State Funding Program Assessment

Prepared by Tamarisk Coalition

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Tamarisk Coalition’s Walton Family Foundation Grant Outcome: Conduct Assessment and Determine Opportunities for Other States to Use these Models

Introduction

Riparian restoration work throughout the Southwestern U.S. tends to be funded by a small corps of federal and state programs that are largely supported by invasive species budget line items. This funding is relatively limited considering the high costs and long-term nature of this work. In an effort to explore new models for funding riparian restoration work through state-based funding sources, Tamarisk Coalition conducted a review of “new” and/or “successful” funding programs employed by a selection of states throughout the United States that fund restoration and other environmental work. For the purposes of this study “new” means any program that has been established or updated within the past twenty years. This timeline was chosen because it allowed us to examine programs that are very new, and therefore innovative, and some that have been around long enough to demonstrate their durability and a proven record of success. Programs were deemed “successful” based on the following criteria: total amount granted annually, number of projects funded, amount of funding per project, and the reliability of funding. Most of the programs selected for evaluation fund some kind of riparian or wetlands restoration work, but in an effort to think more broadly about how funding programs for other environmental work might serve as a model for restoration, this study includes some programs that fund environmental projects beyond riparian restoration. This study tried to focus on programs that were completely or largely funded through state-generated monies as opposed to federal monies administered by state programs.

To arrive at the final list of state funding programs Tamarisk Coalition conducted research, participated in interviews with program administrators, and built on existing knowledge about successful state programs. Through this process twelve programs emerged as possible new models for funding restoration work in other states. These twelve programs were further researched and assessed in this study and are shown in Table 2.
Once the programs were selected and researched they were evaluated according to the challenge and opportunities they each presented and the conditions that would be required to implement them successfully. Each program was then grouped according to the funding mechanism used. Finally each mechanism was cursorily evaluated according to the viability of replicating it in each Colorado River Basin state based on readily available information. Table 1 below provides a summary of the overall outcomes and recommendations for replicability of programs in each Colorado River Basin State:

**Table 1: Overview of State Funding Assessment Report Findings**

<table>
<thead>
<tr>
<th>Ease of Replicability</th>
<th>Funding Mechanism</th>
<th>States Where Replicability is Potentially Viable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy</td>
<td>Pooling of State, Federal, Private Funds</td>
<td>AZ, CO, NV, NM, WY</td>
</tr>
<tr>
<td></td>
<td>Specialty License Plate Fees</td>
<td>AZ, CO, NV, NM, UT, WY</td>
</tr>
<tr>
<td></td>
<td>Fishing/Hunting License Fees</td>
<td>Already exists in all states</td>
</tr>
<tr>
<td>Moderately Difficult</td>
<td>Lottery Funds</td>
<td>WY</td>
</tr>
<tr>
<td></td>
<td>Severance Taxes</td>
<td>CA, CO, UT</td>
</tr>
<tr>
<td></td>
<td>Bottle Bill</td>
<td>AZ, CO, NV, NM, UT, WY</td>
</tr>
<tr>
<td>Difficult</td>
<td>Legislative Appropriations</td>
<td>CO, NV</td>
</tr>
<tr>
<td></td>
<td>Interest Earned on a Trust Fund</td>
<td>CO, NV, UT</td>
</tr>
<tr>
<td></td>
<td>Credit Sales Programs</td>
<td>AZ, CA, CO, NV, NM, UT, WY</td>
</tr>
</tbody>
</table>

It is recommended that more in-depth research should be completed to determine the actual opportunities for implementing each of these programs in each of the states. Additionally, there are a set of specific action items that should be pursued to gather more information about the opportunities presented by each mechanism. A list of possible next steps to gather this information is included at the conclusion of the document.
Overview of State Funding Programs

Table 2: Summary of Successful New State Funding Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Funding Mechanism</th>
<th>Year Established</th>
<th>Total Amount Granted in 2016</th>
<th># of Projects/Programs Funded in 2016</th>
<th>Average Amount Per Project</th>
<th>Types of Projects Funded</th>
</tr>
</thead>
</table>
| Arizona Heritage Fund                        | Lottery revenues          | 1990             | $418,070                     | 18                                     | $23,226                   | • endangered species protection  
|                                              |                           |                  |                              |                                         |                           | • habitat acquisition access to outdoor recreational opportunities,  
|                                              |                           |                  |                              |                                         |                           | • wildlife education for children and adults                                                                                                                                                                           |
| Arkansas Wetland and Riparian Zones Mitigation Bank | Sale of mitigation credits | 1995             | $3.3M                       | 685 acres restored                     | $4,817/acre restored       | • restoration, creation or enhancement of wetlands for the purpose of compensating for unavoidable impacts to wetlands at another location.                                                                                               |
| California Environmental License Plate Fund  | Specialized license plate sales | 1979             | $41M                        | 28                                     | $1.4M                      | • air pollution  
|                                              |                           |                  |                              |                                         |                           | • acquisition, preservation, restoration, of natural areas  
|                                              |                           |                  |                              |                                         |                           | • environmental education  
|                                              |                           |                  |                              |                                         |                           | • protection of T&E species  
|                                              |                           |                  |                              |                                         |                           | • restoration of fish and wildlife habitat  
|                                              |                           |                  |                              |                                         |                           | • acquisition of land for parks                                                                                                                                                                                                 |


<table>
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<tr>
<th>Program</th>
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<th>Average Amount Per Project</th>
<th>Types of Projects Funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>California Local Conservation Corps Grant Program</td>
<td>Beverage container, electronic waste, tire, and used oil recycling fees</td>
<td>1986</td>
<td>$19.8M</td>
<td>14</td>
<td>$1.4M</td>
<td>• reduction and minimization of soil erosion</td>
</tr>
<tr>
<td>Colorado Invasive Phreatophyte Control Program</td>
<td>Severance Tax Fund and Construction Fund</td>
<td>2008</td>
<td>$1.73M</td>
<td>19</td>
<td>$91,083</td>
<td>• control and/or eradication of tamarisk, Russian olive, or other riparian invasive phreatophytes</td>
</tr>
<tr>
<td>Program</td>
<td>Funding Mechanism</td>
<td>Year Established</td>
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</tr>
<tr>
<td><strong>Colorado Habitat Restoration Program</strong></td>
<td>Lottery revenues</td>
<td>2015</td>
<td>$ 75,000</td>
<td>3</td>
<td>$ 25,000</td>
<td>• restoration of Colorado's rivers, streams, wetlands, and critical habitat</td>
</tr>
<tr>
<td><strong>Montana Future Fisheries Improvement Program</strong></td>
<td>Fishing license sales and interest generated from Montana's Resource Indemnity Trust Fund (RIT)</td>
<td>1999</td>
<td>$ 707,983</td>
<td>24</td>
<td>$ 29,499</td>
<td>• restoration of rivers, streams, and lakes to improve and restore wild fish habitats</td>
</tr>
<tr>
<td><strong>Nevada Conservation Credit System</strong></td>
<td>Sale of habitat enhancement and protection credits</td>
<td>2015</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>• Greater Sage-Grouse habitat enhancement and protection</td>
</tr>
<tr>
<td>Program</td>
<td>Funding Mechanism</td>
<td>Year Established</td>
<td>Total Amount Granted in 2016</td>
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<tr>
<td>New Mexico River Stewardship Program</td>
<td>Legislative appropriations</td>
<td>2007</td>
<td>$ 1.5M</td>
<td>N/A</td>
<td>N/A</td>
<td>• reduction of poor water quality and improvement of stream habitat</td>
</tr>
<tr>
<td>Oregon Watershed Enhancement Board</td>
<td>Lottery revenues, salmon license plate revenues, and federal grants</td>
<td>1998</td>
<td>$ 47M</td>
<td>568</td>
<td>$ 82,864</td>
<td>• protection, restoration and improvement of natural watershed or ecosystem functions</td>
</tr>
<tr>
<td>Utah Watershed Restoration Initiative</td>
<td>Legislative appropriations and federal, state and private contributions</td>
<td>2005</td>
<td>$ 20.9M</td>
<td>159</td>
<td>$ 131,746</td>
<td>• watershed health improvement and wildfire rehabilitation</td>
</tr>
<tr>
<td>Wyoming Wildlife and Natural Resources Trust Fund</td>
<td>Interest earned on a permanent account</td>
<td>2005</td>
<td>$ 2M</td>
<td>34</td>
<td>$ 458,824</td>
<td>• habitat improvement, restoration, fire management and invasive plant control</td>
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<td></td>
<td></td>
<td>• habitat acquisition</td>
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<td>• wildlife habitat mitigation</td>
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<td>• wildlife health management</td>
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State Funding Program Evaluation

Based on the information gathered and the written evaluation of each program provided in the Appendix, Table 3 provides an abbreviated evaluation of each program using the following criteria: political acceptability, social acceptability, ease of implementation, funding levels and the reliability of the funding. Table 2 also ranks each of the programs using a color-coded low to high ranking system to provide a quick assessment of how each of these programs rates in each category.

Table 3 Legend

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
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Table 3: Evaluation of State Funding Programs

<table>
<thead>
<tr>
<th>Name of Program</th>
<th>Source of Funding</th>
<th>Political Acceptability</th>
<th>Social Acceptability</th>
<th>Ease of Implementation</th>
<th>Funding Level</th>
<th>Reliability of Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona Heritage Fund</td>
<td>Lottery revenues</td>
<td>Depends on competing interests for lottery dollars but since it isn’t coming out of the state budget is relatively acceptable.</td>
<td>Acceptable but depends on if there are other competing interests for lottery funds e.g. education, health, etc.</td>
<td>Requires constitutional amendment to instruct how these dollars can be spent. If lottery program is already in place and these dollars are designated it might be challenging to redirect funding.</td>
<td>Because of competition for lottery funds the amount made available for restoration activities in Arizona is low; however, with reprioritization this amount could be much higher.</td>
<td>Funding is moderately reliable. Although this program has been in place for a while the Heritage Fund is an optional grant program, and funding can be redirected to other priorities easily.</td>
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<tr>
<td>Name of Program</td>
<td>Source of Funding</td>
<td>Political Acceptability</td>
<td>Social Acceptability</td>
<td>Ease of Implementation</td>
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<tr>
<td>Arkansas Wetland and Riparian Zones Mitigation Bank</td>
<td>Sale of mitigation credits</td>
<td>Requires a strong interest from the state to run mitigation banks.</td>
<td>Does not require voter approval but could be perceived as competition to other private mitigation bankers.</td>
<td>Requires a strong administrative and policy framework for carrying out restoration, and valuing and selling credits.</td>
<td>Funding level is based on the market value of the credits, which can vary.</td>
<td>Reliability of funding depends on the demand for mitigation credits and the location of the mitigation bank.</td>
</tr>
<tr>
<td>California Environmental License Plate Fund</td>
<td>Specialized license plate sales</td>
<td>Politically acceptable – new non-controversial funding stream.</td>
<td>Socially acceptable – sales of license plates are voluntary.</td>
<td>Might require some legislative authorization to guide how funds can be spent but nothing controversial.</td>
<td>Depends on the population of the state the program revenue generated can vary significantly from state to state.</td>
<td>Depends on the driving population size and how these funds are designated to be used.</td>
</tr>
<tr>
<td>California Local Conservation Corps Grant Program</td>
<td>Beverage container, electronic waste, tire, and used oil recycling fees</td>
<td>Entails imposing a surcharge on consumers and distributors of recyclable goods.</td>
<td>Surcharges and taxes can be socially challenging and require voter approval.</td>
<td>Would likely require voter approval to impose recycling fees and some kind of justification for using these dollars on restoration work.</td>
<td>Depending on the type of good recycled and the population of the state, the revenue generated can be significant.</td>
<td>Funding is likely to be reliable.</td>
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<tr>
<td>Colorado Invasive Phreatophyte Control Program (IPCP)</td>
<td>Severance Tax Fund and Construction Fund</td>
<td>Requires strong legislative support.</td>
<td>No taxes or voter approval required.</td>
<td>Requires a state agency to manage the program and annual requests for funding to the legislature.</td>
<td>Funding amount can vary depending on competing interests and oil and gas markets.</td>
<td>Funding levels can vary significantly depending on the oil and gas market and political will to fund restoration work.</td>
</tr>
<tr>
<td>Colorado Habitat Restoration Program</td>
<td>Lottery revenues</td>
<td>Depends on competing interests for lottery dollars but since it isn't coming out of the state budget is relatively acceptable.</td>
<td>Acceptable but depends on other if there are other competing interests for lottery funds e.g. education, health, etc. and requires social buy-in.</td>
<td>Requires constitutional amendment to instruct how these dollars can be spent. If lottery program is in place and these dollars are already designated it might be challenging to redirect funding.</td>
<td>The amount of funding allocated to this program is low, but could be increased if this work were prioritized.</td>
<td>Lottery proceeds are a reliable funding source in general, however funding for restoration work specifically is low. Increasing this funding depends on the administering agency’s prioritization.</td>
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</tr>
<tr>
<td>Montana Future Fisheries Improvement Program</td>
<td>Fishing license sales and interest generated from Montana’s Resource Indemnity Trust Fund (RIT)</td>
<td>Fishing license proceeds are non-controversial but the approval for the use of severance tax funds varies state by state.</td>
<td>Legislative authorization of this funding depends on social buy-in for the work.</td>
<td>Requires legislative support for the use of severance tax funds for restoration work.</td>
<td>Funding level is relatively low and has not increased over time.</td>
<td>Reliability in the amount of funding is high because funding comes from interest earned on the RIT Fund and MT Game and Fish is granted the same amount annually for this program.</td>
</tr>
<tr>
<td>Nevada Conservation Credit System</td>
<td>Sale of habitat enhancement and protection credits</td>
<td>Does not entail the use of state budget funds; creates a market that funds this work.</td>
<td>Might cause some tension with developers and agricultural producers.</td>
<td>Requires a framework for tracking, valuing, selling, verifying credit system.</td>
<td>Funding for environmental activities is based on market value.</td>
<td>Depends on the market for mitigation and the value of the restoration work being completed.</td>
</tr>
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<tr>
<td>New Mexico River Stewardship Program</td>
<td>Legislative appropriations</td>
<td>Requires significant legislative appropriations.</td>
<td>Does not require voter input but there might be competing interests for other priorities.</td>
<td>Easy to implement if there is an existing agency to administer funding.</td>
<td>Funding level per project is high and due to the way this program is structured federal Clean Water Act dollars are being leveraged.</td>
<td>Reliability of funding can vary depending on state priorities and the commitment of the legislature. However, by designating this funding as Clean Water Act match it increases the likelihood that these dollars will be regularly appropriated.</td>
</tr>
<tr>
<td>Oregon Watershed Enhancement Board</td>
<td>Lottery revenues, salmon license plate revenues, and federal grants</td>
<td>Depends on competing interests for lottery dollars and license plate fees but since it isn’t coming out of state budget it is relatively acceptable.</td>
<td>Depends on competing interests for lottery dollars and license plate fees but since it isn’t coming out of state budget it is relatively acceptable.</td>
<td>Requires annual grant applications to the National Oceanic and Atmospheric Administration (NOAA), and a solid administrative framework for administering, and tracking the success of projects funded.</td>
<td>Funding levels can vary year by year depending on amount of NOAA money brought in.</td>
<td>Because of the diverse portfolio of funds the funding is reliable.</td>
</tr>
<tr>
<td>Name of Program</td>
<td>Source of Funding</td>
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<tr>
<td>Utah Watershed Restoration Initiative</td>
<td>Legislative appropriations and federal, state and private contributions</td>
<td>Contributing is a voluntary decision made by partners; requires modest legislative appropriations to attract other partner contributions.</td>
<td>Does not require voter input.</td>
<td>Relatively easy to implement but requires an administrative framework and funding for that oversight that isn’t provided through the fund.</td>
<td>Legislative appropriations are leveraged through partner contributions and amounts distributed are relatively high.</td>
<td>Because of the number of partners and the success of leveraging these funds, funding is reliable.</td>
</tr>
<tr>
<td>Wyoming Wildlife and Natural Resource Trust Fund</td>
<td>Interest earned on a permanent account</td>
<td>Requires a large up-front legislative appropriation which might be challenging with competing budget priorities.</td>
<td>Does not require voter approval but due to competing priorities might be controversial for the legislature to justify.</td>
<td>Requires an existing framework to manage funds and track project success.</td>
<td>Funding level is very high.</td>
<td>Funding is very reliable and grows over time.</td>
</tr>
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**Challenges and Opportunities for Replication of Successful State Funding Mechanisms**

Based on the information gathered about the various state funding programs studied in this report, the programs break down into the following types of funding mechanisms:

- Pooling of State, Federal, Private Funds – funding brought into a single pot by numerous state, federal and private sources, which is then granted out.
- Lottery Revenues – funding from the sale of lottery and Powerball ticket sales that is goes unredeemed.
- Specialty License Plate Programs – funding from the sale of license plate with specialty designs that advertise a cause. These license plates are purchased on a voluntary basis and tend to cost more than the standard plates.
- Fishing/hunting License Fees – funding generated by the sale of fishing and hunting licenses.
- Severance Taxes – funding generated by a tax imposed on oil and gas companies for the extraction of natural resources.
- Recycling Fee Programs – funding generated by a surcharge built into the sale of goods packaged in recyclable materials. For the purposes of this study the focus will be on beverage recycling fees and not electronic waste, tire or used oil.
- Legislative Appropriations – funding appropriated by the state legislature to specific causes.
- Interest Earned on Trust Fund – funding generated by the interest earned on a permanent account, where only the interest is granted out.
- Credit Sales Programs – funding generated by the sale of conservation/restoration credits to developers creating adverse impacts to natural systems.

Table 4 provides an overview of the general challenges and opportunities that each of these types of mechanisms presents for replication in other states. The “Challenges” category examines the viability of implementing each of the funding mechanisms based on the capacity demands and the social and political willingness requirements. The “Opportunities” category examines the advantages each funding mechanism offers in terms of new opportunities for funding restoration work. The “Conditions Required to Implement this Mechanism” provides an overview of the basic conditions that would need to be in place to make implementation of this mechanisms feasible. The “Difficulty of Replicating” category provides a final assessment of the replicability of each mechanism based on the information provided in the “Conditions Required to Implement this Mechanism” column.

Table 4: Assessment of Replicability of Each Funding Mechanism

<table>
<thead>
<tr>
<th>Funding Mechanisms</th>
<th>Challenges</th>
<th>Opportunities</th>
<th>Conditions Required to Implement this Mechanism</th>
<th>Difficulty of Replicating</th>
</tr>
</thead>
</table>
| Pooling of State, Federal, Private Funds | Likely requires adequate and ongoing legislative appropriations and an agency with secured overhead costs to be worthwhile | Presents an easy way to leverage and streamline multiple funding programs into one. | • An existing or easy –to-establish framework for administering the program e.g. an agency with staff and a related purview.  
• Willingness of legislature to provide ongoing appropriations to match partner contributions.  
• Willingness of federal and state restoration programs to pool funding and relinquish direct control or how it is spent. | Easy |
<table>
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<th>Opportunities</th>
<th>Conditions Required to Implement this Mechanism</th>
<th>Difficulty of Replicating</th>
</tr>
</thead>
</table>
| Lottery Funds           | Other competing interests or existing constitutional guidance on how these funds can be spent. | Funding source that doesn’t require appropriations and that has relative flexibility. | • Existing state lottery (including Powerball).  
• Existing or easy to establish framework for administering the program e.g. an agency with staff and a related purview.  
• Public support for restoration projects and not great deal of competition with other important causes e.g. education.  
• A legislature willing to appropriate this funding for restoration.                                                                                                                                                           | Moderate                  |
| Specialty License Plate Fees | Need a large enough driving population to generate sufficient income and an awareness about how many competing specialty license plates there are. | Most states allow various environmental causes to create and sell specialty license plates. | • Sufficient population of drivers to generate revenue.  
• Strong public awareness about river health and issue to inspire purchase of these license plates.  
• Existing or easy to establish framework for administering the program e.g. an agency with staff and a related purview.                                                                                                                                 | Easy                       |
<p>| Fishing/Hunting License Fees | These funds tend to be encumbered by existing programs and state departments. | The users are beneficiaries from the restoration work and there might be opportunities for revisiting how these dollars are currently spent. | • Riparian restoration falls within the purview of state agencies already managing these funds and there is sufficient funding to cover restoration work in addition to other game and fish management.                                                                 | Easy                       |
| Severance Taxes         | Unreliable funding stream given the volatility of the market.                | A source of funding intended to offset adverse environmental impacts.         | • The State Legislature is willing re-appropriate how these dollars are spent and there is adequate general or other funding to cover programs currently supported by lottery funds.                                                                                                     | Moderate                  |
| Bottle Bill             | Like a tax and typically                                                    | In areas where these                                                        | • Strong public support for recycling and the                                                                                                                          | Moderate                  |</p>
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<th>Opportunities</th>
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<th>Difficulty of Replicating</th>
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<tr>
<td></td>
<td>needs to go up for voter approval.</td>
<td>programs aren’t in place provides a new funding stream.</td>
<td>use of these funds for restoration. • A champion. • An existing or new agency that can oversee recycling management throughout the state. • This mechanism generates enough funding to cover the cost of administering recycling throughout the state as well as river restoration.</td>
<td></td>
</tr>
<tr>
<td>Legislative Appropriations</td>
<td>Budget constraints, other priorities, varying political landscapes, and the lack of a legislative champion.</td>
<td>Always an option depending on state spending priorities.</td>
<td>• A public and state legislature in favor of river restoration. • A champion. • Existing or easy to establish framework for administering the program e.g. an agency with staff and a related purview. • An absence of state appropriations for restoration.</td>
<td>Difficult</td>
</tr>
<tr>
<td>Interest Earned on a Trust Fund</td>
<td>Requires a significant amount of upfront capital (appropriations, donations) to generate sufficient interest.</td>
<td>Sustainable funding stream that only requires a few large investments from the state. Provides an opportunity for private donors to contribute.</td>
<td>• A public and state legislature in favor of river restoration and willing to appropriate enough money to set up a sizable fund that will generate adequate revenue. • Existing or easy to establish framework for administering the program e.g. an agency with staff and a related purview.</td>
<td>Difficult</td>
</tr>
<tr>
<td>Credit Sales Programs</td>
<td>Requires a great deal of administrative oversight and a high demand for mitigation by industry.</td>
<td>Creates a market and new sustainable funding stream; doesn’t require state appropriations.</td>
<td>• Existing or easy to establish framework for administering the program e.g. an agency with staff and a related purview. • A market for the sales of restoration credits. • A means for evaluating and verifying improvements caused by restoration.</td>
<td>Difficult</td>
</tr>
</tbody>
</table>
In order to truly determine the replicability of a given program it is essential to understand whether and how these funding mechanisms are already being implemented, the existing laws governing these funding mechanisms, and/or the social and political environment required to establish these funding mechanisms in the specific state in question. A detailed analysis of all of these components in all of the states in the Colorado River Basin is beyond the scope of this study; however, a cursory assessment of the existing conditions in each of the states in our geography is provided below.

State by State Assessment of the Funding Mechanisms
Based on initial research into the role of these funding mechanisms in each of the CRB states, Table 4 presents a snapshot of the viability of implementing these funding mechanisms at a state-by-state level. A more extensive explanation of this assessment is provided in the state-by-state description provided below the table an in the Appendix. Overall viability is determined by the known and researched conditions and history surrounding each funding mechanism in each state. Notes are provided when additional research is required to arrive at a conclusive assessment.

Table 5 Legend

<table>
<thead>
<tr>
<th>Already in Place</th>
<th>Not Viable</th>
<th>Potentially Viable</th>
</tr>
</thead>
</table>

Table 5: Viability Assessment of Funding Mechanisms by State

<table>
<thead>
<tr>
<th>State</th>
<th>Pool/Leverage Existing Funding</th>
<th>Lottery Funds</th>
<th>License Plate</th>
<th>Fishing/Hunting License Fees</th>
<th>Bottle Bill</th>
<th>Severance Taxes</th>
<th>Legislative Appropriations</th>
<th>Create a Trust Fund</th>
<th>Credit Sales Programs</th>
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<td>Nevada</td>
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<td>New Mexico</td>
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</tbody>
</table>
**Arizona**

Potentially Viable

- **Pooling/leveraging legislative appropriations and state and federal funding** – The Water Protection Fund is an existing funding program in Arizona that could possibly serve as the framework for pooling other state and federal funding for restoration work. Other possible funding streams that could possibly go into this fund include the Heritage Fund, Clean Water Act Funding and Land and Water Conservation Funding. Extensive conversations with each of these partners would be necessary to determine the legality and feasibility of this approach.

- **Specialty License Plate Program** – Arizona Department of Transportation sells specialty license plates for various environmental causes – applying for a license plate that supports restoration work shouldn’t be too difficult.

- **Recycling Fees** – In 1982 Proposition 200 proposing the establishment of beverage recycling fees was defeated. There might be an opportunity to revisit the likelihood of voter approval of this type of program in the future.

- **Credit sales** – Arizona is a growing state with ongoing development – mitigation of environmental impacts is a continued need. Given these conditions there might an opportunity for the state to establish a mitigation bank, in-lieu fee program or some other mitigation credit program. Appropriate research should be conducted to determine the market for this type of program.

Not Viable or Already Implemented

- **Lottery Funds** – Already in place. Lottery funds support the Heritage Fund in Arizona and it is unlikely they would support additional restoration work.

- **Fishing/Hunting License Fees** – Already in place. These fees currently fund the Arizona Game and Fish Department, which carries out habitat restoration work to include invasive plant management.

- **Severance Taxes** – Already in place. These funds are allocated to the Arizona General Fund and Local Governments.

- **Legislative Appropriations** – Already in place. Arizona appropriates money for water resource management and restoration via the Water Protection Program. The state legislature has not been consistent about appropriating funds for this well-established program in recent years; therefore, it is unlikely they would be open to appropriating additional funding for this type of work.
• **Create a Trust Fund** – Due to the likely reluctance of the legislature to appropriate sufficient funding for an interest bearing account to be valuable this is likely not a viable option. This assessment is based on a basic understanding of the budget constraints in the State of Arizona and the fluctuating political support for providing ongoing funding for the Arizona Water Protection Fund which is a well-established and proven program.

**California**

Potentially Viable

• **Severance tax** – California currently imposes a very small oil and gas extraction tax. An increase in severance taxes could raise billions of dollars for the state and fund riparian restoration much like it does in Colorado. Conversations about the political and social viability of this approach would need to had before it could be determined if this is a viable option.

• **Credit Sales Program** – The California Department of Fish and Wildlife oversees conservation and mitigation banking throughout the state, there might be an opportunity to establish a state run bank or restoration credit system as well.

Not Viable or Already Implemented

• **Pool/Leverage Existing Funding** – California has numerous existing funding programs and an intricate bond debt financing system that would likely prevent the viability of this model.

• **Lottery Funds** – Already in place. Currently this funding supports education programs in California. It is unlikely these dollars could go towards restoration instead.

• **Specialty License Plate Fees** – Already in place.

• **Fishing/Hunting License Fees** – Already in place. These funds support the California Fish and Game, which carries out habitat restoration and invasive species management work.

• **Bottle Bill** – Already in place in California, but only covers recycling related programs.

• **Legislative Appropriations/Create a Trust Fund** – Given the many competing resource management needs in the State of California it is unlikely that a campaign to request appropriations for riparian restoration would be successful, especially not at the levels required to establish an interest generating fund. However, these assumptions could be researched further to determine if there are opportunities.

**Colorado**

Potentially Viable
• **Pooling/leveraging legislative appropriations and state and federal funding** – There are numerous sources of state and federal funding for restoration in Colorado. There could be an opportunity to examine whether and how to combine these funding streams into a single fund that leverages legislative appropriations. Given its current role in funding and coordinating these projects throughout the states, the Colorado Water Conservation Board (CWCB) could serve as the framework for such a fund, potentially under the auspices of administering funding to implement the recently developed Colorado Water Plan.

• **Severance Taxes** – Use of severance tax funds for restoration is already in place, but the Colorado Water Plan mentions that it worth re-examining how these dollars are used and spent on water conservation and restoration projects in the future to meet the goals of the plan.

• **Bottle Bill** – Past efforts to pass a bottle bill in Colorado have been unsuccessful. This is in part due to the Taxpayer Bill of Rights (TABOR) Act which limits the ability for local governments to impose too many taxes. However the Colorado Water Plan points to this funding mechanism as a tool worth exploring and could revitalize support for instituting this mechanism.

• **Create a Trust Fund** – As funding for IPCP is likely to expire in 2018 there might be an opportunity to work with the state legislature to request another large appropriation for invasive plant management work and establish a fund that would generate enough interest to support this work. CWCB could continue to administer the program. Research on the political willingness to support this type of proposal in light of the upcoming financial demands of the Colorado Water Plan should be done to determine the best way forward.

• **Credit Sales Program** – There is likely sufficient industry activity to warrant the need for a state-run mitigation bank or another credit sales program. Research should be conducted on the market for restoration credit sales.

Not Viable or Already Implemented

• **Lottery Funds** – Already in place.

• **Specialty License Plate Fees** – Already in place.

• **Fishing/Hunting License Fees** – Already in place. These funds support Colorado Parks and Wildlife, which carries out and funds habitat restoration and invasive species management work.

**Nevada**

Potentially Viable

• **Pooling/leveraging legislative appropriations and state and federal funding** – Since this model doesn’t currently seem to be implemented in the State of Nevada there could be an opportunity to replicate Utah’s Watershed Restoration Initiative concept;
however, some additional research about whether there would be political will among the various state and federal agencies and the legislature to appropriate funding for this type of approach would have to be conducted before moving forward.

- **Recycling Fees** – Nevada does not currently have a beverage recycling fee in place. There could be a good opportunity to impose this type of fee and ensure a portion of the unspent proceeds go towards restoration or wildlife habitat work. Much like in California it is likely much of the funding generated through this type of mechanism would need to be used to sustain state recycling programs. Moving this initiative forward would require a great deal of coordination, public outreach and some upfront capital from the state to establish the program.

- **Legislative appropriations/Establish a Trust Fund** – The two mechanisms could go hand-in-hand in Nevada. There could be an opportunity to encourage the state legislature to appropriate funding at a level high enough to establish an interest-generating fund. Depending on the interest of the legislature and the availability of a legislative champion for this idea this fund could be designed to support restoration work. A more thorough assessment of the political climate and the importance of river restoration and resources in Nevada would need to be completed to determine the viability of this idea.

- **Credit Sales Program** – Establishing a state mitigation bank or in-lieu program could be a viable approach for funding restoration work in Nevada. An assessment of the demand for mitigation credits would need to be completed as a first step for moving this type of initiative forward.

Not Viable or Already Implemented

- **Lottery Funds** – Nevada doesn’t have a lottery and all past efforts to establish one have been defeated by the gaming lobby.
- **Fishing/Hunting License Fees** – Already in place. These funds support the Nevada Department of Wildlife, which carries out and funds habitat restoration and invasive species management work.
- **Severance Taxes** – Already in place. This funding is currently allocated to the General Fund and Local Governments. However, it might be worth researching what it would take to revisit how if/how these dollars are allocated can be revisited.

*New Mexico*

Potentially Viable

- **Pooling/leveraging legislative appropriations and state and federal funding** - Since this model doesn’t currently seem to be implemented in New Mexico there could be an opportunity to replicate Utah’s Watershed Restoration Initiative concept; however, some additional research about whether there would be political will among the various state and federal agencies and the legislature to appropriate funding for this type of approach would have to be assessed before moving forward.
• **Specialty License Plates** – New Mexico has a specialty license plate program and currently there isn’t a plate for a river restoration related cause. There could be an opportunity to establish such a plate; however, some research into the amount of the money the other specialty plates generate would be a necessary first step for determining how much funding could be generated through this mechanism.

• **Credit Sales Program** – Establishing a state mitigation bank or in-lieu program could be a viable approach for funding restoration work in New Mexico. An assessment of the demand for mitigation credits would need to be completed as a first step for moving this type of initiative forward.

**Not Viable or Already Implemented**

• **Lottery Funds** – Already in place. Lottery funds currently support education.

• **Fishing/Hunting License Fees** – Already in place. These funds support the New Mexico Game and Fish, which carries out and funds habitat restoration and invasive species management work.

• **Severance Taxes** – Already in place. This funding is used to pay off state bond debt.

• **Legislative Appropriations/Create a Trust Fund** – Already in place. New Mexico legislature currently appropriates funding for riparian restoration through the River Stewardship Program. It is unlikely that they would support additional appropriations, let alone at the level needed to establish an interest bearing account.

*Utah*

**Potentially Viable**

• **Specialty License Plate** – Utah has a specialty license plate program but the options for donating to charitable causes don’t include river restoration. Establishing such a license should be easy and provide funding, but it would be worth researching how much money the other specialty license plate programs bring in each year to assess the true potential value of implementing this mechanism in Utah.

• **Recycling Fees** – Utah doesn’t have a bottle bill in place but there have been efforts by the Friends of Utah State Parks to advance a “bottle bill” in Utah. More research would be required on the success of past efforts to implement this type of program and if there could be an opportunity to fund restoration work or if there is too much competition for this mechanism to be viable.

• **Severance Taxes** – Utah allocates all of its severance taxes to its General Fund. There might be an opportunity for the legislature to revisit how these dollars are allocated and use some of this funding for restoration specific work like Colorado. This would likely be a challenging undertaking given the budget constraints of most western states.
• **Create a Trust Fund** – It might be worthwhile for the Utah Partnership for Conservation and Development to explore the cost/benefit of creating an interest bearing account with the annual appropriations provided by the state legislature for the Watershed Restoration Initiative program. Such a proposal would need to consider how this shift would impact the Watershed Restoration Initiative program and the financial commitment of its partners.

• **Credit Sales Program** – There may be an opportunity for Utah to establish a wetlands mitigation bank or a restoration banking program in Utah. Research would need to be done to determine if there is a demand for this type of credit and if there is an entity willing and able to administer this type of program.

**Not Viable or Already Implemented**

• **Pooling/leveraging legislative appropriations and state and federal funding** – Already in place.

• **Lottery Funds** – Utah does not have a State Lottery.

• **Fishing/Hunting License Fees** – Already in place. These funds support the Utah Division of Wildlife Resources, which participates in the Watershed Restoration Initiative.

• **Legislative Appropriations** – Already in place. The Utah Legislature appropriates funding annually for the Watershed Restoration Initiative.

**Wyoming**

**Potentially Viable**

• **Pooling/leveraging legislative appropriations and state and federal funding** – Wyoming does not currently have a program like Utah’s Watershed Initiative in place. There could be an opportunity for the state to consider this type of program but research would need to be done on the interest and willingness of the various state and federal programs to participate in this model and the Wyoming State Legislature to appropriate funding as match.

• **Lottery Program** – Wyoming created a lottery program in 2013 and 2016 was the first year that the program has transferred money to the state. There might be an opportunity to influence how these dollars are spent and advocate for riparian restoration; however, research on the current laws surrounding how these dollars can be spent and the other priorities of the state would need to be analyzed to determine the viability of this mechanism for Wyoming.

• **Specialty License Plates** – Wyoming has a specialty license plate program but it doesn’t include charities. There may be an opportunity to establish a charity specialty license plate for riparian restoration; however, due to the small population size of Wyoming this may not generate much funding.
• **Bottle Bill** – Wyoming currently doesn’t have a beverage recycling program in place. There may be an opportunity to establish such a program. Research would need to be done on the social willingness of the Wyoming population to support this type of program.

Not Viable or Already Implemented

• **Fishing/Hunting License Fees** – Already in place. These funds support the Wyoming Game and Fish Department, which carries out and funds habitat restoration and invasive species management work.
• **Severance Taxes** – Already in place. Severance Taxes go into the General Fund, the Budget Reserve Account and the Permanent Wyoming Mineral Trust Fund, which provides for the state when minerals are not profitable to extract and severance taxes are low. Severance taxes are a main staple of the state budget since Wyoming doesn’t collect income tax. Given the competition for these dollars and the significant fluctuation in the energy market this is likely not a reliable source of funding for restoration in Wyoming.
• **Legislative Appropriations/Create a Trust Fund** – Already in place.
• **Credit Sales Program** – Already in place.

**Next Steps**

As is mentioned in the state-based viability assessment of each funding mechanism, there are a set of specific action items that should be pursued to gather more information about the opportunities presented by each mechanism. At a more general level some useful next steps for determining the opportunities for state funding to support restoration work should include:

• **Assessing the political willingness to fund restoration work** - Additional research into the political will of the legislature in each Colorado River Basin state should be assessed to determine an interest in or willingness to appropriate funding for restoration work given the current climate of increased awareness about the imperiled health of the Colorado River. Better understanding the political climate in each state would allow for a clearer understanding of whether and how programs such as the Watershed Restoration Initiative, the New Mexico River Stewardship Program or the Wyoming Wildlife Trust Fund might be viable in these locations.
• **Identify if there are clear and obvious champions for restoration in each state** – Implementing any funding mechanism will require a champions both at the grassroots level and in the legislature. Determining who possible champions might be is a significant step towards determining the viability of different funding mechanisms.
• **Assessing the social acceptability and importance of restoration to the voters** – The reliability of a public funding source tends to be linked to the importance of the issue to the community. Determining whether there is genuine and sustained interest in funding river restoration work with public monies is essential to proposing changes to existing legislation or requesting new appropriations.
could be an opportunity to work with the Trust for Public Lands to assess the political and social climate in each of the Colorado River Basin states to better determine which funding mechanisms might have viability.

- **Exploring the role of pooling and leveraging public and private funding** – In most states there seems to be a real opportunity for pooling and leveraging state and federal funding for restoration in such a manner that projects are funded at a higher level and restoration throughout the state is funded in a targeted, as opposed to piecemeal, manner. In order to determine the viability of this approach a thorough inventory of the state and federal restoration funding in each state would need to be conducted and a fund administrator identified. In the course of exploring the viability of this option, the Wyoming Wildlife and Natural Resource Trust Fund model should explored as well, because it serves as a significant and self-sustaining funding source that can accept private and public funds.

- **Exploring the role of recycling fees in funding restoration** - In most of the states there seems to be a real opportunity to explore imposing a fee on recyclable goods if is not already in place. In those states where recycling fees are already in place it would be worthwhile to determine if there is an interest in using some of these funds to support river restoration work.

- **Implementing Specialty License Plates** – Any state that doesn’t have a river restoration themed state license plate should evaluate the costs and benefits of establishing such a program and work with local non-profits to promote it as a means to raise both money and public awareness about the importance of riparian restoration.

- **Researching markets for credit sales programs** – Establishing and maintaining mitigation banks can be a significant undertaking; however, the idea of creating a market around the sales of restoration credits presents an innovative funding opportunity. Each state in the Colorado River Basin should do a market assessment of the projected demand for restoration credits by various industries to determine the viability of establishing a credit sales program.

- **Participate in state-specific water planning and implementation** – Colorado recently completed the Colorado Water Plan which outlines a number of strategies for funding water conservation and river restoration work throughout the state. It is in the best interest of Tamarisk Coalition and our Colorado partners to stay engaged in this conversation and help influence how funding is spent on restoration in the future. Similarly, Tamarisk Coalition and its partners should stay engaged in water planning processes taking place in other Colorado River Basin states.
Appendix A: Overview of State Funding Programs

Appendix A provides an in-depth overview and evaluation of the twelve state funding programs that were chosen to be examined for this study, which are:

- Arizona Heritage Fund
- Arkansas Wetland and Riparian Zones Mitigation Bank
- California Environmental License Plate Fund
- California Local Conservation Corps Grant Program
- Colorado Invasive Phreatophyte Control Program
- Colorado Habitat Restoration Program
- Montana Future Fisheries Improvement Program
- Nevada Conservation Credit System
- New Mexico River Stewardship Program
- Oregon Watershed Enhancement Board
- Utah Watershed Restoration Initiative
- Wyoming Wildlife and Natural Resources Trust

These programs were selected because they fit the criteria of this study, including: 1) they were new (established within the past 20 – 30 years); and/or 2) they were successful – they either funded a good number of projects at a moderate level or a few number of projects at a high level of reliability over the course of the program’s life. Another important criterion was that these programs were exclusively or largely funded through state generated funding as opposed to federal funding administered by state agencies.

The following programs were considered but were not included in this study because they either did not meet the basic criteria, we were not able to find the necessary information, or they were too similar to the other programs being reviewed in this study:

- Washington Salmon Recovery Program
- California Ecosystem Restoration Program
- Arizona Invasive Plant Grant Program
- Colorado Wetlands for Wildlife
• Utah Invasive Species Mitigation Grant

A complete overview of each program included in this study is presented below. The programs are presented in alphabetical order by state.

ARIZONA

Name: Arizona Heritage Fund

Program Administrator: Arizona Game and Fish Department (AGFD)

Source of Funding: Money for the Heritage Fund comes from the Arizona Lottery, which brings in approximately $800 million in annual lottery revenues. Approximately $200 million of this funding goes to public services. The breakdown of how that funding is allocated follows:

- Debt Service Fund - $37.5M
- Maricopa County Mass Transit - $11.4M
- Arizona General Fund - $72.9M
- Heritage Fund - $10M
- Health and Welfare Programs - $18.8M
- Homeless Shelters - $1M
- Arizona Commerce Authority - $3.5M
- University Capital - $40.6M

As shown, the Heritage Fund receives $10M each year, of this amount only about $400,000 is granted out for projects and the remainder funds AGFD programs and administration.
Number of Projects Funded:

Table A1: Arizona Heritage Fund Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
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<tr>
<td>2016</td>
<td>$418,070</td>
<td>18</td>
<td>$23,226</td>
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<tr>
<td>2015</td>
<td>$408,092</td>
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<tr>
<td>2012</td>
<td>$415,647</td>
<td>23</td>
<td>$18,072</td>
</tr>
</tbody>
</table>

Types of Projects Funded: The Heritage Fund is used to protect endangered species, acquire habitat for the benefit of sensitive species, provide access to outdoor recreational opportunities, and educate children and adults about wildlife.

Because the department receives no state tax dollars to cover its operating budget, the Heritage Fund is critical to recovering or sustaining Arizona’s unique native wildlife and to managing more than 800 species. The fund’s impact is multiplied through its use as a match for federal dollars.

History of Program: Passed by voters as a ballot initiative in 1990 by a 2-1 ratio, the Heritage Fund provides up to $10 million each year from Arizona lottery proceeds to the Arizona Game and Fish Department for the conservation and protection of the state’s wildlife and natural areas. The voters’ intention was to save Arizona’s natural, cultural and historic resources. These types of programs seldom received significant funding before the Heritage Fund came into existence. The Arizona Revised Statutes (ARS 41-502 and ARS 17-297) state that “in no event shall any monies in the fund revert to the state general fund...”; however, in 2009, because of a legislative sweep of State Parks Heritage Funds, State Parks needed to rescind over $6 million in Heritage Fund grants already awarded. In March 2010, to balance the budget, the Legislature not only swept the State Parks Heritage Fund, but eliminated it from statute.

Evaluation: This program is successful because it has funded wildlife enhancement projects for 20 years. Also because the ranking criteria used by the AZGFD are evaluated each year and revised, the projects funded through this program remain relevant to the goals of the agency. However, as demonstrated in recent history, in times of budget crises the legislature has had a history of allocating this funding for other projects. Until this year, non-profits were not allowed to apply for funding through this program and only governmental entities were eligible to
apply. This shift in granting criteria will allow this program to have a bigger impact on restoration work throughout the state. The biggest challenge of this program is that the AZGFD is not required to grant out funding and therefore the Heritage Fund program could sunset in a year of budget constraints. Therefore, although the funding source is reliable the mechanism for granting this funding out is may not be. Recommendations for replicating this program are:

- Ensure restoration is an important priority to the state population to gain and ensure long-term support.
- Mandate that these dollars can only be spent on restoration activities and cannot be diverted in the language of the legislation.
- Develop criteria for evaluating projects that is based on good science to ensure projects are successful and have the intended impact.

ARKANSAS

Name: Arkansas Wetland and Riparian Zones Mitigation Bank

Program Administrator: Arkansas Natural Resources Commission

Source of Funding: Arkansas Wetland and Riparian Zones Mitigation Banks were established with appropriations made by the state legislature. Once the banks were operational, funding for the continued maintenance of the banks came from the sale of mitigation credits.

Number of Projects Funded: A mitigation bank is not a traditional granting program, rather it provides an opportunity for agricultural and development projects that will have a known impact on wetlands and rivers to mitigate those impacts by restoring other areas. A mitigation bank carries out restoration in an area and sells the credits to those developers incurring the damage. The Arkansas Natural Resources Commission has managed two state-run mitigation banks since 1995.

Table A2: Arkansas Wetland and Riparian Zones Mitigation Bank Funding History

<table>
<thead>
<tr>
<th>Mitigation Site</th>
<th>Acres Restored</th>
<th>Credits Sold</th>
<th>Amount Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delta-Mississippi Alluvial Plain</td>
<td>350 acres</td>
<td>Wetlands only - 1,100/$850 - $950 ea</td>
<td>$800 - $900k</td>
</tr>
<tr>
<td>Gulf Coastal Plain</td>
<td>335 acres</td>
<td>Stream - 96,000/$25 per credit Wetlands – 843 credits/$950 per credit</td>
<td>$2.4M</td>
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</tbody>
</table>
Types of Projects Funded: Per Section 404 of the Clean Water Action and Section 10 of the Rivers and Harbors Act of 1899 the Army Corps of Engineers (ACOE) issues permits for projects that affect Navigable Waters of the U.S. If adverse impacts to the conditions of waterways are expected as a result of the permitted activities, the permittee may be required to mitigate those impacts to avoid and minimize impacts to the aquatic ecosystem and to compensate for the unavoidable loss of habitat.

Wetland mitigation banking is the restoration, creation or enhancement of wetlands for the purpose of compensating for unavoidable impacts to wetlands at another location. Wetland mitigation banking is commonly used to compensate for wetland impacts from development, but it also used for impacts from agriculture.

Funding generated through Arkansas’s mitigation banks covers the cost of the restoration carried out by the bank, long-term maintenance and administration of the program and surplus funding is being used to establish new mitigation banks.

History of Program: In 1995 the Arkansas Private Wetland Riparian Zone Creation and Restoration Incentive Act was passed by General Assembly. This legislation allowed for the creation of state sponsored mitigation banks. The state legislature authorized $300k in seed money from the water development fund for the creation of the first mitigation bank, which was a wetlands restoration site. This money was used to purchase property and do some restoration. After the first bank had finished its restoration and sold all of its credits for a total of $330K, these revenues were used to open a second mitigation bank in 2015.

Evaluation: This program represents a different approach to funding and restoring wetlands and streams and illustrates how the state can both invest financially and manage directly restoration in the state. This program is a success because the first bank was able to carry out restoration and sell all of the credits to use the proceeds from that sale to establish a new mitigation bank. This approach provides a model for how a state government can fund and support ongoing restoration. However, there are limitations to this approach since it can be difficult to find suitable mitigation sites. Additionally, there can be challenges with the perception that state run mitigation banks are being subsidized. Meaning other mitigation banks have and continue to be concerned that the state banks are underselling credits or manipulating the free market of mitigation credits because they are run by a public entity. An additional challenge was working with the three ACOE districts which all intersect in the state of Arkansas; different districts can have different approaches to managing permits and verifying banking credits. In terms of replicability, state run mitigation banks present an opportunity in regions where there will be a known demand for mitigation credits. Recommendations for other states considering establishing state sponsored banks are:
• Conduct an assessment of the projected demand for mitigation credits and study the market for these credits. Use this information to do projections on the amount of income that can be generated and whether this will cover the long-term costs of maintaining the bank and establishing others if that is the goal of the program.

• Seek out opportunities to establish public-private partnerships, whereby the private sector can carry out restoration and provide capital up front and the state can manage the permitting responsibilities and take on the long-term maintenance commitments.

CALIFORNIA

Name: California Environmental License Plate Fund

Program Administrator: Funds are raised by the California Department of Motor Vehicles (DMV) and distributed to the Natural Resources Agency, which then allocates funding to the various programs that are authorized to receive funding.

Source of Funding: The California DMV offers specialized license plates for different social and public causes. One such plate is the environment plate. Fees for these plates are higher than for the standard license plate. The DMV collects revenue from the sale of personalized motor vehicle license plates distributes to the California Environmental Protection Program. Revenues are deposited in the California Environmental License Plate Fund (ELPF); the appropriations and expenditures for programs and projects funded by ELPF are contained in the budgets of the various state boards, commissions and departments who receive these funds.

Number of Projects Funded and Funding Level: Money from the ELPF Fund goes to 28 different programs throughout the state that manage these natural resource concerns. These agencies are:

• Secretary of the Natural Resources Agency
• State Controller
• Special Resources Programs
• California Tahoe Conservancy
• California Conservation Corps
• Department of Forestry and Fire Protection
• State Lands Commission
• Department of Fish and Wildlife
• Wildlife Conservation Board
• California Coastal Commission
• State Coastal Conservancy
Funding for each of the programs supported through the ELPF varies significantly depending on their budgets and missions as determined by the California Resources Code 21193(c). Agencies do not need to apply for funding since allocations are outlined in the law. Of all of the programs supported by the ELPF, the Department of Fish and Wildlife receives the largest percentage of funding.

Table A3: California Environmental License Plate Fund Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Programs Funded</th>
<th>Average Amount Per Program*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$41M</td>
<td>28</td>
<td>$1.4M</td>
</tr>
<tr>
<td>2015</td>
<td>$40M</td>
<td>28</td>
<td>$1.4M</td>
</tr>
<tr>
<td>2014</td>
<td>$39.9M</td>
<td>28</td>
<td>$1.4M</td>
</tr>
<tr>
<td>2013</td>
<td>$40M</td>
<td>28</td>
<td>$1.4M</td>
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<tr>
<td>2012</td>
<td>$45M</td>
<td>28</td>
<td>$1.6M</td>
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<tr>
<td>2011</td>
<td>$45M</td>
<td>28</td>
<td>$1.6M</td>
</tr>
<tr>
<td>2010</td>
<td>$40.9M</td>
<td>28</td>
<td>$1.4M</td>
</tr>
</tbody>
</table>
Types of Projects Funded: ELPF funding supports the following activities:

- The control and abatement of air pollution, including all phases of research into the sources, dynamics and effects of environmental pollutants.
- The acquisition, preservation, restoration, or any combination thereof, of natural areas or ecological reserves.
- Environmental education, including formal school programs and informal public education programs.
- Protection of nongame species and threatened and endangered plants and animals.
- Protection, enhancement, and restoration of fish and wildlife habitat and related water quality, including review of the potential impact of development activities and land use changes on that habitat.
- The purchase, on an opportunity basis, of real property consisting of sensitive natural areas for the state park system and for local and regional parks.
- Reduction or minimization of the effects of soil erosion and the discharge of sediment into the waters of the Lake Tahoe region, including the restoration of disturbed wetlands and stream environment zones.

History of Program: The ELPF was established by the California State Legislature in 1979 and was built into Public Resources Code (PRC) 21193(c). The fund condition for this PRC outlines how funds can be spent by each of the participating California State agencies and how much each agency is entitled to.

Evaluation: The ELPF program is successful because it establishes a source of funding outside of state general funds and bonds that is significant, reliable, and supports a wide array of environmental causes. Notably, the California DMV offers eleven different types of specialized license plates and the Environmental plate brings in the most revenue. Challenges with this program include a lack of consistency in how the DMV collects these dollars and a lack of transparency in how the dollars are spent. Also since this program funds environmental work administered by state agencies as opposed to an open pool of grantees, funding is not made available to an open pool of applicants. In terms of replicability, environmental license plates could very easily be sold in most other states. However it should be noted that other states should not expect to generate the same level of funding through licenses plate sales as California is able to. California is the most populous state in the nation with a population of 38.8M. Recommendations for replicating this program are:

- Assess the size of your state’s driving population to determine the projected revenue to be generated through license plate sales.
• Carry out public awareness about the importance of riparian restoration and how the purchase of a specialty license plate will support that work.
• Create an attractive design to increase sales.
• Conduct an assessment of the competition presented by other specialty license plates.

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**Name:** California Local Conservation Corps Grant Program

**Program Administrator:** California Department of Resources Recycling and Recovery (CalRecycle)

**Source of Funding:** CalRecycle generates revenue for the Local Conservation Corps (LCC) program through a number of recycling programs including:

- California Beverage Container Recycling Fund – Fees of 5 to 10 cents are charged at the sale of all plastic and glass bottles and returned to customers when these bottles are recycled. The fees that are collected and are not redeemed go into this fund.
- Electronic Waste Recovery and Recycling Account – Fees charged during the purchase of “covered electronic devices” or “CEDs” and Electronic Waste Recycling (eWaste) are used to fund the safe, cost-free, and convenient collection and recycling of CEDs, which contain hazardous materials.
- California Tire Recycling Management Fund – Fees charged during the purchase of new tires are collected and divided among the Air Pollution Control Fund the waste tire program.
- California Used Oil Recycling Fund – Fees imposed on oil manufacturers for the sale, transfer of import of oil in California these revenues are deposited in the California Used Oil Recycling Fund and are used to pay for activities such as recycling incentives, block grants for oil collection programs, and administration.
### Table A4: California Local Conservation Corps Grant Program Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$19.8M</td>
<td>14</td>
<td>$1.4M</td>
</tr>
<tr>
<td>2015</td>
<td>$20.9M</td>
<td>14</td>
<td>$1.49M</td>
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<tr>
<td>2014</td>
<td>$19.3M</td>
<td>13</td>
<td>$1.48M</td>
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<tr>
<td>2013</td>
<td>$20M</td>
<td>13</td>
<td>$1.5M</td>
</tr>
<tr>
<td>2012</td>
<td>$19.5M</td>
<td>13</td>
<td>$1.5M</td>
</tr>
</tbody>
</table>

### Types of Projects Funded:
CalRecycle’s LCC grant program funds the implementation of beverage container recycling and litter abatement programs; programs relating to the collection and recovery of used oil and electronic waste; and the clean-up and abatement of waste tires.

### History of Program:
California Public Resources Code (PRC) section 14581.1 was passed by the California Legislature in 1986 and authorizes funding from the California Beverage Container Recycling Fund, the Electronic Waste Recovery and Recycling Account, the California Tire Recycling Management Fund, and the California Used Oil Recycling Fund for grants to the Local Conservation Corps (LCC). Originally this program only funded beverage container activities only but the code was revised in 2014 to include other recycling programs as well.

### Evaluation:
This program is successful because it generates significant funding for each of the projects it funds annually (approximately an average of $1.5M each) and the amount of funding the program generates is reliable from year to year. By combining revenues from the four recycling programs this grant program is able to gather multiple funding streams into a single grant program and work with LCCs efficiently to have them implement the intent of the laws that govern these programs. The challenge of this model is that the funding can only be used for the activities specified in the related public resource codes, which do not include restoration activities. In terms of replicability, although the model of using unredeemed fees imposed on recyclable goods could generate a revenue source, the ability to use that funding to support programs other than recycling programs will have to be built into the specific laws governing the use of these dollars. Also there might be some social resistance to paying these surcharges on recyclables. Passage of the appropriate laws to allow for these charges will have to be championed by the legislature. Therefore without the right political climate funding restoration work through this type of program might face resistance and might not be feasible. Recommendations for replicating this program are:

- Include river restoration as an allowable use of unused recycling fees in the Public Resources Code.
- Carry out a social awareness campaign educating the public about the cost-benefit of recycling fees.
• Pool fees from multiple recycling fee programs to create a larger fund.

COLORADO

Name: Colorado Invasive Phreatophyte Control Program

Program Administrator: Colorado Water Conservation Board

Source of Funding: Over the course of the history of the Invasive Phreatophyte Control Program (IPCP) there have been three main legislative authorizations that have funded this program through the Construction Fund and the Severance Tax Fund. The first authorization, HB08-1346, was established in 2008 and created what was called the Phase 1 Tamarisk and Russian Olive (TRO) Grant Program, which awarded grants ranging from $10,000 to $100,000. The second authorization, Senate Bill 12S-002, was passed in 2012 and authorized an additional $1 million for this work and established the Invasive Phreatophyte Control Program. Then in FY16 HB 15-1006 authorized a total of $4 Million in Severance Tax funds to be granted out in FY16 and FY17 via IPCP. This legislation re-categorized IPCP program as a Tier 2 funding priority program, whereas previously it had been a Tier 1 program; the difference is that Tier 1 programs have a higher guarantee of being fully funded. Due to its Tier 2 nature, only $1.8 Million was deposited into IPCP for FY16, and it is anticipated there will be no deposits for FY17. All project work funded through this authorization must be completed by June 30, 2018.

IPCP has always been a cost-share program and has required grantees to contribute a 25% match to the project.

Number of Projects Funded and Funding Level: Prior to 2015 grants were awarded in the range of $10k-$100k per project. Since 2015 and the passage of HB 15-1006 grants of up to $300k are allowed.

Table 8: Colorado Invasive Phreatophyte Control Program Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 1,730,582</td>
<td>19</td>
<td>$ 91,083</td>
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<tr>
<td>2014</td>
<td>$ 338,090</td>
<td>7</td>
<td>$ 42,298</td>
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<tr>
<td>2013</td>
<td>$ 133,530</td>
<td>4</td>
<td>$ 33,382</td>
</tr>
<tr>
<td>2012</td>
<td>$ 499,743</td>
<td>7</td>
<td>$ 71,391</td>
</tr>
</tbody>
</table>
**Types of Projects Funded:** The IPCP grant program is intended to provide cost share assistance to eligible entities to control and/or eradicate tamarisk, Russian olive, or other woody riparian invasive phreatophytes that have degraded the state’s riparian areas, restricted channel capacity thereby increasing flood risk, and resulted in increased non-beneficial consumptive use of water. IPCP also incorporates funding for riparian re-vegetation/restoration and secondary weed treatment after invasive removal.

**History of Program:** In 2003, Governor Owens issued Executive Order D002- 03, which directed the Colorado Department of Natural Resources (DNR) and the Colorado Department of Agriculture (CDA), and any other state agency “... to take measures necessary to eradicate tamarisk on public lands within 10 years ... (and to) submit a report ... outlining a viable plan”. In January 2004 DNR submitted the required plan to the Governor’s office and it was accepted. The plan recommended a local watershed based approach to invasive phreatophyte control, with the state providing technical assistance and coordination. Then CWCB took over the responsibility of administering this program from DNR. In 2006 and 2007 CWCB funded a statewide mapping and inventoring of invasive phreatophyte infestations. Since 2007, plans for each of the watersheds in the state have been developed and each use prior mapping work and other grants for technical assistance from the CWCB. On Oct. 11, 2006 the President signed the Salt Cedar and Russian Olive Control Demonstration Act, PL 109-320. Sponsors included Rep. Udall and Rep. Salazar, and Sen. Allard and Sen. Salazar. The Act authorizes federal matching funds for large-scale demonstration projects which Colorado entities hope to access if and when those funds are appropriated. In September 2012 the Colorado Water Conservation Board approved IPCP.

In 2015 Representative Don Coram introduced a bill to the State legislature which advocated for $5M from the Severance Tax Fund to be spent on invasive plant removal over 5 years. In May of 2015 HB 15- 1006 was passed and authorized $2M for 2 years and that funding was housed in the IPCP.

**Evaluation:** The IPCP program is successful for numerous reasons. Firstly, the program has been funding invasive plant mapping and removal work consistently for ten years. Secondly, the investments made through IPCP are based on watershed-specific strategic plans indicating that the money spent through this program is based on technical information and is targeted. Thirdly, because it is a cost-share program all investments made by the program are leveraged through grantee contributions. Finally, because of the solid framework of the program, it has housed recent legislative appropriations for invasive plant removal. However this program does have some challenges because the current primary source of revenue is the Severance Tax fund, which experiences significant fluctuations based on the conditions of the oil and gas markets. Due the unreliability of this funding stream amounts promised through this program have varied and applicants have received less than expected. The opportunity for other states to replicate this program is high, especially if they have Severance Tax funds and existing legislature allows for those funds to be spent on environmental conservation/restoration activities. The component of IPCP that would be most challenging to replicate are mapping of invasive plants and the development of watershed specific plans. In terms of replicability, this program represents a good model for distributing dollars made available through the legislature but leaning on severance tax funding presents ongoing issues with regard to reliability,
since oil and gas markets are volatile. If another state were to develop a similar model it would want to make sure they have strong support within the legislature and a reliable agency to administer the program. Recommendations for replicating this program are:

- Find a champion within the state legislature to advocate for appropriations.
- Avoid depending on severance tax funding alone.
- Undertake TRO mapping to best target how dollars should be spent.
- Include cost-sharing as a fundamental component of the program to leverage additional funding.
- Build monitoring and maintenance into eligible expenses.

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Name: Colorado Habitat Restoration Program

Program Administrator: Great Outdoors Colorado

Source of Funding: Great Outdoors Colorado (GOCO) is fully funded through Colorado lottery proceeds. Per the State Constitution, lottery net proceeds are allocated as follows:

- 10% to Colorado State Parks and Wildlife (CPW)
- 40% to the Colorado Conservation Trust Fund, which allocates fund to eligible local governments on a per capita basis
- Up to 50% to GOCO, based on a formula and adjusted for inflation
- Surplus funds go to the state's school capital construction fund

Of GOCO’s share, 50% goes to CPW and 25% goes to match the Conservation Trust Fund, and other the remaining 25% is granted out for the acquisition of open space of statewide significant.

Number of Projects Funded and Funding Level: Per the Constitution, GOCO’s funding is capped at $35M, which given inflation is closer to $65M in 2016 dollars. Of this total, 2% is spent on operations and the remainder is granted. In FY15 GOCO granted out over $50M total. Of this total, the Habitat Restoration Program has a total of $250,000 per year to spend and grants are capped at $25,000.

Table A6: Colorado Habitat Restoration Program Funding History
<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 (habitat)</td>
<td>$75,000</td>
<td>3</td>
<td>$25,000</td>
</tr>
<tr>
<td>2014 (riparian)</td>
<td>$250,000</td>
<td>10</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

In 2015, the second year of the Habitat Restoration Program, GOCO accepted applications on a request only basis and only received three funding requests and therefore only spent $75,000 of the $250,000 available during that granting cycle.

**Types of Projects Funded:** GOCO’s Habitat Restoration grant program (formerly called the Riparian Restoration program) aims to improve and restore Colorado’s rivers, streams, wetlands, and critical habitat.

Article XXVII of the Colorado Constitution provides the framework to guide the Board’s grant and investment decisions. It requires GOCO to allocate its proceeds to four purposes in substantially equal portions over time: wildlife, outdoor recreation, open space, and local governments. In addition, the Board will use the discretion provided in the Amendment “to make expenditures which it considers necessary and proper to the accomplishments of the purposes of the amendment”. The Habitat Restoration Program reflects a use of this authority.

**History of Program:** In 1992 Colorado voters created and passed legislation that established GOCO. This initiative was aimed at securing the use of lottery dollars for open space and outdoor recreation. Since its creation, GOCO has committed more than $917 million in lottery proceeds to more than 4,800 projects in all 64 counties. Funds made available through GOCO can only be distributed to non-profit land-conservation organizations (land trusts), municipalities, counties, political subdivisions of the state, and the Colorado Division of Parks and Wildlife. In 2015 GOCO completed a 5-year Strategic Plan, which outlines the goals of the program. An outcome of this planning process was the creation of the Habitat Restoration grant program, which supports an array of ecosystem restoration and enhancements, from forests and grasslands to rivers and wetlands.

**Evaluation:** As a whole GOCO is an exemplary model of how to generate and allocate lottery funds for conservation and restoration purposes. GOCO brings in over $50M annually which is invested in wildlife, recreation, conservation and restoration. Based on feedback from various non-profits throughout the State, including the Tamarisk Coalition, GOCO created a Habitat Restoration Program, which is one of the few programs dedicated exclusively to restoration. The challenges are that this program receives much less funding than the GOCO programs, only funds work on already conserved lands, and cannot be distributed to non-land trust non-profits. Since GOCO was created by a voter initiative, funding for GOCO cannot be re-appropriated by the legislature without bring it back to the voters, which suggests a high reliability of the funding. However, the program will be up for voter re-authorization in 2024, so there is an opportunity for the program to go unfunded in the future. In terms of
replicability, for those states that have lottery programs GOCO presents a valuable model of how those dollars could be spent on conservation and restoration work. In order to be successful new programs in other states will need to ensure they have a strategic vision and adequate capacity to administer the program.

Recommendations for how to replicate this program in other states are:

- The proposed use of lottery funds must have broad voter support to not only initiate but also to sustain funding for a program like this. In Colorado, open space and recreation are resources that bring visitors and improve the quality of life of residents.
- Strategic guidelines – get input from experts and have a rigorous peer-review process to ensure proposed projects adhere to best practices.
- When evaluating the voter support for this initiative, examine other priorities in the state and the funding gaps for those programs.
- Project what the proceeds from lottery sales would be based on the population of your state and statistics about past lottery sales. It is also important to consider whether your state participates in the national Powerball lottery – in Colorado these proceeds make a large portion of the overall lottery revenue.
- Ensure that environmental non-profits, not just land trusts, are eligible to apply for and receive funding.

MONTANA

Name: Montana Future Fisheries Improvement Program

Program Administrator: Montana Game and Fish Department

Source of Funding: Funds used to implement the Montana Future Fisheries Improvement Program (FFIP) originate from the sale of Montana fishing licenses and interest generated from Montana’s Resource Indemnity Trust Fund (RIT), which is supplied by taxes on energy production.

Article IX of the Montana Constitution provides for the protection and improvement of the Montana environment and requests the legislature to provide adequate remedies for environmental protection from degradation. It specifically requires “all lands disturbed by the taking of natural resources shall be reclaimed”, and requires the existence of a resource indemnity trust (RIT) fund for that purpose, to be funded by taxes on the extraction of natural resources. The Constitution further states, “The principal of the resource indemnity trust shall forever remain inviolate in an amount of one hundred million dollars ($100,000,000) guaranteed by the state against loss or diversion.” The state constitution requires a trust, but does not require the trust to be funded. The legislature utilized certain natural resource extraction tax proceeds as a revenue source for the trust. The Future Fisheries program receives approximately $1M each year through this program.
**Number of Projects Funded:** Since 1996 FFIP has funded a total of 650 projects totaling $14.65M. Each year FFIP grants approximately $700k over two grant cycles.

**Table A7: Montana Future Fisheries Improvement Program Funding History**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 707,983</td>
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<td>$ 29,499</td>
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<tr>
<td>2015</td>
<td>$ 893,817</td>
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<td>2014</td>
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<td>2013</td>
<td>$ 741,040</td>
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<tr>
<td>2012</td>
<td>$ 351,221</td>
<td>17</td>
<td>$ 20,660</td>
</tr>
<tr>
<td>2011</td>
<td>$ 621,326</td>
<td>22</td>
<td>$ 28,242</td>
</tr>
<tr>
<td>2010</td>
<td>$ 1,117,415</td>
<td>30</td>
<td>$ 37,247</td>
</tr>
</tbody>
</table>

**Types of Projects Funded:** FFIP funds projects that restore rivers, streams, and lakes to improve and restore Montana's wild fish habitats.

**History of Program:** Beginning in 1995, the Montana legislature passed the FFIP, which increased the dollars allocated to fish habitat restoration and expanded the program to include habitat improvements in lakes or reservoirs. In 1999, the legislature expanded the program and earmarked a portion of the funding allocated to the program specifically for projects that enhance habitat for bull or cutthroat trout, with an emphasis on reclaiming mining related impacts. In 2013, the funding for bull or cutthroat trout was expanded to include all native fish. Funding for this program has proven relatively stable over time providing some exceptions in drought years, when funding has been used for higher priority projects. In February of 2002, the Governor certified that the balance of the trust had exceeded the $100 million threshold. Tax proceeds previously directed to the RIT have been re-directed by the legislature ever since. The allocation of the RIT interest and groundwater assessment taxes were modified due to the passage and approval of HB 116 during the 2007 legislative session. The changes in allocation were made in an attempt to streamline the distribution of funds and address cash flow issues.

**Evaluation:** This program is successful because it has continually funded fisheries restoration work for over 20 years and has sustained support from the legislation. Every two years the Montana Game and Fish Department requests funding for this program and the legislature has approved this request. Since the program is well-established there would likely be public outcry if the legislature declined to fund it in the future. Challenges with this program are that it requires ongoing funding requests and that those requests have stayed the same over the past few
years. In order to make an increased ask the program would need to demonstrate increased demand for these dollars. Also since the main source of income for this program is taxes generated by oil and gas industry, the funding levels can vary significantly from year-to-year.

Recommendations for replicating this program:

- Some key components of this program that make it successful on the ground are that the MGF monitors the projects firsthand to track success and uses the information collected to inform how future projects are funding.
- The ranking committees are comprised of local community members from different sectors so there is transparency in how dollars are spent.
- The program is built to make it simple for private landowners to acquire funding for habitat restoration
- Build up funding over time – need to build a case for increased funding level, which requires supporting data.

NEVADA

Name: Nevada Conservation Credit System

Program Administrator: Nevada Division of State Lands

Source of Funding: The Conservation Credit System (Credit System) is a performance-driven and market-based approach to species conservation that quantifies benefits from enhancement and protection of habitat (credits) and negative impacts to habitat from anthropogenic disturbances (debts), operationalizes market transactions, and reports net benefit from all transactions processed by the Credit System. Credits are the currency of the Credit System. A credit consists of verified habitat value that is maintained for the defined duration of the project through financial assurances and contract requirements to ensure habitat performance standards. Credits are primarily awarded for meeting habitat performances standards, not for implementing conservation practices.

Credits are used to offset debits, which represent units of Greater Sage-Grouse habitat value lost by anthropogenic disturbances. The credit obligation is the quantity of credits required to offset a debit project.

The Credit System measures habitat value in units of functional acres. Function refers to the role of the habitat in providing requirements for Greater Sage-Grouse, and includes the direct and indirect effects of anthropogenic disturbances.

Number of Projects Funded: As of October 10, 2016 no credits have been awarded and used to fulfill mitigation obligations in a permit. However, there is a Record of Decision passed in September 2016 that includes the Conservation Credit System as a mitigation option and the
project proponent intends to fulfill the mitigation requirements using the Conservation Credit System in the near future. There are also several other debit project proponents using the Conservation Credit System to evaluate impacts, and many will potentially use the Conservation Credit System to fulfill their mitigation obligation. Further, there are 4 projects under contract with the State to develop ready-to-sale credits by the end of 2016, and there are several other credit developers currently using the Conservation Credit System to estimate the credits that can be generated on their site and will potentially generate credits for sale through the Conservation Credit System.

**Types of Projects Funded:** The Credit System is an innovative approach to greater sage-grouse habitat protection that ensures habitat impacts from anthropogenic disturbances are fully compensated by long-term enhancement and protection of habitat that results in a net benefit for the species. The Credit System creates new incentives: 1) to avoid and minimize impacts from anthropogenic disturbances to important species habitat; and 2) for private landowners and public land managers to preserve, enhance, and restore habitat, while reducing threats to important habitat for the species.

The Credit System establishes the policy, operations and tools necessary to facilitate more effective and efficient conservation investments. The Credit System is intended to provide regulatory certainty for industries by fulfilling compensatory mitigation needs whether or not the species is listed under the Endangered Species Act.

**History of Program:** Governor Brian Sandoval’s Executive Order 2012-09 secured Nevada’s commitment to sage-grouse conservation, bringing stakeholders and experts together to recommend a course of action that would conserve and enhance sagebrush ecosystems and to meet the intent of the Endangered Species Act (ESA). The Governor’s Executive Order called for the development of the Strategic Plan for Conservation of Greater Sage-Grouse in Nevada, which defines the need for compensatory mitigation that uses a quantifiable credit to reward a wide-range of sagebrush habitat enhancement and restoration activities regardless of land ownership. Executive Order 2012-19 created the Sagebrush Ecosystem Council (SEC) and Sagebrush Ecosystem Program and made the establishment of a credit program for sagebrush ecosystems a responsibility of the SEC. Executive Order 2012-09 expired on July 31, 2012 when the Strategic Plan for Conservation of Greater Sage-Grouse in Nevada was published.

Governor Sandoval sponsored, and later signed into law, Nevada Assembly Bill 461 of the 2013 Legislative Session (AB 461), which memorialized the SEC and other conservation priorities into Nevada Revised Statute. The law also directed the SEC to “establish a program to mitigate damage to sagebrush ecosystems in this State by authorizing a system that awards credits to persons, federal and state agencies, local governments and nonprofit organizations to protect, enhance or restore sagebrush ecosystems”. In addition, AB 461 instructs the Division of State Lands of the State Department of Conservation and Natural Resources to oversee and administer the program. The Credit System implements key requirements of AB 461.
In December 2013, the State hired a team of consultants led by Environmental Incentives to assist the state in developing the Conservation Credit System. The Sagebrush Ecosystem Program designed the Conservation Credit System in 2014 through extensive outreach with agency staff and other stakeholders, scientific input from the Technical Review Group and evaluation of different program design options during monthly SEC meetings open to the public. The first version of the Conservation Credit System was approved by the SEC on December 4th, 2014.

**Evaluation:** Although the Nevada Conservation Credit System has not been established long enough to sell mitigation credits it provides an example of a market-based approach to funding conservation work and could serve as a worthwhile model for funding restoration work in other states. In terms of meeting conservation goals, this program demonstrates success because it raises the bar on what qualifies as mitigation, sets a standard for evaluating these activities and influences project design to minimize impacts to greater sage-grouse.

As a new approach to managing conservation objectives, one challenge this program faces is the culture shift from project-by-project evaluation to using a set of standards to quantify habitat impacts/benefits and determine other requirements of an impact or mitigation project. Standards increase conservation certainty; however, they are a shift from traditional sage-grouse mitigation actions and are difficult for people to adapt to without more of a track record. Another challenge was designing a program that met the need of the species, as well as land owners, mitigation buyers and regulators in a short window of time.

Recommendations for replicating this program are:

- Gain broad support for the program among restoration practitioners, landowners and industry.
- Work at a scale that will allow many restoration projects or river miles to be restored through the sale of credits and not on a project-by-project level. If a single or just a few projects will be implemented, and less than $2,000,000 will be invested, than it is probably better to focus on designing those projects than developing a programmatic approach.
- Develop a full draft of the mitigation program up front to avoid investing significant time in the design of certain aspects of the program that end up obsolete.
- Compensatory mitigation and the regulatory context are complicated, and it’s much more efficient to discuss specific topics after gaining a general understanding of an entire program. Further, it is critical to incorporate the best available science, as well as the economic and cultural context when developing a program to ensure it will work for all parties involved.

**NEW MEXICO**

**Name:** New Mexico River Stewardship Program

**Program Administrator:** New Mexico Environment Department (NMED)
**Source of Funding:** Funding for the River Stewardship Program is provided by state capital outlay funds, which are appropriated by the New Mexico Legislature to the program. State capital outlay funds are made up of severance tax bonds or general fund capital outlay dollars.

The amount available through each of these pots of money varies from year to year depending on the economy. Nonrecurring general fund moneys are particularly unpredictable.

**Number of Projects Funded and Funding Level:**

Table A8: New Mexico River Stewardship Program Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$1.5M</td>
<td>TBD</td>
<td>$-</td>
</tr>
<tr>
<td>2015</td>
<td>$1M</td>
<td>TBD</td>
<td>$-</td>
</tr>
<tr>
<td>2014</td>
<td>$2.3M</td>
<td>12</td>
<td>$191,666</td>
</tr>
<tr>
<td>2013</td>
<td>$0</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2012</td>
<td>$0</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2011</td>
<td>$0</td>
<td>0</td>
<td>$-</td>
</tr>
<tr>
<td>2010</td>
<td>$2.1M</td>
<td>12</td>
<td>$175,000</td>
</tr>
<tr>
<td>2009</td>
<td>$1M</td>
<td>12</td>
<td>$83,333</td>
</tr>
<tr>
<td>2008</td>
<td>$2.8M</td>
<td>15</td>
<td>$186,667</td>
</tr>
<tr>
<td>2007</td>
<td>$2.5M</td>
<td>12</td>
<td>$208,333</td>
</tr>
</tbody>
</table>

As shown in the table above there was a three year gap between 2011 through 2013 during which no funding was appropriated to this program. Funding for 2015/2016 was combined and proposals for this funding are still being reviewed, but projects are expected to be chosen in the next month.

NMED intends to fund several projects throughout the state and has not set minimum and maximum project amounts. In previous funding cycles the average project amount was $180,000 with a range of $37,000 to $518,000.

**Types of Projects Funded:** The goal of the River Stewardship Program is to fund projects that enhance the health of rivers by addressing the root causes of poor water quality and stream habitat. The program funds projects that improve surface water quality or river habitat within a
waterway or its associated riparian area or floodplain through on-the-ground activities that may be accompanied by changes in land management.

**History of Program:** In 2007, a group of non-profits (e.g. World Wildlife Fund, WildEarth Guardians, and Audubon) requested that Governor Richardson prioritize river health and set aside state funding for river restoration activities. In response, Governor Richardson established the River Ecosystem Restoration Initiative using capital outlay funds under his purview. In the first few years of the program, the legislature approved between $1 - $2.8M annually for this program. However, after Governor Richardson’s term ended in 2011 and Governor Martinez took over, the program went unfunded for three years.

In 2014, upon the request of the NMED, the New Mexico Legislature appropriated $2.3 million in capital outlay funds to design and construct projects that improve surface water quality or river habitat statewide and to provide state matching funds required by the terms of any federal grant under the Clean Water Act. At this time the name of the program was changed to the River Stewardship Program.

**Evaluation:** This program is successful because it demonstrates how citizen advocacy can influence the prioritization of state spending. As Table A8 shows, funding for this program has fluctuated over the years, but during the years where funding was made available, each project received between $83,333 and $208,333 on average therefore this program funds projects at a high level. Also by earmarking these dollars as New Mexico’s Clean Water Act funding match, the NMED is able to leverage these dollars and improve the reliability of appropriations for this program. However, since NMED has to request re-appropriations from the state legislature annually, funding levels are subject variation during tight budget years. Additionally, because the funding comes through the capital outlay fund, which is typically used to support capital projects such as facilities and infrastructure, the legislature repeatedly questions whether the activities funded through the River Stewardship program are truly eligible costs.

In terms of replicability, this program provides some good examples of other programs could be structure. Firstly, since this program was created in response to advocacy by grassroots groups there is a good opportunity for other communities to do the same. Similarly, this program provides an example for how capital outlay funds could be used to support this kind of work if the Governor and legislature were supportive. Also, since this funding categorized as the state’s match funds for Clean Water Act money there is a higher likelihood that this funding will be appropriated regularly.

Recommendations for replicating this program are:

- Ensure that you have champions with the legislature and that restoration is an ongoing priority in the state.
- Classify dollars as Clean Water Act matching funds (if the program meets CWA requirements) to increase the reliability of these dollars being appropriated.

OREGON

Name: Oregon Watershed Enhancement Board

Program Administrator: The Oregon Watershed Enhancement Board (OWEB) is a state agency that provides grants to help Oregonians take care of local streams, rivers, wetlands and natural areas. Community members and landowners use scientific criteria to decide jointly what needs to be done to conserve and improve rivers and natural habitat in the places where they live. The agency is led by a 17 member citizen board drawn from the public at large, tribes, and federal and state natural resource agency boards and commissions.

Source of Funding: OWEB grants are funded from the Oregon Lottery, salmon license plate revenue, and National Oceanic and Atmospheric Administration’s (NOAA) Pacific Coast Salmon Recovering Fund dollars. The agency budget for 2015-17 is projected to be $103M.

For the 2013-15 biennium, funds generated through the Oregon state lottery brought in about $58.2M; funding from other sources, including $500,000 from the salmon license plate sales, brought in $1.8M over the 2 years. Competitive funding from NOAA brought in $23.1M total, $9.5M of which was passed through OWEB directly to the Oregon Fish and Wildlife Department.

Number of Projects Funded and Funding Level:

Between 1995 and 2014 OWEB has funded 16,396 projects totaling $747M.

Table A9: Oregon Watershed Enhancement Board Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$47 M</td>
<td>568</td>
<td>$82,864</td>
</tr>
<tr>
<td>2014</td>
<td>$23.9M</td>
<td>311</td>
<td>$76,969</td>
</tr>
<tr>
<td>2013</td>
<td>$50.2 M</td>
<td>808</td>
<td>$62,154</td>
</tr>
<tr>
<td>2012</td>
<td>$18.5 M</td>
<td>247</td>
<td>$74,947</td>
</tr>
<tr>
<td>2011</td>
<td>$56.3M</td>
<td>822</td>
<td>$68,491</td>
</tr>
<tr>
<td>2010</td>
<td>$22.9M</td>
<td>250</td>
<td>$91,774</td>
</tr>
</tbody>
</table>
**Types of Projects Funded:** OWEB provides grants to projects that contribute to the Oregon Plan for Salmon and Watersheds and the Oregon Conservation Strategy by protecting, restoring and improving natural watershed or ecosystem functions.

**History of Program:** In 1998, Ballot Measure 66 for Parks and Salmon was passed overwhelmingly by the citizens of Oregon. This measure dedicated significant resources and confirmed the commitment of Oregonians to the ongoing efforts of the Oregon Plan – the state’s plan for restoring native fish populations and the aquatic systems that support them. By way of constitutional amendment to Article XV, the initiative dedicated 15% of the State's lottery revenue to fund the acquisition and maintenance of state parks and for the restoration and protection of fish and wildlife habitat, salmon populations, water quality, and watershed health. In 1999, the Legislature passed House Bill 3225, which created OWEB and established the agency’s responsibility for administering half of the funds generated under Measure 66 for the non-park purposes. In 2010, Ballot Measure 76 was passed by the citizens of Oregon and affirmed the dedication of 15% of the State’s lottery revenue to natural resources, with half of the funds going to OWEB and the other half to the Oregon Parks and Recreation Department. Senate Bill 342 was passed during the 2011 legislative session. Among other things, the bill modified the mechanics of how funding is distributed and the purposes for which it can be used.

**Evaluation:** OWEB represents a successful state funding program for restoration for numerous reasons. Firstly, it received overwhelming support from Oregon voters to establish it. Secondly it brings in significant funding for restoration work and that funding has been reliable over the 21 years of the program. In terms of reliability, funding for the program has varied from year to year due to the amount of NOAA grant money OWEB is able to bring in and fluctuations in lottery sales. However, since lottery funds are constitutionally dedicated they cannot be easily re-appropriated. Also by combining the three funding streams into one, OWEB has increased the reliability of funding for this program. Finally, investments made through this program are guided by the goals outlined in the Oregon Plan and local strategic plans and therefore all decisions about projects to be funded are based on strong technical information and strategic goals.

In terms of replicability this program provides a good model for how to utilize innovative funding programs such as license plates funds and lottery funds and combine them to implement the state vision for wildlife and habitat improvement. A limitation of this program with regard restoration work specifically is that the USFWS funding is driven by the regulatory requirements of improving habitat for an endangered species (salmon). Without this regulatory driver this funding would not be available. Recommendations for replicating this program are:

- Grant programs should support both capacity and monitoring costs to ensure supported project work is having intended impacts and sustainable.
- One of the greatest strengths of this program is the technical review process and the fact that decisions about which projects are funded are guided by local strategic plans and the state Oregon Plan. The grant review process is conducted by regional experts.
• Include a small grants program that can serve as a gateway for smaller organizations and landowners to access funding.

UTAH

Name: Utah Watershed Restoration Initiative (WRI)

Program Administrator: The Watershed Restoration Initiative (WRI) is managed by the Utah Partnership for Development and Conservation (UPCD) which is a coalition of different natural resource management agency representatives that convenes to coordinate priorities and leverage resources. UPCD has a revolving chairmanship and one paid staff person from the Department of Natural Resources. Other day to day tasks are carried out by Utah Division of Wildlife Resources staff. UPCD was operating before WRI was established as a program.

Source of Funding: WRI projects receive funding from partner contributions made by federal and state agencies, and appropriations by the Utah Legislature to the Department of Natural Resources (DNR) from the General Fund. Partner contributions vary each year but consistent funding for projects comes from federal agencies (e.g. Bureau of Land Management, Natural Resources Conservation Service, U.S. Forest Service, U.S. Fish and Wildlife Service), state agencies (e.g. Division of Wildlife Resources, Division of Forestry, Fire, and State Lands, Department of Agriculture and Food, State Institutional Trust Lands Administration, Governor’s Public Lands Policy Coordination Office, Department of Environment Quality) and non-profit organizations (e.g. Mule Deer Foundation, Sportsmen for Fish and Wildlife, Rocky Mountain Elk Foundation, Foundation for North American Wild Sheep, Safari Club International, National Wild Turkey Federation, Utah Bowman for Habitat).

Number of Projects Funded: Over the past ten years WRI has funded 1,461 projects for a total of $145M.

Table A10: Utah Watershed Restoration Initiative Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$ 20.9M</td>
<td>159</td>
<td>$ 131,746</td>
</tr>
<tr>
<td>2015</td>
<td>$ 15.8M</td>
<td>141</td>
<td>$ 112,542</td>
</tr>
<tr>
<td>2014</td>
<td>$ 18.2M</td>
<td>174</td>
<td>$ 104,869</td>
</tr>
<tr>
<td>2013</td>
<td>$ 22.7M</td>
<td>194</td>
<td>$ 117,512</td>
</tr>
<tr>
<td>2012</td>
<td>$ 8.9M</td>
<td>144</td>
<td>$ 62,316</td>
</tr>
<tr>
<td>2011</td>
<td>$ 7.6M</td>
<td>129</td>
<td>$ 59,011</td>
</tr>
<tr>
<td>2010</td>
<td>$ 9.1M</td>
<td>143</td>
<td>$ 64,333</td>
</tr>
</tbody>
</table>
**Types of Projects Funded:** WRI funds restoration projects that improve the health of watersheds and rehabilitation projects following wildfire to re-establish the structure and function of watersheds.

**History of Program Establishment:** WRI was established in 2005 by two UPCD partners that championed the idea - Al Martinez with the Bureau of Land Management and Rory Reynolds of Division of Wildlife Resources. The idea for WRI was born out of statewide natural resource concerns relating to sagebrush die off and sage grouse habitat management issues. UPCD partners introduced the WRI proposal to the Utah legislature and the program was approved and given a $2M annual appropriation. UPCD requested that partner agencies contribute to the fund to leverage the appropriation made by the legislature. After a few years of successful implementation the legislature appropriated an additional $3M for fuels reduction projects. Each year UPCD has to go back to the legislature to demonstrate how the dollars were spent in the form of a short report. Partner agencies are motivated to participate because their contributions are leveraged and because the state oversees the administration of this program.

**Evaluation:** WRI is successful largely because it serves to leverage funding from each of the programs investing in WRI and the grantees putting up cost share dollars. Without the $2M of state appropriations, it would have been much more challenging for UPCD to request partner agencies to contribute to the fund. WRI would have been more challenging to get regular financial commitments from the partner agencies. Another key factor for success is that the UPCD does not take much out of the appropriations for overhead costs. Since the day-to-day activities are overseen by Department of Natural Resources and Department of Wildlife Division staff whose time is largely supported through department budgets, the costs of administering the program to UPCD are low. The leveraging power is what has secured an ongoing investment from the legislature year after year. All in all, the WRI program serves more as a model for how to administer state and federal funding more than as a model for generating new revenue. With that said, the benefit of this model is that there is a streamlined process for accessing all of the funding available for restoration work (as opposed to applying for a grant with each granting entity). WRI has been criticized for not having a strategic vision for how they are working holistically to restore rivers in Utah. Another challenge is that every eligible project in the state is competing for the single pool of funding and if their project is not approved through WRI then they have few other funding sources to turn to. Because this program engages so many partners and funders it is able to provide a reliable amount of funding each year and less likely to be un-funded or under-funded.

The challenge of WRI is that by pooling state and federal funding and numerous agency priorities it can be difficult to make sure all investors are meeting their individual program requirements. To manage these challenges, UPCD develops ranking criteria that aim to hit the key resource concerns of the various focus areas of WRI. Since this program manages federal funding it is audited regularly and must be very transparent in
how dollars are spent. However, it seems the benefits of leveraging funding and outsourcing the grants administration responsibilities make this program worthwhile for the participants.

This approach to funding restoration in the West is unique and therefore sets forth a feasible approach for pooling and managing federal, state and private dollars. Recommendations for replicating this program are:

- Get an up-front investment from the state legislature or another key partner to be able to speak to the leveraging power the fund would have to other contributing partners.
- Do not cover administrative costs with dollars that are put into the fund.
- Ensure there is strong support through the legislature.
- Funding should be distributed to projects that fit within a strategic vision for watershed health throughout the state.
- Federal partners should consider the challenges associated with tracking and reporting on how these dollars are spent.

**WYOMING**

**Name:** Wyoming Wildlife and Natural Resources Trust

**Program Administrator:** Wildlife and Natural Resource Trust is an independent state agency governed by a nine-member citizen board appointed by the Governor. Legislative oversight is guided by a select committee of six members, three each from the House and Senate.

**Source of Funding:** Seed funding for the Wildlife and Natural Resource Trust Fund came from legislative appropriations through the General Fund and some private donations. In recent years, only the interest earned on the total in the permanent account is what is spent on project work.

**Number of Projects Funded:** Since 2006 the Trust Account has funded 538 projects and spent $58M total. Funding per project ranges from $5,000 to $1M each.
Table A11: Wyoming Wildlife and Natural Resources Trust Funding History

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Amount Spent</th>
<th># of Projects/Programs Funded</th>
<th>Average Amount Per Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$2M</td>
<td>34</td>
<td>$58,824</td>
</tr>
<tr>
<td>2015</td>
<td>$3.4M</td>
<td>37</td>
<td>$91,892</td>
</tr>
<tr>
<td>2014</td>
<td>$5M</td>
<td>56</td>
<td>$89,286</td>
</tr>
<tr>
<td>2013</td>
<td>$10.3M</td>
<td>57</td>
<td>$180,702</td>
</tr>
<tr>
<td>2012</td>
<td>$10M</td>
<td>74</td>
<td>$135,135</td>
</tr>
<tr>
<td>2011</td>
<td>$5.3M</td>
<td>75</td>
<td>$70,667</td>
</tr>
<tr>
<td>2010</td>
<td>$7.2M</td>
<td>117</td>
<td>$61,538</td>
</tr>
</tbody>
</table>

**Types of Projects Funded:** The Trust Account funds the following types of projects:

- Projects that improve or maintain existing terrestrial habitat necessary to maintain optimum wildlife populations may include grassland restoration, changes in management, prescribed fire, or treatment of invasive plants.
- Preservation of open space by purchase or acquisition of development rights, contractual obligations, or other means of maintaining open space.
- Acquisition of terrestrial or aquatic habitat when existing habitat is determined crucial/critical, or is present in minimal amounts, and acquisition presents the necessary factor in attaining or preserving desired wildlife or fish population levels.
- Mitigation of impacts detrimental to wildlife habitat, the environment and the multiple use of renewable natural resources, or mitigation of conflicts and reduction of potential for disease transmission between wildlife and domestic livestock.

**History of Program:** The Wyoming Legislature created the Wyoming Wildlife and Natural Resource Trust in 2005 and appropriated $15M to establish the permanent account. Over the course of the life of the fund, this initial investment is anticipated to grow to $200M. In 2006, the Legislature added $25M to the corpus of the trust account, bringing the total to $40M. Functioning like an endowment, the Trust spends the interest earned on the permanent account to enhance and conserve wildlife habitat and natural resource values throughout the state.

**Evaluation:** This program provides a model of success because it functions as a renewable and sustainable funding stream that funds a great number of projects annually at a moderate level. Additionally, because the fund can accept donations it serves as an effective vehicle for raising and pooling money for conservation and restoration work. Each grantee must provide matching funds, so Trust funding is leveraged 1:6. This
program has had success because it has been able to demonstrate that the projects funded meet their stated goals. This track record is preserved by conducting site visits to each and every proposed project site and conducting rigorous due diligence on the technical merit of these projects in advance of funding them. Additionally, because there isn’t a guiding document or plan dictating how dollars must be spent the Trust can be flexible in how those dollars are spent and invest its funding where it is most needed. Also because the staffing of the Trust is small (just two people) they can keep costs down – only 10% of the total funds are spent on administering the program. One challenge of the program is that because the initial funding came from the General Fund the amount that went into the account initially fluctuated from year to year. In terms of replicability this program represents a good model for other states as long as the correct conditions are in place such as political will within the legislature to fund this type of work at a significant level.

Recommendations for replicating this program are:

• Ensure that there is strong political support for restoration and that a request to establish a Trust Fund of this sort is made during a year with limited budget constraints.
• Ensure that there is an agency that is able to administer the program without high overhead costs.