeps our water, land, and air clean and healthy, for without that we cannot survive. That means that as we consider making infrastructure investments environmental infrastructure, including the smart use of natural resources to let nature do the job of cleaning water, absorbing floods, sequestering carbon, and maintaining community resiliency, be part of the equation. Accordingly, as New York budgets billions of dollars from financial settlements, The Nature Conservancy supports the use of funds to undertake capital improvements that will benefit future generations of New Yorkers. A great deal of attention has been paid to the tens of billions of dollars needed throughout New York for clean water infrastructure. Our sewers, septic systems and drinking water systems are malfunctioning and causing public health and development concerns in communities across the state. Furthermore, there is a desire to design our new development in such a way that will withstand the tests of time, including extreme weather events. Green infrastructure – our riparian areas, wetlands, living shorelines, and natural corridors – can be incorporated into projects, often times along with build infrastructure, and provide not only greater resilience and improved water quality for communities, but ancillary benefits for including tourism and increased property values. We urge that careful attention be paid by the Legislature and the Executive as these spending programs are developed and implemented so that natural systems are incorporated where appropriate so that benefits from this spending are maximized.

Conclusion

Thank you again for the opportunity to testify before you today. The Nature Conservancy appreciates your leadership in protecting New York's precious natural resources, which provide our state residents and visitors with clean and healthy air and water, natural lands for recreation, habitat protection and

¹ PPGG Article VII, Part O, p. 95 lines 17-22

² Ibid.

disaster risk reduction. As you continue to work on the FY15-16 budget, we urge you to continue to support and enhance the EPF and other environmental programs, which time and time again have proven to benefit our communities and our economy. We look forward to working with you to ensure New York's historic and long-term environmental investments meets the State's current needs and challenges.

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