

# DAH - NATURAL & CULTURAL RESOURCES COUNCIL

## Enabling Laws

Act 1605 of 2003 provides current operating authority for the Natural and Cultural Resources Council. The Arkansas Natural and Cultural Resources Council was established by Act 729 of 1987 (A.C.A. § 15-12-101 et seq.)

## History and Organization

### **Agency Mission Statement**

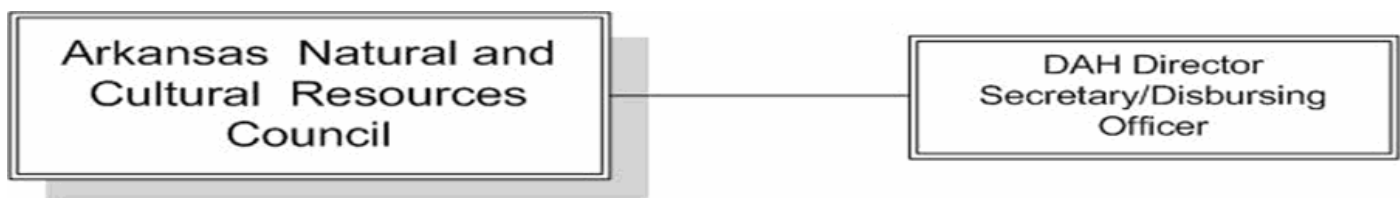
The Arkansas Natural and Cultural Resources Council (ANCRC) was created to manage and supervise grants and a trust fund for use in the acquisition, management, and stewardship of state-owned lands or the preservation of state-owned historic sites, buildings, structures, or objects which the Council determines to be of value for recreation or conservation purposes, with the properties to be used, preserved, and conserved for the benefit of this and future generations.

### **Brief Discussion of Statutory Responsibilities and Primary Activities**

The Council administers its grant and trust fund for the acquisition, development, management, and stewardship of state-owned properties acquired or used for ANCRC approved purposes. The grants are funded through two increases in the state's real estate transfer tax, the original increase in 1987 and an additional increase in 1993. Grants from this fund are for projects that protect and maintain state-owned natural areas, historic sites, and outdoor recreation. In addition to the Grants and Trust Fund, the legislation also allows for a percentage of the revenue to be distributed to the Outdoor Recreation Grants Program of the Arkansas Department of Parks and Tourism and the Arkansas Historic Preservation program of the Department of Arkansas Heritage. The Arkansas Natural and Cultural Resources Council administers the Natural and Cultural Grants and Trust Fund. Act 729 of 1987 and Act 1181 of 1983 increased the tax for ANCRC purposes. Act 1288 of 2001 provided for a change from nine voting members and two non-voting members to eleven voting members.

### **Advisory Board or Commission**

The Arkansas Natural and Cultural Resources Council administers the Natural and Cultural Grants and Trust Fund. The Council consists of eleven (11) voting members of whom four are appointed by the Governor to represent rural areas, Arkansas counties, Arkansas cities and towns, and urban areas. One member is appointed by the Speaker of the House of Representatives. One member is appointed by the President Pro Tempore of the Senate. The remaining five members are the Chairman of the Arkansas Natural Heritage Commission; the Chairman of Arkansas Parks, Travel, and Recreation Commission; the Director of the Department of Arkansas Heritage; the Director of the Arkansas Department of Parks and Tourism; and the commissioner of State Lands.



## **Agency Commentary**

The Arkansas Natural and Cultural Resources Council was established by Act 729 of 1987. The Council administers a grant and trust fund for the acquisition, development, management, and stewardship of state-owned properties. The grant and trust fund was established by an increase in the Real Estate Transfer Tax. The fund administered by the Council receives 80% of that tax increase.

This budget includes a request by the Council to increase its appropriation for grants. Adding \$4,000,000 to this appropriation line item would allow the Council to disburse more of its funds to worthy projects, some of which address important capital needs of state agency grantees.

The Arkansas Historic Preservation Program receives 10% of the funds collected from the increase in the Real Estate Transfer Tax. These funds are used for general operations, grants, and operations of the Main Street Arkansas program. The \$500,000 annual increase in RETT appropriation is necessary for the Arkansas Historic Preservation Program to use excess fund balances, which are currently outgrowing the agency's available appropriation. This increase will be used exclusively to fund grants to cities, counties, and local nonprofits for the rehabilitation and preservation of historic buildings and streetscapes.

## **Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF ARKANSAS HERITAGE - NATURAL & CULTURAL RESOURCES COUNCIL  
FOR THE YEAR ENDED JUNE 30, 2003

Findings

Recommendations

Findings are reported in a single audit under DAH - Central Administration page 27.

## **Employment Summary**

	Male	Female	Total	%
White Employees	1	0	1	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			1	100 %

## Publications

### A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

## Department Appropriation / Program Summary

Appropriation / Program	Historical Data						Agency Request and Executive Recommendation							
	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
2MZ NCRC--Admin	55,759	1	59,500	1	0	1	0	1	0	1	0	1	0	1
480 St Owned Lands or Historic Sites	0	0	14,000,000	0	14,000,000	0	18,000,000	0	18,000,000	0	18,000,000	0	18,000,000	0
481 Main Street Program	0	0	2,000,000	0	2,000,000	0	2,500,000	0	2,500,000	0	2,500,000	0	2,500,000	0
<b>Total</b>	<b>55,759</b>	<b>1</b>	<b>16,059,500</b>	<b>1</b>	<b>16,000,000</b>	<b>1</b>	<b>20,500,000</b>	<b>1</b>	<b>20,500,000</b>	<b>1</b>	<b>20,500,000</b>	<b>1</b>	<b>20,500,000</b>	<b>1</b>

Funding Sources		%		%		%		%		%		%
Trust Fund 4000050	55,759	100.0	16,059,500	100.0			20,500,000	100.0	20,500,000	100.0	20,500,000	100.0
Total Funds	55,759	100.0	16,059,500	100.0			20,500,000	100.0	20,500,000	100.0	20,500,000	100.0
Excess Appropriation/(Funding)	0		0				0		0		0	
Grand Total	55,759		16,059,500				20,500,000		20,500,000		20,500,000	

Actual and Budgeted exceeds Authorized Appropriation (2MZ) due to a transfer from the Natural and Cultural Resources Council Grant Fund (480) by authority of A.C.A. § 15-12-103 (1).

## **Analysis of Budget Request**

**Appropriation / Program:** 2MZ - NCRC--Admin

**Funding Sources:** TGT Natural & Cultural Heritage Grant & Trust

This appropriation provides for the administration of Real Estate Transfer Tax proceeds by the Natural and Cultural Resources Council (NCRC). Funding is provided as determined by the terms and conditions of the NCRC.

According to A.C.A. § 15-12-103 (1), "Eighty percent (80%) of the net amount [of the Real Estate Transfer Tax, after deducting 3% for the Constitutional Officers Fund] shall be credited to the Natural and Cultural Resources Grants and Trust Fund, to be preserved and managed by the Arkansas Natural and Cultural Resources Council for use in the acquisition, management, and stewardship of state-owned lands or the preservation of state-owned historic sites, buildings, structures, or objects which the council determines to be of value for recreation or conservation purposes..."

Furthermore, consistent with subparagraph (C) - "The grants shall be made in such amounts, for such purposes, and to such agencies as the council in its discretion shall select."

Under this authority, the Natural and Cultural Resources Council is authorized to grant appropriation and funding for its Base Level operations from Appropriation 480 to this appropriation, so long as it does not conflict with subparagraph (B) - "It is not the intention of this chapter that the council shall itself manage, operate, or maintain any lands so acquired, but, rather, that it from time to time in its own discretion shall make grants to other agencies..."

By authority of the Department's current appropriation Act 1605 (32) of 2003, "...In the event that such grants make it necessary to employ additional personnel, the Department of Arkansas Heritage upon seeking prior review of the Arkansas Legislative Council or Joint Budget Committee and approval of the Chief Fiscal Officer of the State, may establish one or more new additional positions...but in no event shall the Chief Fiscal Officer of the State authorize more than seven (7) regular new positions."

This Special Language has been in place through at least four sessions, though these seven (7) positions have been authorized as regular Salaried Base Level positions for at least that period of time.

The Agency Request is for Base Level.

The Executive Recommendation is to remove one (1) of the authorized seven (7) Base Level positions authorized by Act 1605 (32) of 2003 for the Natural and Cultural Resources Council from special language to be transferred to this appropriation. This position is to be fully funded by NCRC appropriation and funding.

## Appropriation / Program Summary

**Appropriation / Program:** 2MZ NCRC--Admin  
**Funding Sources:** TGT Natural & Cultural Heritage Grant & Trust

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	37,861	36,915	0	0	0	0	0	0	0
<b>#Positions</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
Personal Services Matching 5010003	9,863	10,316	0	0	0	0	0	0	0
Operating Expenses 5020002	7,910	11,269	0	0	0	0	0	0	0
Travel-Conference Fees 5050009	125	1,000	0	0	0	0	0	0	0
<b>Total</b>	<b>55,759</b>	<b>59,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Funding Sources</b>									
Trust Fund 4000050	55,759	59,500		0	0	0	0	0	0
<b>Total Funding</b>	<b>55,759</b>	<b>59,500</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>55,759</b>	<b>59,500</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Actual and Budgeted exceeds Authorized Appropriation (2MZ) due to a transfer from the Natural and Cultural Resources Council Grant Fund (480) by authority of A.C.A. § 15-12-103 (1).

## **Analysis of Budget Request**

**Appropriation / Program:** 480 - St Owned Lands or Historic Sites

**Funding Sources:** TGT Natural & Cultural Heritage Grant & Trust

The Natural and Cultural Resources Council utilizes this appropriation to make grants for the acquisition, management, and stewardship of state owned lands or the preservation of state owned historic sites, buildings, structures, or objects. Funding for the appropriation is provided by the increase in the Real Estate Transfer Tax levied on Act 729 of 1987 and Act 1181 of 1993 (A.C.A. §26-60-105).

According to A.C.A. § 15-12-103 (1), "Eighty percent (80%) of the net amount [of the Real Estate Transfer Tax, after deducting 3% for the Constitutional Officers Fund] shall be credited to the Natural and Cultural Resources Grants and Trust Fund, to be preserved and managed by the Arkansas Natural and Cultural Resources Council for use in the acquisition, management, and stewardship of state-owned lands or the preservation of state-owned historic sites, buildings, structures, or objects which the council determines to be of value for recreation or conservation purposes..."

Appropriation and funds are transferred on a year-to-year basis to those Agencies receiving grants from the Council. The expenditures are reflected in the Agency receiving the grant, and spending the money.

The Agency's Request is for Base Level of \$14 million each year, as well as an additional \$4 million each year to provide for increased demand for NCRC grants, to be funded from surplus Real Estate Transfer Tax proceeds.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 480 St Owned Lands or Historic Sites  
**Funding Sources:** TGT Natural & Cultural Heritage Grant & Trust

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	14,000,000	14,000,000	14,000,000	18,000,000	18,000,000	14,000,000	18,000,000	18,000,000
Total	0	14,000,000	14,000,000	14,000,000	18,000,000	18,000,000	14,000,000	18,000,000	18,000,000
<b>Funding Sources</b>									
Trust Fund 4000050	0	14,000,000		14,000,000	18,000,000	18,000,000	14,000,000	18,000,000	18,000,000
Total Funding	0	14,000,000		14,000,000	18,000,000	18,000,000	14,000,000	18,000,000	18,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	14,000,000		14,000,000	18,000,000	18,000,000	14,000,000	18,000,000	18,000,000



## Change Level by Appropriation

**Appropriation / Program:** 480-St Owned Lands or Historic Sites

**Funding Sources:** TGT Natural & Cultural Heritage Grant & Trust

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>
C01	Existing Program	4,000,000	0	18,000,000	128.5	4,000,000	0	18,000,000	128.5

### Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>	<b>14,000,000</b>	<b>0</b>	<b>14,000,000</b>	<b>100.0</b>
C01	Existing Program	4,000,000	0	18,000,000	128.5	4,000,000	0	18,000,000	128.5

### Justification

C01	This Change Level Request is to increase the appropriation for the Natural & Cultural Resources Council to \$18,000,000 each year. Real Estate Transfer Tax collections have been on the rise for the past two years. Collections plus interest earnings exceeded the authorized appropriation for the last grant cycle. In order to utilize these increased collections and earned interest, the Council is requesting that the appropriation be increased to \$18,000,000 each year to provide for additional grants.
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## **Analysis of Budget Request**

**Appropriation / Program:** 481 - Main Street Program

**Funding Sources:** TGP Natural & Cultural Resources Historic Preservation

This appropriation provides for the operation of the State Historic Preservation Program and the Main Street Arkansas Program. Funding for the appropriation is provided by the increase in the Real Estate Transfer Tax levied by Act 729 of 1987 and Act 1181 of 1993 (A.C.A. §26-60-105). Appropriation and funds are transferred on a year to year basis to the Historic Preservation Program and reflected as expenditures of that State Agency. This appropriation is utilized to augment federal funding for the Historic Preservation Program and to provide for programs such as Main Street and Model Business Grants.

According to A.C.A. § 15-12-103 (3), "Ten percent (10%) of the net amount [of the Real Estate Transfer Tax, after deducting 3% for the Constitutional Officers Fund] shall be credited to a fund to be known as the 'Natural and Cultural Resources Historic Preservation Trust Fund', to be used by the council for providing a source of funds for the operation of the state historic preservation program and the 'Main Street' program."

Appropriation and funds are transferred on a year-to-year basis to those Agencies receiving historic preservation or 'Main Street' grants from the Council. The expenditures are reflected in the Agency receiving the grant, and spending the money.

The Agency's Request is for Base Level of \$2,000,000 each year, as well as a \$500,000 annual increase in Real Estate Transfer Tax appropriation to use excess fund balances to fund cities, counties, and local non-profit organizations for the rehabilitation and preservation of historic buildings and downtown areas.

The Executive Recommendation provides for the Agency Request.

## Appropriation / Program Summary

**Appropriation / Program:** 481 Main Street Program  
**Funding Sources:** TGP Natural & Cultural Resources Historic Preservation

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Grants and Aid 5100004	0	2,000,000	2,000,000	2,000,000	2,500,000	2,500,000	2,000,000	2,500,000	2,500,000
<b>Total</b>	<b>0</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>
<b>Funding Sources</b>									
Trust Fund 4000050	0	2,000,000		2,000,000	2,500,000	2,500,000	2,000,000	2,500,000	2,500,000
<b>Total Funding</b>	<b>0</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>0</b>	<b>2,000,000</b>		<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>2,000,000</b>	<b>2,500,000</b>	<b>2,500,000</b>

## Change Level by Appropriation

**Appropriation / Program:** 481-Main Street Program

**Funding Sources:** TGP Natural & Cultural Resources Historic Preservation

### Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>
C01	Existing Program	500,000	0	2,500,000	125.0	500,000	0	2,500,000	125.0

### Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>	<b>2,000,000</b>	<b>0</b>	<b>2,000,000</b>	<b>100.0</b>
C01	Existing Program	500,000	0	2,500,000	125.0	500,000	0	2,500,000	125.0

### Justification

C01	The \$500,000 annual increase in Real Estate Transfer Tax appropriation is necessary for the Arkansas Historic Preservation Program to use the excess fund balances, which are currently outgrowing the agency's available appropriation. This increase will be used exclusively to fund grants to cities, counties, and local nonprofits for the rehabilitation and preservation of historic buildings and downtown areas.
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