

1 A bill for an act
 2 relating to appropriations; appropriating money for
 3 environment and natural resource projects approved by
 4 the Legislative Commission on Minnesota Resources;
 5 amending Minnesota Statutes 2004, section 116P.05,
 6 subdivision 2; Laws 2003, chapter 128, article 1,
 7 section 9, subdivision 6; proposing coding for new law
 8 in Minnesota Statutes, chapter 116P.

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

10 Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

11 The sums shown in the columns marked "APPROPRIATIONS" are
 12 appropriated from the named fund to the agencies and for the
 13 purposes specified in this act, to be available for the fiscal
 14 years indicated for each purpose.

15			
16			APPROPRIATIONS
17			Available for the Year
18			Ending June 30
		2006	2007

19 Sec. 2. MINNESOTA RESOURCES

20	Subdivision 1. Total		
21	Appropriation		
22		\$20,457,000	\$18,829,000

23 Summary by Fund

24	State Land and Water Conservation		
25	Account (LAWCON)	1,600,000	-0-
26	Environment and Natural Resources		
27	Trust Fund	18,829,000	18,829,000
28	Great Lakes Protection		
29	Account	28,000	-0-

30 Appropriations from the LAWCON account
 31 and Great Lakes protection account are
 32 available for either year of the

1 biennium.

2 For appropriations from the environment
3 and natural resources trust fund, any
4 unencumbered balance remaining in the
5 first year does not cancel and is
6 available for the second year of the
7 biennium. Unless otherwise provided,
8 the amounts in this section are
9 available until June 30, 2007, when
10 projects must be completed and final
11 products delivered.

12 Subd. 2. Definitions

13 (a) "State Land and Water Conservation
14 Account (LAWCON)" means the state land
15 and water conservation account in the
16 natural resources fund referred to in
17 Minnesota Statutes, section 116P.14.

18 (b) "Great Lakes Protection Account"
19 means the Great Lakes protection
20 account referred to in Minnesota
21 Statutes, section 116Q.02, subdivision
22 1.

23 (c) "Trust fund" means the Minnesota
24 environment and natural resources trust
25 fund referred to in Minnesota Statutes,
26 section 116P.02, subdivision 6.

27 Subd. 3. Administration 524,000 525,000

28 Summary by Fund

29 Trust Fund 524,000 525,000

30 (a) Legislative Commission on Minnesota Resources 899,000

31 \$449,000 the first year and \$450,000
32 the second year are from the trust fund
33 for administration as provided in
34 Minnesota Statutes, section 116P.09,
35 subdivision 5.

36 (b) Contract Administration 150,000

37 \$75,000 the first year and \$75,000 the
38 second year are from the trust fund to
39 the commissioner of natural resources
40 for contract administration activities
41 assigned to the commissioner in this
42 section. This appropriation is
43 available until June 30, 2008.

44 Subd. 4. Citizen Advisory Committee 10,000 10,000

45 Summary by Fund

46 Trust Fund 10,000 10,000

47 \$10,000 the first year and \$10,000 the
48 second year are from the trust fund to
49 the Legislative Commission on Minnesota
50 Resources for expenses of the citizen
51 advisory committee as provided in
52 Minnesota Statutes, section 116P.06.
53 Notwithstanding Minnesota Statutes,
54 section 16A.281, the availability of
55 \$15,000 of the appropriation from Laws

1 2003, chapter 128, article 1, section
2 9, subdivision 4, advisory committee,
3 is extended to June 30, 2007.

4 Subd. 5. Fish and Wildlife Habitat 5,038,000 5,038,000

5 Summary by Fund

6 Trust Fund 5,038,000 5,038,000

7 (a) Restoring Minnesota's Fish and Wildlife
8 Habitat Corridors-Phase III 4,062,000

9 \$2,031,000 the first year and
10 \$2,031,000 the second year are from the
11 trust fund to the commissioner of
12 natural resources for the third
13 biennium for acceleration of agency
14 programs and cooperative agreements
15 with Pheasants Forever, Minnesota Deer
16 Hunters Association, Ducks Unlimited,
17 Inc., National Wild Turkey Federation,
18 the Nature Conservancy, Minnesota Land
19 Trust, the Trust for Public Land,
20 Minnesota Valley National Wildlife
21 Refuge Trust, Inc., U.S. Fish and
22 Wildlife Service, Red Lake Band of
23 Chippewa, Leech Lake Band of Chippewa,
24 Fond du Lac Band of Chippewa,
25 USDA-Natural Resources Conservation
26 Service, and the Board of Water and
27 Soil Resources to plan, restore, and
28 acquire fragmented landscape corridors
29 that connect areas of quality habitat
30 to sustain fish, wildlife, and plants.
31 Expenditures are limited to the 11
32 project areas as defined in the work
33 program. Land acquired with this
34 appropriation must be sufficiently
35 improved to meet at least minimum
36 habitat and facility management
37 standards as determined by the
38 commissioner of natural resources.
39 This appropriation may not be used for
40 the purchase of residential structures,
41 unless expressly approved in the work
42 program. Any land acquired in fee
43 title by the commissioner of natural
44 resources with money from this
45 appropriation must be designated: (1)
46 as an outdoor recreation unit under
47 Minnesota Statutes, section 86A.07; or
48 (2) as provided in Minnesota Statutes,
49 sections 89.018, subdivision 2,
50 paragraph (a); 97A.101; 97A.125;
51 97C.001; and 97C.011. The commissioner
52 may similarly designate any lands
53 acquired in less than fee title. This
54 appropriation is available until June
55 30, 2008, at which time the project
56 must be completed and final products
57 delivered, unless an earlier date is
58 specified in the work program.

59 (b) Metropolitan Area Wildlife
60 Corridors-Phase II 3,530,000

61 \$1,765,000 the first year and
62 \$1,765,000 the second year are from the
63 trust fund to the commissioner of
64 natural resources for the second

1 biennium for acceleration of agency
 2 programs and cooperative agreements
 3 with the Trust for Public Land, Ducks
 4 Unlimited, Inc., Friends of the
 5 Mississippi River, Great River
 6 Greening, Minnesota Land Trust,
 7 Minnesota Valley National Wildlife
 8 Refuge Trust, Inc., Pheasants Forever,
 9 Inc., and Friends of the Minnesota
 10 Valley for the purposes of planning,
 11 improving, and protecting important
 12 natural areas in the metropolitan
 13 region, as defined by Minnesota
 14 Statutes, section 473.121, subdivision
 15 2, and portions of the surrounding
 16 counties, through grants, contracted
 17 services, conservation easements, and
 18 fee acquisition. Land acquired with
 19 this appropriation must be sufficiently
 20 improved to meet at least minimum
 21 management standards as determined by
 22 the commissioner of natural resources.
 23 Expenditures are limited to the
 24 identified project areas as defined in
 25 the work program. This appropriation
 26 may not be used for the purchase of
 27 residential structures, unless
 28 expressly approved in the work
 29 program. Any land acquired in fee
 30 title by the commissioner of natural
 31 resources with money from this
 32 appropriation must be designated: (1)
 33 as an outdoor recreation unit under
 34 Minnesota Statutes, section 86A.07; or
 35 (2) as provided in Minnesota Statutes,
 36 sections 89.018, subdivision 2,
 37 paragraph (a); 97A.101; 97A.125;
 38 97C.001; and 97C.011. The commissioner
 39 may similarly designate any lands
 40 acquired in less than fee title. This
 41 appropriation is available until June
 42 30, 2008, at which time the project
 43 must be completed and final products
 44 delivered, unless an earlier date is
 45 specified in the work program.

46 (c) Development of Scientific and Natural Areas 134,000

47 \$67,000 the first year and \$67,000 the
 48 second year are from the trust fund to
 49 the commissioner of natural resources
 50 to develop and enhance lands designated
 51 as scientific and natural areas. This
 52 appropriation is available until June
 53 30, 2008, at which time the project
 54 must be completed and final products
 55 delivered, unless an earlier date is
 56 specified in the work program.

57 (d) Prairie Stewardship of Private Lands 100,000

58 \$50,000 the first year and \$50,000 the
 59 second year are from the trust fund to
 60 the commissioner of natural resources
 61 to develop stewardship plans and
 62 implement prairie management on private
 63 prairie lands on a cost-share basis
 64 with private or federal funds. This
 65 appropriation is available until June
 66 30, 2008, at which time the project
 67 must be completed and final products

1 delivered, unless an earlier date is
2 specified in the work program.

3 (e) Local Initiative Grants-Conservation
4 Partners and Environmental Partnerships 500,000

5 \$250,000 the first year and \$250,000
6 the second year are from the trust fund
7 to the commissioner of natural
8 resources to provide matching grants of
9 up to \$20,000 to local government and
10 private organizations for enhancement,
11 restoration, research, and education
12 associated with natural habitat and
13 environmental service projects.
14 Subdivision 16 applies to grants
15 awarded in the approved work program.
16 This appropriation is available until
17 June 30, 2008, at which time the
18 project must be completed and final
19 products delivered, unless an earlier
20 date is specified in the work program.

21 (f) Minnesota ReLeaf Community Forest
22 Development and Protection 500,000

23 \$250,000 the first year and \$250,000
24 the second year are from the trust fund
25 to the commissioner of natural
26 resources for acceleration of the
27 agency program and a cooperative
28 agreement with Tree Trust to protect
29 forest resources, develop
30 inventory-based management plans, and
31 provide matching grants to communities
32 to plant native trees. At least
33 \$390,000 of this appropriation must be
34 used for grants to communities. For
35 the purposes of this paragraph, the
36 match must be a nonstate contribution,
37 but may be either cash or qualifying
38 in-kind. This appropriation is
39 available until June 30, 2008, at which
40 time the project must be completed and
41 final projects delivered, unless an
42 earlier date is specified in the work
43 program.

44 (g) Integrated and Pheromonal Control of
45 Common Carp 550,000

46 \$275,000 the first year and \$275,000
47 the second year are from the trust fund
48 to the University of Minnesota for the
49 second biennium to research new options
50 for controlling common carp. This
51 appropriation is available until June
52 30, 2009, at which time the project
53 must be completed and final products
54 delivered, unless an earlier date is
55 specified in the work program.

56 (h) Biological Control of European Buckthorn
57 and Garlic Mustard 200,000

58 \$100,000 the first year and \$100,000
59 the second year are from the trust fund
60 to the commissioner of natural
61 resources to research potential insects
62 for biological control of invasive
63 European buckthorn species for the

1 second biennium and to introduce and
 2 evaluate insects for biological control
 3 of garlic mustard. This appropriation
 4 is available until June 30, 2008, at
 5 which time the project must be
 6 completed and final products delivered,
 7 unless an earlier date is specified in
 8 the work program.

9 (i) Land Exchange Revolving Fund for
 10 Aitkin, Cass, and Crow Wing Counties 500,000

11 \$250,000 the first year and \$250,000
 12 the second year are from the trust fund
 13 to the commissioner of natural
 14 resources for an agreement with Aitkin
 15 County for a six-year revolving loan
 16 fund to improve public and private land
 17 ownership patterns, increase management
 18 efficiency, and protect critical
 19 habitat in Aitkin, Cass, and Crow Wing
 20 Counties. By June 30, 2011, Aitkin
 21 County shall repay the \$500,000 to the
 22 commissioner of finance for deposit in
 23 the environment and natural resources
 24 trust fund.

25 Subd. 6. Recreation 7,160,000 5,559,000

26 Summary by Fund

27 Trust Fund 5,560,000 5,559,000

28 State Land and Water Conservation
 29 Account (LAWCON) 1,600,000 -0-

30 (a) State Park and Recreation Area
 31 Land Acquisition 2,000,000

32 \$1,000,000 the first year and
 33 \$1,000,000 the second year are from the
 34 trust fund to the commissioner of
 35 natural resources to acquire
 36 in-holdings for state park and
 37 recreation areas. Land acquired with
 38 this appropriation must be sufficiently
 39 improved to meet at least minimum
 40 management standards as determined by
 41 the commissioner of natural resources.
 42 This appropriation is available until
 43 June 30, 2008, at which time the
 44 project must be completed and final
 45 products delivered, unless an earlier
 46 date is specified in the work program.

47 (b) LAWCON Federal Reimbursements 1,600,000

48 \$1,600,000 is from the State Land and
 49 Water Conservation Account (LAWCON) in
 50 the natural resources fund to the
 51 commissioner of natural resources for
 52 priorities established by the
 53 commissioner for eligible state
 54 projects and administrative and
 55 planning activities consistent with
 56 Minnesota Statutes, section 116P.14,
 57 and the federal Land and Water
 58 Conservation Fund Act. Subdivision 16
 59 applies to grants awarded in the
 60 approved work program. This
 61 appropriation is contingent upon

1 receipt of the federal obligation and
 2 remains available until June 30, 2008,
 3 at which time the project must be
 4 completed and final products delivered,
 5 unless an earlier date is specified in
 6 the work program.

7 (c) State Park and Recreation Area
 8 Revenue-Enhancing Development 200,000

9 \$100,000 the first year and \$100,000
 10 the second year are from the trust fund
 11 to the commissioner of natural
 12 resources to enhance revenue generation
 13 in the state's park and recreation
 14 system.

15 (d) Best Management Practices for Parks
 16 and Outdoor Recreation 200,000

17 \$100,000 the first year and \$100,000
 18 the second year are from the trust fund
 19 to the commissioner of natural
 20 resources for an agreement with the
 21 Minnesota Recreation and Park
 22 Association to develop and evaluate
 23 opportunities to more efficiently
 24 manage Minnesota's parks and outdoor
 25 recreation areas.

26 (e) Metropolitan Regional Parks Acquisition,
 27 Rehabilitation, and Development 2,000,000

28 \$1,000,000 the first year and
 29 \$1,000,000 the second year are from the
 30 trust fund to the commissioner of
 31 natural resources for an agreement with
 32 the Metropolitan Council for subgrants
 33 for the acquisition, development, and
 34 rehabilitation in the metropolitan
 35 regional park system, consistent with
 36 the Metropolitan Council regional
 37 recreation open space capital
 38 improvement plan. This appropriation
 39 may not be used for the purchase of
 40 residential structures, may be used to
 41 reimburse implementing agencies for
 42 acquisition as expressly approved in
 43 the work program, and must be matched
 44 by at least 40 percent of nonstate
 45 money. Subdivision 16 applies to
 46 grants awarded in the approved work
 47 program. This appropriation is
 48 available until June 30, 2008, at which
 49 time the project must be completed and
 50 final products delivered, unless an
 51 earlier date is specified in the work
 52 program. If a project financed under
 53 this program receives a federal grant
 54 award, the availability of the
 55 financing from this paragraph for that
 56 project is extended to equal the period
 57 of the federal grant.

58 (f) Gitchi-Gami State Trail 500,000

59 \$250,000 the first year and \$250,000
 60 the second year are from the trust fund
 61 to the commissioner of natural
 62 resources, in cooperation with the
 63 Gitchi-Gami Trail Association, for the

1 fourth biennium, to design and
 2 construct approximately two miles of
 3 Gitchi-Gami State Trail segments. This
 4 appropriation is available until June
 5 30, 2008, at which time the project
 6 must be completed and final products
 7 delivered. If this project receives a
 8 federal grant award, the availability
 9 of the financing from this paragraph
 10 for the project is extended to equal
 11 the period of the federal grant.

12 (g) Casey Jones State Trail 1,200,000

13 \$600,000 the first year and \$600,000
 14 the second year are from the trust fund
 15 to the commissioner of natural
 16 resources in cooperation with the
 17 Friends of the Casey Jones Trail
 18 Association for land acquisition and
 19 development of the Casey Jones State
 20 Trail in southwest Minnesota. This
 21 appropriation is available until June
 22 30, 2008, at which time the project
 23 must be completed and final products
 24 delivered. If this project receives a
 25 federal grant award, the availability
 26 of the financing from this paragraph
 27 for the project is extended to equal
 28 the period of the federal grant.

29 (h) Paul Bunyan State Trail Connection 400,000

30 \$200,000 the first year and \$200,000
 31 the second year are from the trust fund
 32 to the commissioner of natural
 33 resources to acquire land to connect
 34 the Paul Bunyan State Trail within the
 35 city of Bemidji.

36 (i) Minnesota River Trail Planning 200,000

37 \$100,000 the first year and \$100,000
 38 the second year are from the trust fund
 39 to the commissioner of natural
 40 resources for an agreement with the
 41 University of Minnesota to provide
 42 trail planning assistance to three
 43 communities along the Minnesota River
 44 State Trail.

45 (j) Local Initiative Grants-Parks and Natural Areas 1,200,000

46 \$600,000 the first year and \$600,000
 47 the second year are from the trust fund
 48 to the commissioner of natural
 49 resources to provide matching grants to
 50 local governments for acquisition and
 51 development of natural and scenic areas
 52 and local parks as provided in
 53 Minnesota Statutes, section 85.019,
 54 subdivisions 2 and 4a, and regional
 55 parks outside of the metropolitan
 56 area. Grants may provide up to 50
 57 percent of the nonfederal share of the
 58 project cost, except nonmetropolitan
 59 regional park grants may provide up to
 60 60 percent of the nonfederal share of
 61 the project cost. \$500,000 of this
 62 appropriation is for land acquisition
 63 for a proposed county regional park on

1 Kraemer Lake in Stearns County. The
 2 commission will monitor the grants for
 3 approximate balance over extended
 4 periods of time between the
 5 metropolitan area, under Minnesota
 6 Statutes, section 473.121, subdivision
 7 2, and the nonmetropolitan area through
 8 work program oversight and periodic
 9 allocation decisions. For the purposes
 10 of this paragraph, the match must be a
 11 nonstate contribution, but may be
 12 either cash or qualifying in-kind.
 13 Recipients may receive funding for more
 14 than one project in any given grant
 15 period. Subdivision 16 applies to
 16 grants awarded in the approved work
 17 program. This appropriation is
 18 available until June 30, 2008, at which
 19 time the project must be completed and
 20 final products delivered.

21 (k) Regional Park Planning for Nonmetropolitan
 22 Urban Areas 86,000

23 \$43,000 the first year and \$43,000 the
 24 second year are from the trust fund to
 25 the commissioner of natural resources
 26 for an agreement with the University of
 27 Minnesota to develop a plan for a
 28 system of regional recreation areas for
 29 major outstate urban complexes in
 30 Minnesota.

31 (l) Local and Regional Trail Grant Initiative Program 700,000

32 \$350,000 the first year and \$350,000
 33 the second year are from the trust fund
 34 to the commissioner of natural
 35 resources to provide matching grants to
 36 local units of government for the cost
 37 of acquisition, development,
 38 engineering services, and enhancement
 39 of existing and new trail facilities.
 40 Subdivision 16 applies to grants
 41 awarded in the approved work program.
 42 This appropriation is available until
 43 June 30, 2008, at which time the
 44 project must be completed and final
 45 products delivered, unless an earlier
 46 date is specified in the work program.
 47 In addition, if a project financed
 48 under this program receives a federal
 49 grant award, the availability of the
 50 financing from this paragraph for that
 51 project is extended to equal the period
 52 of the federal grant.

53 (m) Mesabi Trail 1,000,000

54 \$500,000 the first year and \$500,000
 55 the second year are from the trust fund
 56 to the commissioner of natural
 57 resources for an agreement with St.
 58 Louis and Lake Counties Regional Rail
 59 Authority for the seventh biennium to
 60 acquire and develop segments for the
 61 Mesabi Trail. This appropriation is
 62 available until June 30, 2008, at which
 63 time the project must be completed and
 64 final products delivered. If this
 65 project receives a federal grant award,

1 the availability of the financing from
 2 this paragraph for the project is
 3 extended to equal the period of the
 4 federal grant.

5 (n) Cannon Valley Trail Belle Creek Bridge
 6 Replacement 300,000

7 \$150,000 the first year and \$150,000
 8 the second year are from the trust fund
 9 to the commissioner of natural
 10 resources for an agreement with the
 11 Cannon Valley Trail Joint Powers Board
 12 for bridge replacement of the Belle
 13 Creek Bridge on the Cannon Valley
 14 Trail. This appropriation must be
 15 matched by at least \$44,000 of nonstate
 16 money.

17 (o) Arrowhead Regional Bike Trail Connections Plan 83,000

18 \$42,000 the first year and \$41,000 the
 19 second year are from the trust fund to
 20 the commissioner of natural resources
 21 for an agreement with the Arrowhead
 22 Regional Development Commission to
 23 analyze the Arrowhead's major bike
 24 trails and plan new trail connections.

25 (p) Land Acquisition, Minnesota Landscape Arboretum 650,000

26 \$325,000 the first year and \$325,000
 27 the second year are from the trust fund
 28 to the University of Minnesota for an
 29 agreement with the University of
 30 Minnesota Landscape Arboretum
 31 Foundation for the sixth biennium to
 32 acquire land from willing sellers.
 33 This appropriation must be matched by
 34 an equal amount of nonstate money.
 35 This appropriation is available until
 36 June 30, 2008, at which time the
 37 project must be completed and final
 38 products delivered, unless an earlier
 39 date is specified in the work program.

40 (q) Development and Rehabilitation of Minnesota
 41 Shooting Ranges 300,000

42 \$150,000 the first year and \$150,000
 43 the second year are from the trust fund
 44 to the commissioner of natural
 45 resources to provide technical
 46 assistance and matching grants to local
 47 communities and recreational shooting
 48 and archery clubs for the purpose of
 49 developing or rehabilitating shooting
 50 and archery facilities for public use.
 51 Recipient facilities must be open to
 52 the general public at reasonable times
 53 and for a reasonable fee on a walk-in
 54 basis. This appropriation is available
 55 until June 30, 2008, at which time the
 56 project must be completed and final
 57 products delivered, unless an earlier
 58 date is specified in the work program.

59 (r) Birding Maps 100,000

60 \$50,000 the first year and \$50,000 the
 61 second year are from the trust fund to

1 the commissioner of natural resources
2 for an agreement with Audubon Minnesota
3 to create a new birding trail guide for
4 the North Shore/Arrowhead region and
5 reprint and distribute guides for three
6 existing birding trails.

7 Subd. 7. Water Resources 3,027,000 3,000,000

8 Summary by Fund

9 Trust Fund 2,999,000 3,000,000

10 Great Lakes Protection
11 Account 28,000

12 (a) Local Water Management Matching Challenge Grants 1,000,000

13 \$500,000 the first year and \$500,000
14 the second year are from the trust fund
15 to the Board of Water and Soil
16 Resources to accelerate the local water
17 management challenge grant program
18 under Minnesota Statutes, sections
19 103B.3361 to 103B.3369, through
20 matching grants to implement high
21 priority activities in state-approved
22 comprehensive water management plans.
23 For the purposes of this paragraph, the
24 match must be a nonstate contribution,
25 but may be either cash or qualifying
26 in-kind. The grants may be provided on
27 an advance basis as specified in the
28 work program. This appropriation is
29 available until June 30, 2008, at which
30 time the project must be completed and
31 final products delivered, unless an
32 earlier date is specified in the work
33 program.

34 (b) Accelerating and Enhancing Surface Water
35 Monitoring for Lakes and Streams 600,000

36 \$300,000 the first year and \$300,000
37 the second year are from the trust fund
38 to the commissioner of the Pollution
39 Control Agency for acceleration of
40 agency programs and cooperative
41 agreements with the Minnesota Lakes
42 Association, Rivers Council of
43 Minnesota, and the University of
44 Minnesota to accelerate monitoring
45 efforts through assessments, citizen
46 training, and implementation grants.
47 This appropriation is available until
48 June 30, 2008, at which time the
49 project must be completed and final
50 products delivered, unless an earlier
51 date is specified in the work program.

52 (c) Effects of Land Retirements on the
53 Minnesota River 300,000

54 \$150,000 the first year and \$150,000
55 the second year are from the trust fund
56 to the Board of Water and Soil
57 Resources for a cooperative agreement
58 with the U.S. Geological Survey to
59 evaluate effects of retired or
60 set-aside agricultural lands on the
61 water quality and aquatic habitat of

1 streams in the Minnesota River Basin in
 2 order to enhance prioritization of
 3 future land retirements. This
 4 appropriation must be matched by an
 5 equal amount of nonstate money. This
 6 appropriation is available until June
 7 30, 2008, at which time the project
 8 must be completed and final products
 9 delivered, unless an earlier date is
 10 specified in the work program.

11 (d) Recycling Treated Municipal Wastewater for
 12 Industrial Water Use 300,000

13 \$150,000 the first year and \$150,000
 14 the second year are from the trust fund
 15 to the commissioner of natural
 16 resources for an agreement with the
 17 Metropolitan Council to determine the
 18 feasibility of recycling treated
 19 municipal wastewater for industrial
 20 use, characterize industrial water
 21 demand and quality, and determine the
 22 costs to treat municipal wastewater to
 23 meet specific industrial needs.

24 (e) Unwanted Hormone Therapy: Protecting Water
 25 and Public Health 300,000

26 \$150,000 the first year and \$150,000
 27 the second year are from the trust fund
 28 to the University of Minnesota to
 29 determine where behavior-altering
 30 estrogenic compounds come from and how
 31 they are distributed in wastewater
 32 treatment plants. This appropriation
 33 is available until June 30, 2008, at
 34 which time the project must be
 35 completed and final products delivered,
 36 unless an earlier date is specified in
 37 the work program.

38 (f) Climate Change Impacts on Minnesota's
 39 Aquatic Resources 250,000

40 \$125,000 the first year and \$125,000
 41 the second year are from the trust fund
 42 to the University of Minnesota, Natural
 43 Resources Research Institute, to
 44 quantify climate, hydrologic, and
 45 ecological variability and trends; and
 46 identify indicators of future climate
 47 change effects on aquatic systems.
 48 This appropriation is available until
 49 June 30, 2008, at which time the
 50 project must be completed and final
 51 products delivered, unless an earlier
 52 date is specified in the work program.

53 (g) Green Roof Cost Share and Monitoring 350,000

54 \$175,000 the first year and \$175,000
 55 the second year are from the trust fund
 56 to the commissioner of natural
 57 resources for an agreement with Ramsey
 58 Conservation District to install green,
 59 vegetated roofs on four commercial or
 60 industrial buildings in Roseville and
 61 Falcon Heights and to monitor their
 62 effectiveness for stormwater
 63 management, flood reduction, water

1 quality, and energy efficiency. The
 2 cost of the installations must be
 3 matched by at least 50 percent nonstate
 4 money.

5 (h) Woodchip Biofilter Treatment of Feedlot Runoff 270,000

6 \$135,000 the first year and \$135,000
 7 the second year are from the trust fund
 8 to the commissioner of natural
 9 resources for agreements with Stearns
 10 County Soil and Water Conservation
 11 District and the University of
 12 Minnesota to treat feedlot runoff with
 13 woodchip biofilters to remove
 14 pollutants and assess improvements to
 15 surface water quality. This
 16 appropriation is available until June
 17 30, 2008, at which time the project
 18 must be completed and final products
 19 delivered, unless an earlier date is
 20 specified in the work program.

21 (i) Improving Water Quality on the Central Sands 587,000

22 \$294,000 the first year and \$293,000
 23 the second year are from the trust fund
 24 to the commissioner of natural
 25 resources for agreements with the
 26 University of Minnesota and the Central
 27 Lakes College Agricultural Center to
 28 reduce nitrate and phosphorus losses to
 29 groundwater and surface waters of sandy
 30 ecoregions through the development,
 31 promotion, and adoption of new farming
 32 and land management practices and
 33 techniques. This appropriation is
 34 available until June 30, 2008, at which
 35 time the project must be completed and
 36 final products delivered, unless an
 37 earlier date is specified in the work
 38 program.

39 (j) Improving Impaired Watersheds: Conservation
 40 Drainage Research 300,000

41 \$150,000 the first year and \$150,000
 42 the second year are from the trust fund
 43 to the commissioner of agriculture to
 44 analyze conservation drainage systems
 45 at University of Minnesota research and
 46 outreach centers for opportunities to
 47 retrofit drainage infrastructure with
 48 water quality improvement
 49 technologies. This appropriation is
 50 available until June 30, 2008, at which
 51 time the project must be completed and
 52 final products delivered, unless an
 53 earlier date is specified in the work
 54 program.

55 (k) Hydrology, Habitat, and Energy Potential
 56 of Mine Lakes 500,000

57 \$188,000 the first year and \$211,000
 58 the second year are from the trust fund
 59 to the commissioner of natural
 60 resources for agency work and
 61 agreements with Architectural
 62 Resources, Inc., and Northeast
 63 Technical Services, Inc., for a

1 coordinated effort of the Central Iron
2 Range Initiative to establish ultimate
3 mine water elevations, outflows, and
4 quality; design optimum future mineland
5 configurations for fish habitat and
6 lakeshore development; and evaluate
7 wind-pumped hydropower potential.
8 \$62,000 the first year and \$39,000 the
9 second year are from the trust fund to
10 the Minnesota Geological Survey at the
11 University of Minnesota to assess the
12 geology and mine pit morphometry.

13 (l) Hennepin County Beach Water Quality
14 Monitoring Project 100,000

15 \$50,000 the first year and \$50,000 the
16 second year are from the trust fund to
17 the commissioner of natural resources
18 for an agreement with Hennepin County
19 to develop a predictive model for
20 on-site determination of beach water
21 quality to prevent outbreaks of
22 waterborne illnesses and provide
23 related water safety outreach to the
24 public.

25 (m) Southwest Minnesota Floodwater Retention Projects 500,000

26 \$250,000 the first year and \$250,000
27 the second year are from the trust fund
28 to the commissioner of natural
29 resources for an agreement with Area II
30 MN River Basin Projects, Inc., to
31 acquire easements and construct four
32 floodwater retention projects in the
33 Minnesota River Basin to improve water
34 quality and waterfowl habitat.

35 (n) Upgrades to Blue Heron Research Vessel 295,000

36 \$28,000 is from the Great Lakes
37 protection account in the first year
38 and \$133,000 the first year and
39 \$134,000 the second year are from the
40 trust fund to the University of
41 Minnesota, Large Lakes Observatory, to
42 upgrade and overhaul the Blue Heron
43 Research Vessel.

44 (o) Bassett Creek Valley Channel Restoration 175,000

45 \$87,000 the first year and \$88,000 the
46 second year are from the trust fund to
47 the commissioner of natural resources
48 for an agreement with the city of
49 Minneapolis for design and engineering
50 activities for habitat restoration and
51 water quality and channel improvements
52 for Bassett Creek Valley.

53 (p) Restoration of Indian Lake 200,000

54 \$100,000 the first year and \$100,000
55 the second year are from the trust fund
56 to the commissioner of natural
57 resources for agreements with MN
58 Environmental Services and Bemidji
59 State University to demonstrate the
60 removal of excess nutrients from Indian
61 Lake in Wright County. This

1 appropriation is contingent on all
2 appropriate permits being obtained.

3 Subd. 8. Land Use and Natural Resource
4 Information 1,000,000 1,000,000

5 Summary by Fund

6 Trust Fund 1,000,000 1,000,000

7 (a) Minnesota County Biological Survey 1,000,000

8 \$500,000 the first year and \$500,000
9 the second year are from the trust fund
10 to the commissioner of natural
11 resources for the tenth biennium to
12 accelerate the survey that identifies
13 significant natural areas and
14 systematically collects and interprets
15 data on the distribution and ecology of
16 native plant communities, rare plants,
17 and rare animals.

18 (b) Soil Survey 500,000

19 \$250,000 the first year and \$250,000
20 the second year are from the trust fund
21 to the Board of Water and Soil
22 Resources to accelerate digitizing of
23 completed soil surveys for Web-based
24 user application and for agreements
25 with Pine and Crow Wing Counties to
26 begin soil surveys. The new soil
27 surveys must be done on a cost-share
28 basis with local and federal funds.
29 This appropriation is available until
30 June 30, 2008, at which time the
31 project must be completed and final
32 products delivered, unless an earlier
33 date is specified in the work program.

34 (c) Land Cover Mapping for Natural Resource Protection 250,000

35 \$125,000 the first year and \$125,000
36 the second year are from the trust fund
37 to the commissioner of natural
38 resources for an agreement with
39 Hennepin County to develop GIS tools
40 for prioritizing natural areas for
41 protection and restoration and to
42 update and complete land cover
43 classification mapping.

44 (d) Open Space Planning and Protection 250,000

45 \$125,000 the first year and \$125,000
46 the second year are from the trust fund
47 to the commissioner of natural
48 resources for an agreement with Anoka
49 Conservation District to protect open
50 space by identifying high priority
51 natural resource corridors through
52 planning, conservation easements, and
53 land dedication as part of development
54 processes.

55 Subd. 9. Agriculture and Natural
56 Resource Industries 1,342,000 1,341,000

57 Summary by Fund

1	Trust Fund	1,342,000	1,341,000
2	(a) Completing Third-Party Certification		
3	of DNR Forest Lands		250,000
4	\$125,000 the first year and \$125,000		
5	the second year are from the trust fund		
6	to the commissioner of natural		
7	resources for third-party assessment		
8	and certification of 4,470,000 acres of		
9	DNR-administered lands under forest		
10	sustainability standards established by		
11	two internationally recognized forest		
12	certification systems, the Forest		
13	Stewardship Council system, and the		
14	Sustainable Forestry Initiative system.		
15	(b) Third-Party Certification of Private Woodlands		376,000
16	\$188,000 the first year and \$188,000		
17	the second year are from the trust fund		
18	to the University of Minnesota, Cloquet		
19	Forestry Center, to pilot a third-party		
20	certification assessment framework for		
21	nonindustrial private forest owners.		
22	(c) Sustainable Management of Private Forest Lands		874,000
23	\$437,000 the first year and \$437,000		
24	the second year are from the trust fund		
25	to the commissioner of natural		
26	resources to develop stewardship plans		
27	for private forested lands, implement		
28	stewardship plans on a cost-share basis		
29	and for conservation easements matching		
30	federal funds. This appropriation is		
31	available until June 30, 2008, at which		
32	time the project must be completed and		
33	final products delivered, unless an		
34	earlier date is specified in the work		
35	program.		
36	(d) Evaluating Riparian Timber Harvesting		
37	Guidelines: Phase 2		333,000
38	\$167,000 the first year and \$166,000		
39	the second year are from the trust fund		
40	to the University of Minnesota for a		
41	second biennium to assess the timber		
42	harvesting riparian management		
43	guidelines for postharvest impacts on		
44	terrestrial, aquatic, and wildlife		
45	habitat. This appropriation is		
46	available until June 30, 2008, at which		
47	time the project must be completed and		
48	final products delivered, unless an		
49	earlier date is specified in the work		
50	program.		
51	(e) Third Crops for Water Quality-Phase 2		500,000
52	\$250,000 the first year and \$250,000		
53	the second year are from the trust fund		
54	to the commissioner of natural		
55	resources for cooperative agreements		
56	with Rural Advantage and the University		
57	of Minnesota to accelerate adoption of		
58	third crops to enhance water quality,		
59	diversify cropping systems, supply		
60	bioenergy, and provide wildlife habitat		
61	through demonstration, research, and		

1 education. This appropriation is
2 available until June 30, 2008, at which
3 time the project must be completed and
4 final products delivered, unless an
5 earlier date is specified in the work
6 program.

7 (f) Bioconversion of Potato Waste into
8 Marketable Biopolymers 350,000

9 \$175,000 the first year and \$175,000
10 the second year are from the trust fund
11 to the commissioner of natural
12 resources for an agreement with Bemidji
13 State University to evaluate the
14 bioconversion of potato waste into
15 plant-based plastics.

16 Subd. 10. Energy 1,896,000 1,896,000

17 Summary by Fund

18 Trust Fund 1,896,000 1,896,000

19 (a) Clean Energy Resource Teams and Community Wind
20 Energy Rebate Programs 700,000

21 \$350,000 the first year and \$350,000
22 the second year are from the trust fund
23 to the commissioner of commerce.
24 \$300,000 of this appropriation is to
25 provide technical assistance to
26 implement cost-effective conservation,
27 energy efficiency, and renewable energy
28 projects. \$400,000 of this
29 appropriation is to assist two
30 Minnesota communities in developing
31 locally owned wind energy projects by
32 offering financial assistance rebates.

33 (b) Planning for Economic Development
34 via Energy Independence 240,000

35 \$120,000 the first year and \$120,000
36 the second year are from the trust fund
37 to the commissioner of natural
38 resources for an agreement with the
39 University of Minnesota-Duluth to
40 evaluate the socioeconomic benefits of
41 statewide and community renewable
42 energy production and distribution by
43 analyzing system installation,
44 technical capabilities,
45 cost-competitiveness, economic impacts,
46 and policy incentives.

47 (c) Manure Methane Digester Compatible Wastes
48 and Electrical Generation 100,000

49 \$50,000 the first year and \$50,000 the
50 second year are from the trust fund to
51 the commissioner of agriculture to
52 research the potential for a centrally
53 located, multifarm manure digester and
54 the potential use of compatible waste
55 streams with manure digesters.

56 (d) Dairy Farm Digesters 336,000

57 \$168,000 the first year and \$168,000
58 the second year are from the trust fund

1 to the commissioner of natural
2 resources for an agreement with the
3 Minnesota Project for a pilot project
4 to evaluate anaerobic digester
5 technology on average size dairy farms
6 of 50 to 300 cows.

7 (e) Wind to Hydrogen Demonstration 800,000

8 \$400,000 the first year and \$400,000
9 the second year are from the trust fund
10 to the commissioner of natural
11 resources for an agreement with the
12 University of Minnesota, West Central
13 Research and Outreach Center, to
14 develop a model community-scale
15 wind-to-hydrogen facility.

16 (f) Natural Gas Production from
17 Agricultural Biomass 100,000

18 \$50,000 the first year and \$50,000 the
19 second year are from the trust fund to
20 the commissioner of natural resources
21 for an agreement with Sebesta Blomberg
22 and Associates to demonstrate potential
23 natural gas yield using anaerobic
24 digestion of blends of chopped grasses
25 or crop residue with hog manure and
26 determine optimum operating conditions
27 for conversion to natural gas.

28 (g) Biomass-Derived Oils for Generating Electricity
29 and Reducing Emissions 150,000

30 \$75,000 the first year and \$75,000 the
31 second year are from the trust fund to
32 the University of Minnesota to evaluate
33 the environmental and performance
34 benefits of using renewable
35 biomass-derived oils, such as soybean
36 oil, for generating electricity.

37 (h) Phillips Biomass Community Energy System 900,000

38 \$450,000 the first year and \$450,000
39 the second year are from the trust fund
40 to the commissioner of natural
41 resources for an agreement with
42 Phillips Community Energy Cooperative
43 to assist in the distribution system
44 equipment and construction costs for a
45 biomass district energy system. This
46 appropriation is contingent on all
47 appropriate permits being obtained and
48 a signed commitment of financing for
49 the biomass electrical generating
50 facility being in place.

51 (i) Laurentian Energy Authority Biomass Project 466,000

52 \$233,000 the first year and \$233,000
53 the second year are from the trust fund
54 to the commissioner of natural
55 resources for an agreement with
56 Virginia Public Utility to lease land
57 and plant approximately 1,000 acres of
58 trees to support a proposed conversion
59 to a biomass power plant.

60 Subd. 11. Environmental Education 360,000 360,000

1	Summary by Fund		
2	Trust Fund	360,000	360,000
3	(a) Enhancing Civic Understanding of Groundwater		150,000
4	\$75,000 the first year and \$75,000 the		
5	second year are from the trust fund to		
6	the commissioner of natural resources		
7	for an agreement with the Science		
8	Museum of Minnesota to create		
9	groundwater exhibits and a statewide		
10	traveling groundwater classroom		
11	program. This appropriation is		
12	available until June 30, 2008, at which		
13	time the project must be completed and		
14	final products delivered, unless an		
15	earlier date is specified in the work		
16	program.		
17	(b) Cedar Creek Natural History Area Interpretive		
18	Center and Restoration		400,000
19	\$200,000 the first year and \$200,000		
20	the second year are from the trust fund		
21	to the commissioner of natural		
22	resources for an agreement with the		
23	University of Minnesota, Cedar Creek		
24	Natural History Area, to restore 400		
25	acres of savanna and prairie; construct		
26	a Science Interpretive Center to		
27	publicly demonstrate technologies for		
28	energy efficiency; and create		
29	interpretive trails. This		
30	appropriation is available until June		
31	30, 2008, at which time the project		
32	must be completed and final products		
33	delivered, unless an earlier date is		
34	specified in the work program.		
35	(c) Environmental Problem-Solving Model		
36	for Twin Cities Schools		75,000
37	\$38,000 the first year and \$37,000 the		
38	second year are from the trust fund to		
39	the commissioner of natural resources		
40	for an agreement with Eco Education to		
41	train high school students and teachers		
42	on environmental problem solving.		
43	(d) Tamarack Nature Center Exhibits		95,000
44	\$47,000 the first year and \$48,000 the		
45	second year are from the trust fund to		
46	the commissioner of natural resources		
47	for an agreement with Ramsey County		
48	Parks and Recreation Department to		
49	develop interactive ecological exhibits		
50	at Tamarack Nature Center.		
51	Subd. 12. Children's Environmental		
52	Health	100,000	100,000
53	Summary by Fund		
54	Trust Fund	100,000	100,000
55	Minnesota Children's Pesticide Exposure		
56	Reduction Initiative		200,000
57	\$100,000 the first year and \$100,000		

1 the second year are appropriated to the
2 commissioner of agriculture to reduce
3 children's pesticide exposure through
4 parent education on alternative pest
5 control methods and safe pesticide use.

6 Subd. 13. Data Availability Requirements

7 (a) During the biennium ending June 30,
8 2007, data collected by the projects
9 funded under this section that have
10 value for planning and management of
11 natural resource, emergency
12 preparedness, and infrastructure
13 investments must conform to the
14 enterprise information architecture
15 developed by the Office of Technology.
16 Spatial data must conform to geographic
17 information system guidelines and
18 standards outlined in that architecture
19 and adopted by the Minnesota Geographic
20 Data Clearinghouse at the Land
21 Management Information Center. A
22 description of these data that adheres
23 to Office of Technology geographic
24 metadata standards must be submitted to
25 the Land Management Information Center
26 to be made available on-line through
27 the clearinghouse, and the data
28 themselves must be accessible and free
29 to the public unless made private under
30 the Data Practices Act, Minnesota
31 Statutes, chapter 13.

32 (b) To the extent practicable, summary
33 data and results of projects funded
34 under this section should be readily
35 accessible on the Internet and
36 identified as an environment and
37 natural resources trust fund project.

38 (c) As part of project expenditures,
39 recipients of land acquisition
40 appropriations must provide the
41 information necessary to update public
42 recreation information maps to the
43 Department of Natural Resources in the
44 form specified by the department.

45 Subd. 14. Project Requirements

46 It is a condition of acceptance of the
47 appropriations in this section that any
48 agency or entity receiving the
49 appropriation must comply with
50 Minnesota Statutes, chapter 116P, and
51 vegetation planted must be native to
52 Minnesota and preferably of the local
53 ecotype unless the work program
54 approved by the commission expressly
55 allows the planting of species that are
56 not native to Minnesota.

57 Subd. 15. Match Requirements

58 Unless specifically authorized,
59 appropriations in this section that
60 must be matched and for which the match
61 has not been committed by December 31,
62 2005, are canceled, and in-kind
63 contributions may not be counted as

1 matching funds.

2 Subd. 16. Payment Conditions and Capital Equipment Expenditures

3 All agreements, grants, or contracts
4 referred to in this section must be
5 administered on a reimbursement basis
6 unless otherwise provided in this
7 section. Notwithstanding Minnesota
8 Statutes, section 16A.41, expenditures
9 made on or after July 1, 2005, or the
10 date the work program is approved,
11 whichever is later, are eligible for
12 reimbursement unless otherwise provided
13 in this section. Payment must be made
14 upon receiving documentation that
15 project-eligible, reimbursable dollar
16 amounts have been expended, except that
17 reasonable amounts may be advanced to
18 projects to accommodate cash flow needs
19 or match federal funds. The advances
20 must be approved as part of the work
21 program. No expenditures for capital
22 equipment are allowed unless expressly
23 authorized in the project work program.

24 Subd. 17. Purchase of Recycled and Recyclable Materials

25 A political subdivision, public or
26 private corporation, or other entity
27 that receives an appropriation in this
28 section must use the appropriation in
29 compliance with Minnesota Statutes,
30 sections 16B.121 and 16B.122, requiring
31 the purchase of recycled, repairable,
32 and durable materials; the purchase of
33 uncoated paper stock; and the use of
34 soy-based ink, the same as if it were a
35 state agency.

36 Subd. 18. Energy Conservation

37 A recipient to whom an appropriation is
38 made in this section for a capital
39 improvement project shall ensure that
40 the project complies with the
41 applicable energy conservation
42 standards contained in law, including
43 Minnesota Statutes, sections 216C.19
44 and 216C.20, and rules adopted
45 thereunder. The recipient may use the
46 energy planning, advocacy, and state
47 energy office units of the Department
48 of Commerce to obtain information and
49 technical assistance on energy
50 conservation and alternative energy
51 development relating to the planning
52 and construction of the capital
53 improvement project.

54 Subd. 19. Accessibility

55 Structural and nonstructural facilities
56 must meet the design standards in the
57 Americans with Disability Act (ADA)
58 accessibility guidelines.

59 Sec. 3. Minnesota Statutes 2004, section 116P.05,
60 subdivision 2, is amended to read:

1 Subd. 2. [DUTIES.] (a) The commission shall recommend a
2 budget plan for expenditures from the environment and natural
3 resources trust fund and shall adopt a strategic plan as
4 provided in section 116P.08.

5 (b) The commission shall recommend expenditures to the
6 legislature from the state land and water conservation account
7 in the natural resources fund.

8 (c) It is a condition of acceptance of the appropriations
9 made from the Minnesota environment and natural resources trust
10 fund, and oil overcharge money under section 4.071, subdivision
11 2, that the agency or entity receiving the appropriation must
12 submit a work program and semiannual progress reports in the
13 form determined by the Legislative Commission on Minnesota
14 Resources, and comply with applicable reporting requirements
15 under section 116P.16. None of the money provided may be spent
16 unless the commission has approved the pertinent work program.

17 (d) The peer review panel created under section 116P.08
18 must also review, comment, and report to the commission on
19 research proposals applying for an appropriation from the oil
20 overcharge money under section 4.071, subdivision 2.

21 (e) The commission may adopt operating procedures to
22 fulfill its duties under chapter 116P.

23 [EFFECTIVE DATE.] This section is effective for interests
24 in land acquired after June 30, 2005.

25 Sec. 4. [116P.16] [REAL PROPERTY INTEREST REPORT.]

26 By December 1 each year, a recipient of an appropriation
27 from the trust fund, that is used for the acquisition of an
28 interest in real property, must submit annual reports on the
29 status of the real property to the Legislative Commission on
30 Minnesota Resources in a form determined by the commission. The
31 responsibility for reporting under this section may be
32 transferred by the recipient of the appropriation to another
33 person who holds the interest in the real property. To complete
34 the transfer of reporting responsibility, the recipient of the
35 appropriation must:

36 (1) inform the person to whom the responsibility is

1 transferred of that person's reporting responsibility;
 2 (2) inform the person to whom the responsibility is
 3 transferred of the property restrictions under section 116P.15;
 4 and
 5 (3) provide written notice to the commission of the
 6 transfer of reporting responsibility, including contact
 7 information for the person to whom the responsibility is
 8 transferred.

9 After the transfer, the person who holds the interest in the
 10 real property is responsible for reporting requirements under
 11 this section.

12 [EFFECTIVE DATE.] This section is effective for interests
 13 in land acquired after June 30, 2005.

14 Sec. 5. Laws 2003, chapter 128, article 1, section 9,
 15 subdivision 6, is amended to read:

16 Subd. 6. Recreation 7,622,000 5,870,000

17 Summary by Fund

18 Trust Fund 5,622,000 5,870,000
 19 State Land and Conservation
 20 Account (LAWCON) 2,000,000

21 (a) State Park and Recreation Area Land
 22 Acquisition

23 \$750,000 the first year and \$750,000
 24 the second year are from the trust fund
 25 to the commissioner of natural
 26 resources to acquire in-holdings for
 27 state park and recreation areas. Land
 28 acquired with this appropriation must
 29 be sufficiently improved to meet at
 30 least minimum management standards as
 31 determined by the commissioner of
 32 natural resources. This appropriation
 33 is available until June 30, 2006, at
 34 which time the project must be
 35 completed and final products delivered,
 36 unless an earlier date is specified in
 37 the work program.

38 (b) LAWCON Federal Reimbursements

39 \$2,000,000 is from the state land and
 40 water conservation account (LAWCON) in
 41 the natural resources fund to the
 42 commissioner of natural resources for
 43 eligible state projects and
 44 administrative and planning activities
 45 consistent with Minnesota Statutes,
 46 section 116P.14, and the federal Land
 47 and Water Conservation Fund Act. This
 48 appropriation is contingent upon
 49 receipt of the federal obligation and

1 remains available until June 30, 2006,
2 at which time the project must be
3 completed and final products delivered,
4 unless an earlier date is specified in
5 the work program.

6 (c) Local Initiative Grants-Parks and
7 Natural Areas

8 \$1,290,000 the first year and
9 \$1,289,000 the second year are from the
10 trust fund to the commissioner of
11 natural resources for matching grants
12 to local governments for acquisition
13 and development of natural and scenic
14 areas and local parks as provided in
15 Minnesota Statutes, section 85.019,
16 subdivisions 2 and 4a, and regional
17 parks outside of the metropolitan
18 area. Grants may provide up to 50
19 percent of the nonfederal share of the
20 project cost, except nonmetropolitan
21 regional park grants may provide up to
22 60 percent of the nonfederal share of
23 the project cost. The commission will
24 monitor the grants for approximate
25 balance over extended periods of time
26 between the metropolitan area, under
27 Minnesota Statutes, section 473.121,
28 subdivision 2, and the nonmetropolitan
29 area through work program oversight and
30 periodic allocation decisions. For the
31 purposes of this paragraph, the match
32 must be a nonstate contribution, but
33 may be either cash or qualifying
34 in-kind. Recipients may receive
35 funding for more than one project in
36 any given grant period. This
37 appropriation is available until June
38 30, 2006, at which time the project
39 must be completed and final products
40 delivered.

41 (d) Metropolitan Regional Parks
42 Acquisition, Rehabilitation, and
43 Development

44 \$1,670,000 the first year and
45 \$1,669,000 the second year are from the
46 trust fund to the commissioner of
47 natural resources for an agreement with
48 the metropolitan council for subgrants
49 for the acquisition, development, and
50 rehabilitation in the metropolitan
51 regional park system, consistent with
52 the metropolitan council regional
53 recreation open space capital
54 improvement plan. This appropriation
55 may not be used for the purchase of
56 residential structures. This
57 appropriation may be used to reimburse
58 implementing agencies for acquisition
59 of nonresidential property as expressly
60 approved in the work program. This
61 appropriation is available until June
62 30, 2006, at which time the project
63 must be completed and final products
64 delivered, unless an earlier date is
65 specified in the work program. In
66 addition, if a project financed under
67 this program receives a federal grant,

1 the availability of the financing from
2 this paragraph for that project is
3 extended to equal the period of the
4 federal grant.

5 (e) Local and Regional Trail Grant
6 Initiative Program

7 \$160,000 the first year and \$160,000
8 the second year are from the trust fund
9 to the commissioner of natural
10 resources to provide matching grants to
11 local units of government for the cost
12 of acquisition, development,
13 engineering services, and enhancement
14 of existing and new trail facilities.
15 This appropriation is available until
16 June 30, 2006, at which time the
17 project must be completed and final
18 products delivered, unless an earlier
19 date is specified in the work program.
20 In addition, if a project financed
21 under this program receives a federal
22 grant, the availability of the
23 financing from this paragraph for that
24 project is extended to equal the period
25 of the federal grant.

26 (f) Gitchi-Gami State Trail

27 \$650,000 the first year and \$650,000
28 the second year are from the trust fund
29 to the commissioner of natural
30 resources, in cooperation with the
31 Gitchi-Gami Trail Association, for the
32 third biennium, to design and construct
33 approximately five miles of Gitchi-Gami
34 state trail segments. This
35 appropriation must be matched by at
36 least \$400,000 of nonstate money. The
37 availability of the financing from this
38 paragraph is extended to equal the
39 period of any federal money received.

40 (g) Water Recreation: Boat Access,
41 Fishing Piers, and Shore-fishing

42 \$450,000 the first year and \$700,000
43 the second year are from the trust fund
44 to the commissioner of natural
45 resources to acquire and develop public
46 water access sites statewide, construct
47 shore-fishing and pier sites, and
48 restore shorelands at public accesses.
49 This appropriation is available until
50 June 30, 2006, at which time the
51 project must be completed and final
52 products delivered, unless an earlier
53 date is specified in the work program.

54 (h) Mesabi Trail

55 \$190,000 the first year and \$190,000
56 the second year are from the trust fund
57 to the commissioner of natural
58 resources for an agreement with St.
59 Louis and Lake Counties Regional Rail
60 Authority for the sixth biennium to
61 acquire and develop segments of the
62 Mesabi trail. If a federal grant is
63 received, the availability of the

1 financing from this paragraph is
2 extended to equal the period of the
3 federal grant.

4 (i) Linking Communities Design,
5 Technology, and DNR Trail Resources

6 \$92,000 the first year and \$92,000 the
7 second year are from the trust fund to
8 the commissioner of natural resources
9 for an agreement with the University of
10 Minnesota to provide designs for up to
11 three state trails incorporating
12 recreation, natural, and cultural
13 features.

14 (j) Ft. Ridgley Historic Site
15 Interpretive Trail

16 \$75,000 the first year and \$75,000 the
17 second year are from the trust fund to
18 the Minnesota historical society to
19 construct a trail through the original
20 fort site and install interpretive
21 markers. This appropriation is
22 available until June 30, 2006, at which
23 time the project must be completed and
24 final products delivered, unless an
25 earlier date is specified in the work
26 program.

27 (k) Development and Rehabilitation of
28 Minnesota Shooting Ranges

29 \$120,000 the first year and \$120,000
30 the second year are from the trust fund
31 to the commissioner of natural
32 resources to provide technical
33 assistance and matching cost-share
34 grants to local recreational shooting
35 and archery clubs for the purpose of
36 developing or rehabilitating shooting
37 and archery facilities for public use.
38 Recipient facilities must be open to
39 the general public at reasonable times
40 and for a reasonable fee on a walk-in
41 basis. This appropriation is available
42 until June 30, 2006, at which time the
43 project must be completed and final
44 products delivered, unless an earlier
45 date is specified in the work program.

46 (l) Land Acquisition, Minnesota
47 Landscape Arboretum

48 \$175,000 the first year and \$175,000
49 the second year are from the trust fund
50 to the University of Minnesota for an
51 agreement with the University of
52 Minnesota Landscape Arboretum
53 Foundation for the fifth biennium to
54 ~~acquire in-holdings-within-the~~
55 ~~arboretum's-boundary land from willing~~
56 ~~sellers.~~ This appropriation must be
57 ~~matched~~ by an equal amount of nonstate
58 money. This appropriation is available
59 until June 30, 2006, at which time the
60 project must be completed and final
61 products delivered, unless an earlier
62 date is specified in the work program.



Short-Changed



A Summary of Minnesota's
2004-2005
State Conservation & Environment Budget

I. Introduction

Minnesota's natural resources - its lakes, rivers, prairies and forests - are key components of our state's exceptional quality of life. Citizens consistently recognize that Minnesota's clean water, clean air, rich natural landscape, and access to outdoor recreation are the things that make Minnesota a great place to live and work. Conserving these natural resources for future generations is a vital state priority.

State funding plays a critical role in the effectiveness and implementation of good conservation policies and programs. Understanding the budget process also helps citizens evaluate whether the environment is truly a priority for policy makers. This is particularly true in tight budget times when budget deficits challenge the commitment of policy makers to preserving our natural resources.

Since 2002, the Minnesota League of Conservation Voters Education Fund (MNLCVEF) has analyzed Minnesota's conservation and environment budget with several objectives in mind. While many of Minnesota's conservation and environmental groups track budgets for specific programs, there is a clear need for an overall assessment of spending proposals. As the state faces an extended period of budget deficits, citizens and organizations need information that allows them to assess ongoing trends in program funding and the effect of incremental budget cuts, shifts and reallocations.

In February 2004, Governor Tim Pawlenty issued his first Capital Budget proposal as well as a Supplemental Operating Budget for state agencies. MNLCVEF analyzed these proposals in a report at http://www.mepartnership.org/sites/VOTEMINNESOTA/sub_whatsnew.asp?new_id=571. Now we look at how the Governor's proposals fared throughout the 2004 legislative session and how the outcomes of the session will impact conservation budgets.

The analysis starts with information on the mechanics of the budgeting process and is followed by an overview of key findings. Narrative details follow for each of the agencies involved in conservation and environmental programs. Attachments A-F contain information by agency.

We would like to acknowledge the assistance of the many state employees at environment agencies and the Department of Finance who helped provide information for this report. Their assistance was, as always, invaluable.

II. The Mechanics of Budgeting

Minnesota's budgeting process works on a two-year cycle, known as a biennium. The state's fiscal year begins on July 1, so the 2004-2005 biennium actually began on July 1, 2003 and ends June 30, 2005.

During odd-numbered years, the Governor and Legislature must enact an operating budget for the coming biennium. Thus, in 2003 the Legislature passed a 2004-2005 biennium budget. In even-numbered years, most energy goes into crafting the capital investment budget, which is also known as capital bonding. In addition, it has become relatively common to have supplemental operating budgets in even years and smaller capital budgets in odd-numbered years.

The 2004 legislative session had two budget issues to address: the regular even-year capital budget and the Governor's Supplemental Budget to solve a \$160 million deficit for the remainder of the 2004-2005 operating budget.

Capital Budget

Capital budget requests are made for long-term investments such as land acquisition, building construction, and restoration projects. The capital budget is funded primarily through the sale of state-issued general obligation bonds, although in some years cash is used.¹ To be “bondable,” projects typically must have an expected lifespan of at least 20 years and must be projects involving public land or property. Projects on privately held property cannot be funded through state-financed bonds unless the state retains some type of value.²

Bonding is an important source of funding for many environmental projects that are long-term investments and will benefit generations to come. Acquisition of park lands, state forests, wildlife management areas and natural areas can all be financed with bonds. Reforestation and wetland and shoreline restoration programs are eligible, as well as the purchase of conservation easements. Construction and upgrades for wastewater treatment facilities also qualify.

Capital Budget Process

Beginning in the summer preceding a bonding session (in this case, the summer of 2003), the various state agencies compile their funding requests for bonding projects. These requests are forwarded to the Governor for his review and final recommendations which are submitted to the legislature in January. The legislature then passes its capital budget bill and sends it to the Governor. The Governor can approve or veto individual projects submitted by the legislature.

Operating Budget

Whereas the capital budget involves long term investments, the operating budget funds the day-to-day work of all state agencies and programs. The operating budget is funded from the state’s general fund and from a variety of other funds, some of which are dedicated to specific purposes.

General Fund

General fund revenue comes largely from state income and sales taxes. The general fund is the largest source of operating budget appropriations. In the 2004-2005 biennium, the general fund accounted for over \$28 billion of the total state budget of \$46.1 billion.

Other Funds

The state operating budget also includes appropriations from other funds which include receipts from user fees and other sources that are deposited in special accounts and funds that are dedicated to specific activities or uses. In the environment and conservation area, there are a number of dedicated funds, including:

- Game and Fish Fund (hunting and fishing fees)
- Natural Resource Fund (park fees, camping fees, motorized use fees)

¹ Capital budget bills frequently include smaller levels of funding from sources other than general obligation bonds, such as user financed bonds and the general fund. In this report, references to the amount of the total capital budget for a year include all these other sources.

² Bonds can be used to finance programs on private property such as the Conservation Reserve Enhancement Program (CREP) and Reinvest in Minnesota (RIM) because the state holds conservation easements.

- Environmental Fund (pollution control fees)
- Remediation Fund (Solid Waste tax)
- Special Revenue Fund (other fee revenues)
- Agricultural Fund (agricultural fees)
- Permanent School Trust Fund (revenues from school trust fund lands)
- Federal Funds (usually restricted to certain activities)
- Gift Fund (dedicated gift funds)

Some dedicated funds build a pool of money that is invested. This pool is known as the corpus. For example, the Environmental Trust Fund has used a portion of the lottery proceeds since 1991 to build its corpus to about \$300 million. Investment of the corpus generates around \$30 million in income each biennium to fund environmental projects. The Legislative Commission on Minnesota Resources (LCMR) makes recommendations on what projects to fund. The legislature then acts on these recommendations as part of the operating budget in odd-numbered years.

While this report focuses mainly on the general fund budget, we do address user fees and dedicated funds where they are used to offset general funds.

Direct, Statutory, and Open Appropriations

The majority of the operating budget consists of direct appropriations which are specific limits on spending put into law each session. This report focuses primarily on these direct appropriations, which are where most budget decisions are made.

However, the budget also includes statutory and open appropriations which consist of spending required by existing statute and which include the more fundamental, ongoing spending commitments of the state. Statutory appropriations allow access to specified funds for specific purposes based on the amount available from a specific revenue source. For example, certain solid waste fees are made available to the Office of Environmental Assistance as a statutory appropriation for metropolitan landfill abatement activities. The appropriation is limited to the amount collected from the identified fees.

Open appropriations continue indefinitely as determined by formula or participation rates specified in statute. In the conservation and environment budget, examples of open appropriations include appropriations for payment-in-lieu of taxes (PILT) made by the state to local jurisdictions for state-owned natural resource lands. Appropriations for emergency forest fire fighting costs are also a good example.

Forecasting and Budgeting Process

Minnesota law requires the Commissioner of Finance to prepare forecasts of state revenues and expenditures twice each year. These forecasts must be presented in November and February. The forecast examines a wide array of economic indicators and then compares the state's projected revenues with its projected spending.

In odd-numbered years the governor presents his biennial operating budget based on that year's February forecast. In even-numbered years the Commissioner again submits a forecast in February and the Governor usually proposes his Supplemental Operating Budget revisions for the remainder of the biennium based on the projections.

References

For additional information on the budget process, see the Department of Finance website:
<http://www.finance.state.mn.us/>

In addition, both the Minnesota House of Representatives and Senate have excellent tools for tracking budget proposals as they progress through the legislative process:

House: <http://www.house.leg.state.mn.us/fiscal/fahome.htm>

Senate: <http://www.senate.leg.state.mn.us/departments/fiscalpol/index.shtml#header>

III. Overview of Findings

The 2004 legislature found itself mired in one of the worst cases of legislative gridlock in 20 years, and as a result, little actual work was accomplished. Nevertheless, the session resulted in significant impacts to Minnesota's conservation and environment budgets. The legislature failed to pass a capital investment (bonding) bill, leaving unfunded \$144 million in environmental bonding projects proposed by the governor, and resulting in the loss of an additional \$192 million in federal matching funds. In addition, state funding for environmental programs continued to shrink, as the Governor used his executive authority to cut operating budgets for environmental agencies by an additional \$3.3 million for fiscal year 2005.

Capital Budget

The 2004 Legislature had 2 primary tasks – passing the traditional even-year bonding bill and fixing a relatively small (\$160 million) budget hole for the remainder of the 2004-05 operating budget. However, in the most serious budget stalemate in recent memory, the legislature was unable to agree on either a bonding package or a solution to the budget deficit. For the first time in over 20 years, the legislature failed to pass the traditional even-year bonding bill.

The lack of a 2004 bonding bill hits environmental programs particularly hard. Bond funds are an integral part of the regular funding mechanism for many environmental programs. These programs include loan programs to ensure the safety of drinking water facilities and wastewater treatment plants, programs to control agricultural run-off, landfill cleanup work, flood mitigation, and wildlife habitat protection.

Unlike other areas of government where bond funds may be used primarily for one-time projects such as buildings or asset preservation, these environmental programs rely on bond funds for their ongoing programmatic work in protecting Minnesota's ground water, drinking water, wetlands, and wild areas.

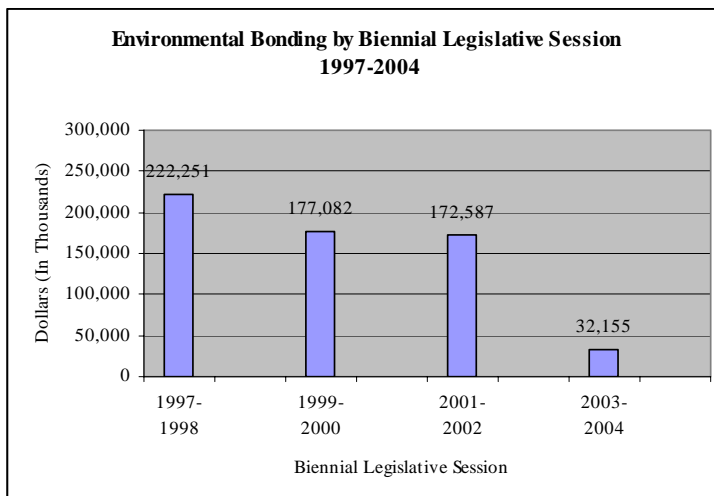
Governor Pawlenty had proposed \$144 million in 2004 environmental bonding. The vast majority of his request was non-controversial and supported in both the House and Senate proposals, as shown in **Attachment A**. All these programs were zeroed out, however, when the legislative session skidded to a stop without agreement on a final bonding package.

Serious Funding Gap for Environmental Programs

The complete absence of a bonding bill in 2004 creates a significant funding gap for these programs. As shown in Figure 1, in the 4 years from 1997 to 2000, the legislature passed \$399.3 million in

environmental bonding. From 2001 through 2004, the legislature passed a total of only \$204.7 million – about one-half the amount passed in the previous four years. **See Figure 1 and Attachment B.** Even if some of the bond dollars proposed in 2004 are finally passed in the 2005 legislative session, environmental programs will have suffered from a serious lack of new dollars since 2002.

Figure 1



Loss of Matching Dollars

Furthermore, the failure to pass a bonding bill resulted in the loss of millions of dollars in matching funds for environmental programs. The lack of a 2004 bonding bill meant the state passed up a total of **\$192.4 million** in federal matching dollars. In addition, **\$7.6 million** in matching private and local dollars were lost. **See Attachment C.**

For more detail on the impact of the lack of 2004 bond funds on individual programs and agencies, see the Narrative Details by Agency below.

Operating Budget

The second primary task of the 2004 session – balancing the remainder of the 2004-2005 budget – also fell victim to gridlock at the Capitol. When the legislature was unable to come to agreement on a budget fix, the Governor used his executive powers to unilaterally balance the budget for FY 2005.³ The governor’s solution directed most state agencies to cut 3% from their FY 2005 operating budgets (some small agencies and the Dept. of Corrections were excluded from the cuts.)

This across the board cut resulted in reductions of \$3.3 million to environmental agencies, allocated as follows:⁴

³ The Governor used administrative tools that are regularly available to him, rather than the special powers available under unallotment that were used to balance the deficit in 2003. The cuts resulting from this administrative action will be considered one-time cuts, rather than on-going cuts from the agencies’ base budgets.

⁴ House Fiscal Analysis Dept., “Governor Pawlenty’s Directives to Balance the FY 2004-2005 General Fund Budget,” *Money Matters* (June 2004.)

Agency	Reduction from FY 05 Operating Budget
DNR	\$2,266,000
MPCA	281,000
BWSR	127,000
OEA	132,000
MDA	497,000

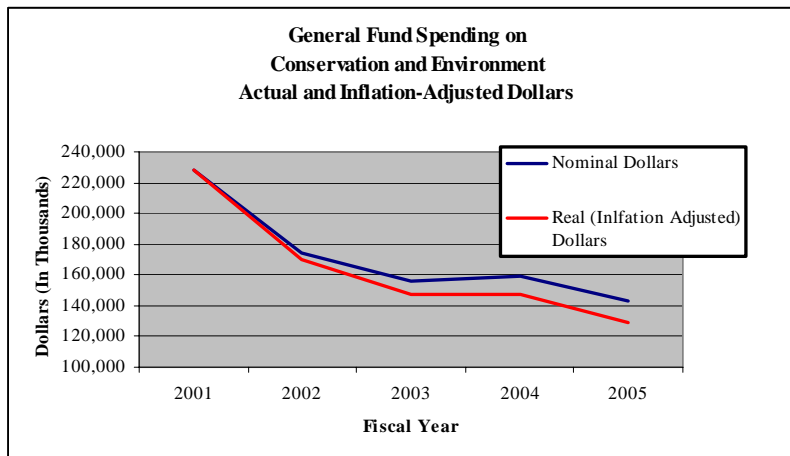
Among other things, these cuts will result in the loss of 8.5 DNR Full Time Equivalent (FTE) positions, the elimination of spring and fall camping in 7 state parks, and end of continued MPCA work on a phosphorus study and a study on the bioaccumulation of mercury in fish and loons. The effects of these cuts on the individual agencies are discussed in greater detail in the Narrative Details by Agency below.

General Fund Budgets Plummet for 4 Consecutive Years

The cuts to FY 2005 budgets mean that environmental agencies have taken dramatic cuts to their general fund budgets for 4 consecutive years as the state has struggled with an ongoing fiscal crisis. From 01 to 05, general fund spending for environmental agencies plunged – from \$228 million in 2001 to \$143 million in 2005 – a cut of \$85 million or 37%. See Attachment D.

The cuts are even more severe when inflation is taken into account. Inflation erodes the purchasing power of the dollar over time, causing agencies to spend more dollars to provide the same level of service. In real dollars (inflation adjusted), general fund spending on conservation and environment has been cut by 43% since 2001. See Figure 2 and Attachment D.⁵

Figure 2



A Shrinking State Commitment to the Environment

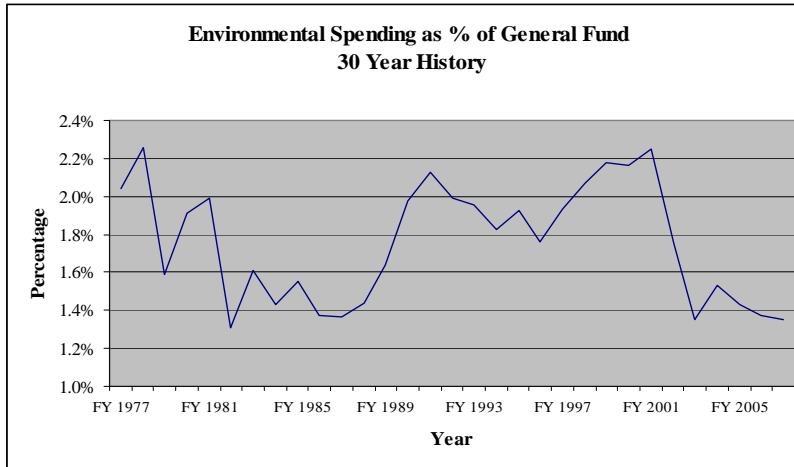
As a percentage of state general fund spending, environment budgets are now at the lowest levels in over 20 years. For fiscal 2003, only 1.35 % of the state general fund went to environment agencies - the

⁵Actual spending (without adjustment for inflation) is referred to as nominal dollars. Inflation adjusted dollars are referred to as real dollars. For this report, inflation is calculated using U.S. Dept of Commerce Bureau of Economic Analysis (BEA) Implicit Price Deflator (IPD) for state and local government purchases.

lowest percentage since 1982. Only once – in the severe state fiscal crisis of 1981-82 – has environmental spending been lower as a percentage of state general fund spending. **See Figure 3 and Attachment E.**

It is important to note that throughout this period, total state general fund revenues have actually increased. The budget deficits have been due to the fact the forecasted spending commitments, particularly in the health care area, have exceeded forecasted revenue. As the legislature struggles to balance the books and avoid extreme cuts to health care and education, the share of state spending going to the environment has shrunk.

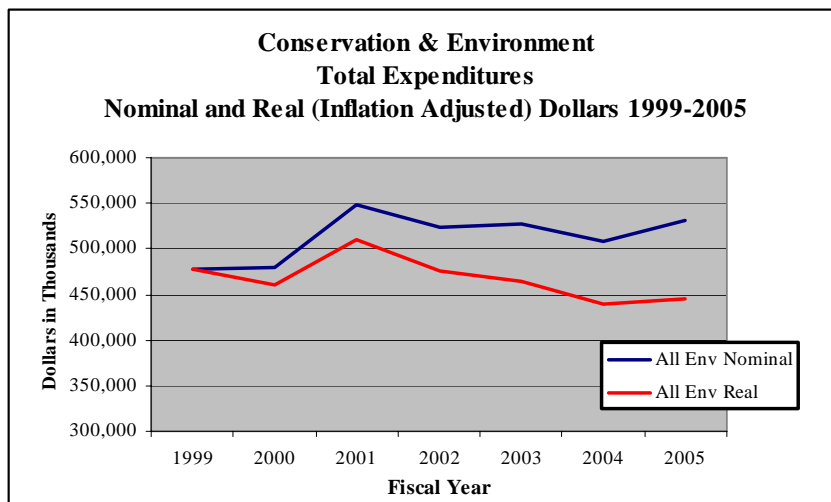
Figure 3



Total Agency Budgets Also Declining

Total agency expenditures (which include federal funds and dedicated accounts) have also seen serious cuts since 2001. In real dollars, total expenditures have declined 12 % since 2001. **See Attachment C.** When inflation is taken into account, total expenditures for environment are less now than they were in 1999. **See Figure 4 and Attachment F.**⁶

Figure 4



⁶ A spreadsheet showing individual agency spending as a percentage of all spending can be found at [\[insert link to Reference table 1\]](#).

As with general fund spending, total spending by environment agencies is shrinking as a percentage of total state spending. For 2005, only 2.4% of all state spending will go to environment agencies – the lowest percentage since 1988. **See Attachment E.**

In the last 3 years, fee increases and an infusion of federal funds have somewhat offset cuts to total agency budgets. From 2002 to 2004, federal funding to environment agencies increased from \$30,659,000 to \$45,887,000.⁷ However, these funds are typically dedicated to narrow purposes and cannot be used to backfill all areas of the budget. Also, it should be noted that available federal funds may be declining, resulting in even more dramatic erosion of agency budgets.⁸

Budget Cuts Result in Serious Staffing Losses

The cumulative effect of year-after-year budget cuts has resulted in serious staffing losses to environmental agencies. For example, from 2001 to 2005, the Board of Soil and Water Resources (BWSR) has seen a 35% cut in general fund allocation and lost 27% of its Full Time Equivalent (FTE) staff.

From 2001 to 2004, the five primary environment and conservation agencies lost a total of 349.8 FTE – a total of 9.2%. This is almost 3 times the statewide average of 3.1 % over the same period of time.⁹

What's Next – Looking to the 2005 Session

State agencies are already in the process of preparing their budgets for the 2006-2007 budget cycle. Unfortunately, it is likely that yet another round of cuts will be required. The current forecast predicts a \$1 billion budget gap, including inflationary pressures. Without inflation, the gap is about \$400 million.

Although there are some signs that the economy is improving, this is not likely to improve the budget picture because the forecast already assumes an economic upswing. The economy would have to out-perform already rosy predictions in order to change the forecast. Second, even if the budget showed a surplus, current law already allocates any such amounts to the cash flow and budget reserve accounts that have been depleted and to buying down the accounting shifts that were part of the earlier budget solutions.

Therefore, state agencies have been instructed to plan for additional budget cuts. The budget instructions direct the agencies to prioritize their programs into 3 categories: a total of 20% of spending that represents "high" priorities, 60% that are "priorities" and 20% that are "lower" priorities. This process is to be completed by Oct. 1. After that, an Executive Budget Team (EBT) will use the lists of lower priorities as the "starting point for savings discussions."

Through October, the Department of Finance will work with the agencies to examine priorities and refine the budget; in November thru mid December, the EBT will work on the recommendations to the Governor; and from mid December to mid January, the Governor will finalize his decisions. The Governor's budget will be presented on Jan 25. The budget instructions issued to state agencies are at: http://www.budget.state.mn.us/budget/operating/200607/instructions/040805_%20schowalter_letter.pdf

⁷ See 11/03 Consolidated Fund Statement, MN Dept of Finance.

⁸ See Brown, "Trends in State Environmental Spending," *The Book of the States*, (Council of State Governments, 2004).

⁹ MN Department of Finance Website, Full Time Equivalent (FTE) Information, (August, 17, 2004)

<http://www.budget.state.mn.us/budget/summary/fte/index.shtml>

Short-Changed

A Summary of Minnesota's

2004-2005 Environment and Conservation Budget

IV. Narrative Details by Agency

Department of Natural Resources (DNR)

DNR Capital Budget

The Governor's bonding request for the DNR included 23 programs for a total of \$67 million. **See Attachment A.** The centerpiece of the DNR bonding request was a proposal to increase protection of wildlife habitat. In 2002, a Citizen's Advisory Committee examined the state's wildlife management area system and concluded that an accelerated program for protecting critical habitat was urgently needed to keep the state's wildlife populations healthy. The committee recommended \$22 million per year to adequately fund the program. The Governor's recommendation of \$6 million per year fell short of this need, but still would have been a significant step forward in habitat protection and would have allowed the program to protect 8,700 acres of habitat per year. With no 2004 bond funds, the program will only be able to protect 2,500-3,000 acres in FY 2005.

The DNR's bonding request also included \$2 million for state park acquisitions. There is currently a backlog of \$12.2 million of inholdings and additions to existing state parks on the DNR's waiting list. A lack of available funding means that many of these parcels will be lost when they come on the market. Already, a 214 acre priority parcel in the Maplewood State Park has been lost as it has been broken up and 1/3 of it has been sold. In addition, one half of a 1.5 mile piece of the bluff line above Whitewater State Park (directly above the visitor center) has been written off. Other projects in jeopardy are parcels in Mille Lacs Kathio, Nerstrand, Magney and Crow Wing State Parks.

See Attachment A for the remaining DNR bonding requests.

DNR Operating Budget

The Governor's May directives to balance the budget result in a cut of \$2.266 million to the agency's 2005 general fund budget. This will result in the loss of the 8.5 FTEs.

In addition, the agency will:

- Consolidate one forestry office resulting in reduced levels of service to the public,
- Eliminate spring and fall camping in seven parks,
- Reduce the department fleet, affecting activities such as trail grooming, park ranger vehicles and administrative vehicles,
- Reduce the metro parks pass through grant by 3%,
- Reduce Parks staff by 2 positions,
- Reduce Attorney General costs,
- Reduce recruitment activities for enforcement personnel, and
- Eliminate subsidy of fleet costs. Currently the general fund has funded salaries and expenses for DNR equipment shops – this subsidy means that fleet rates do not include the full equipment costs. DNR maintenance shop operations will be converted to an enterprise center that will charge users the cost of services – basically shifting the cost of equipment maintenance to the divisions. Parks and Forestry are assigned the largest share of this amount, \$158,000 and \$210,000 respectively, which will now have to come out of their division budget.

From 2001 to 2005, the DNR's general fund direct appropriations have declined from \$124.9 million to \$83.7 million – a reduction of 33%. Its direct General Fund appropriation is now less than it was in 1997, when the agency received \$92.3 million. Total expenditures have declined by \$14.2 million or 5%,

without accounting for inflation. In real dollars, the agency's total expenditures have declined by 14% or \$39.2 million. **See Attachment F.**

From 2001 to 2004, the DNR has lost 305.8 FTEs, or 12.3%. The average for all Minnesota state agencies during this time was 3.1%.¹⁰

The 2003 Legislature increased fees on state park users by \$1.29 million per year. Despite this increase, state parks' operating and maintenance budgets have been cut by 38 % in four years. Cuts have decreased office and visitor times, and deferred regular maintenance on items such as roofing and septic. Currently, only 8 of 67 state parks have naturalists on staff.

The 2004 legislature did pass one bill with an impact on the DNR budget which should be noted. HF 2383/SF2583 was a governor's initiative that implements provisions of the Advisory Task Force on the competitiveness of Minnesota's Primary Forest Products Industry. The bill provides that timber receipts will now be deposited in a new forest management investment account in the Natural Resources fund. The result is that these funds will no longer be part of the general fund appropriation to the DNR, and instead will be dedicated funds as part of the Natural Resources fund. Although there is no net change in dollars to the DNR, the DNR's general fund base funding now reflects this decrease.

DNR Dedicated Funds

The DNR receives dedicated revenue from the "in lieu of sales tax" on lottery tickets (6.5 cents on each lottery ticket sold). Previously, 87.1 % of this amount was divided 50-50 between the Natural Resource Fund and the Game and Fish Fund. The 2003 legislature reduced this percentage to 72.4% starting in 2004.

Recent news reports have noted an increase in lottery sales for FY 2004.¹¹ One might expect that this would result in an increase in lottery in lieu funds. However, early in the year lottery sales trends forecasted that the lottery in lieu would generate only 90% of appropriated amount. Sales ultimately caught up and are now expected to match appropriations. If the lottery in lieu generates more than appropriated, the surplus is left in the funds until the next cycle to be appropriated then – the appropriation serves as the cap.

One bright spot in the DNR's funding picture has been an increase in the revenue from Critical Habitat License plates. Revenue has nearly doubled since the new "Loon" plate was offered in May of 2002, and has now reached \$3 million per year.

Minnesota Pollution Control Agency (MPCA)

MPCA Capital Budget

Closed Landfill Cleanup

MPCA's only bonding request was for Closed Landfill Cleanup funds. The Closed Landfill program protects Minnesota's groundwater by preventing the release of hazardous substances, pollutants or

¹⁰See Dept of Finance Website, FTE Information at <http://www.budget.state.mn.us/budget/summary/fte/index.shtml>

¹¹See Governor's Press Release dated July 19, 2004, "Governor Pawlenty accepts record \$100 million contribution from Minnesota State Lottery."

contaminates at publicly owned solid waste landfills. There currently are 112 such landfills across the state.

In 1994, the legislature appropriated \$90 million in bond funds over a 10 year period to pay for a phased cleanup program at these sites. However, in 2001, \$56 million of this amount was cancelled due to a new requirement that unused bond funds be cancelled after 4 years. In 2001 and 2002, the legislature appropriated \$30.5 million for the program, but the program is still short \$26 million needed to complete the cleanup. The governor requested \$14 million of this in 2004, with the expectation of requesting the remaining \$12 million in 2006.

With no bonding in 2004, the program remains \$26 million short of the original appropriation. The failure to pass bonding for the program will mean that work will proceed at only 1 or 2 of 11 priority landfills, which are located in:

- East Bethel, Anoka Co.
- Hopkins, Henn Co
- Orr, St. Louis Co.
- East Mesaba, St. Louis Co.
- Gofer, Martin Co.
- Meeker Co.
- Sibley Co.
- Floodwood, St. Louis Co.
- Brookston, St. Louis Co.
- Washington Co.
- Woodlake, Henn Co.

MPCA Operating Budget

The Governor's directives reduce the agency's budget by \$281,000 for FY 2005. The agency will allocate this reduction by:

- Eliminating ongoing work on phosphorus source estimates relating to non-point sources,
- Eliminating continued work at Voyageurs National Park related to environmental effects of bioaccumulation and methylation of mercury, leaving a gap in the understanding of the water-to-fish-to-loon mercury link.
- Reducing administrative support for building maintenance, fiscal and human resource services, and training, and
- Reducing work with the U of M Extension on innovative and continuing education of professionals and producers regarding manure management.

The MPCA's general fund direct appropriations have declined 9% from 2001 to 2005. Total expenditures vary widely depending on cleanup activities in programs funded by the Remediation Fund.

In terms of its operating budget, the agency has been cut by an average of 5.16% per year since FY 2000. Since FY 2000, the agency has lost 195 FTEs.

Office of Environmental Assistance (OEA)

OEA Capital Budget

The Governor requested \$4 million for the OEA's Capital Assistance Program. This grant program helps communities construct solid waste resource recovery facilities. The four proposals that will be left on hold due to lack of bond funds are located in **Red Wood County** (Lamberton), the city of **Red Wing**, **Olmsted County** and **Hennepin County**.

OEA Operating Budget

The Governor's directives require a reduction of \$132,000 from the 2005 operating budget. This reduction will be absorbed through unfilled vacancies and a number of small cuts.

The most significant cuts to the OEA's budget have come in the area of its operations and competitive grants. These programs have declined from \$6.3 million per year in 2001 to \$4.5 million per year in 2005 – a 29% reduction. Similarly, SCORE grants to counties for recycling programs have dropped 11%. Overall, OEA has seen a 21% reduction in its operating budget since FY 2000.

Board of Soil and Water Resources (BWSR)

BWSR Capital Budget

Conservation Reserve Enhancement Program (CREP)

As part of his clean water initiative, Governor Pawlenty highlighted his support of 2004 bonding for the Conservation Reserve Enhancement Program (CREP), a program which reduces agricultural run-off and soil erosion by retiring marginal farmland.¹² The Governor requested \$22 million for CREP, which would have been matched by nearly \$100 million in federal funds.

After considerable negotiation, both the House and Senate included the CREP proposal in their bond packages. **See Attachment A**. The failure to pass the bonding bill this year, however, will probably mean that the state will have to re-apply for the federal match in 2005.

Local Road Wetland Replacement

The Governor also proposed \$4.4 million in bonding for the Local Road Wetland Replacement Program. This program pays for the replacement of wetlands lost due to construction projects by local governments for road improvements. Until 2003, the program had been chronically under funded, and Governor Pawlenty initially recommended repealing the program in his 2003 budget. During the 2003 legislative session, this issue was involved in larger negotiations over wetland regulation, and as part of a fragile agreement among the stakeholders, an agreement was reached to fund the wetland program through the bonding bill. The small bonding bill passed in 2003 thus included \$2.7 million for wetland road replacement.

The \$4.4 million requested by the Governor in 2004 was the amount necessary to bring the program up to current demand. The bond funds from 2003 are currently being used to meet the backlog of wetland credit

¹² See Press Release, "Governor Outlines Clean Water Vision for Minnesota," June 24, 2003.

requirements from the previous two years. Since the program will not receive any new bond funds in 2005, it will continue to work in a backlog situation, with replacements occurring 1-2 years after the initial loss of the wetland.

Shoreland Protection Program

In this program BWSR worked with local Soil and Water Conservation Districts to protect undeveloped shoreline and to restore shorelines with serious erosion problems. The program received a double punch in this legislative session – not only did the Governor zero out its bonding request, the language needed to extend the scheduled sunset of the program was included in the budget balancing bill which never passed. Thus, the program has now been allowed to sunset, and would have to be a new initiative if it is to be brought back.

BWSR Operating Budget

Because BWSR's budget is over 90% general fund, it has suffered the most drastic cuts of all the conservation agencies. Since 2001, BWSR has taken a total 35% cut to its general fund and a 31% cut to its total expenditure budget. FTE's have been reduced by 27%.

The Governor's May directives cut \$127,000 from the 2005 budget. This cut will be absorbed through unfilled vacancies and other small reductions.

The budget balancing bill also contained language to provide money for a new Milk Producers Environmental Quality Assurance Program. This program continued a LCMR funding project that partnered BWSR with the Milk Producers and focused on establishing criteria for expansions and siting of new facilities. However, this language and the money to go with it were both lost when the budget balancing bill failed to pass.

Minnesota Dept. of Agriculture (MDA)

MDA Operating Budget

The Governor's May Directives require MDA to cut \$497,000 from its 2005 operating budget. This cut will be taken largely (\$333,838) from the operating budget for the agency's agriculture marketing and development programs. Another \$83,500 will be taken from Non Point Source programs.

MDA Capital Budget

No conservation-related bonding requests were proposed by MDA.

Dept. of Employment and Economic Development (DEED)

DEED Capital Budget

The Department of Employment and Economic Development (DEED) plays a significant role in ensuring the safety of drinking water and wastewater systems by administering wastewater treatment grant and loan programs. It also manages EPA state program matches for Clean Water Act funding. This work is done through DEED's Public Facilities Authority (PFA).

State Clean Water Matching Funds

DEED requested 2004 bonding for the Water Pollution Control Revolving Fund (Clean Water SRF) and the Drinking Water Revolving Fund (Drinking Water SRF). These funds leverage PFA revenue bonds to provide low interest loans for water projects across the state. The Clean Water SRF also funds the MPCA's Clean Water Partnership and MDA's Best Management Practices loan programs for non-point source pollution control. State funds are matched by a 5 to 1 federal match.

The bonding requests for these programs and the expected federal match were as follows:

	<u>State Match</u>	<u>Federal Match</u>
Clean Water SRF	\$9,900,000	\$49,500,000
Drinking Water SRF	\$6,380,000	\$31,900,000
Total	\$16,280,000	\$81,400,000

The Governor, House and Senate all included the full state portion in their bonding proposals.

However, because no bonding bill was passed and no federal funds will be received, fewer wastewater projects will be funded in 2005. Only carryover projects from 2004 will receive Clean Water SRF loans. Thirty-five projects with loan requests totaling \$144 million are now listed as below the fundable range. In 2005, loans totaling \$101 million will be available compared to loans totaling \$198 million in 2004. The list of projects that will not be funded is included in the Draft 2005 Intended Use Plan at http://www.deed.state.mn.us/Community/pdf/2005_WPCRF_iup_draft.pdf

Similarly, fewer drinking water projects will receive loans. Thirty-eight local projects are now listed as below the fundable range. See the Draft 2005 Intended Use Plan at http://www.deed.state.mn.us/Community/pdf/2005_DWRF_IUP_draft.pdf

The PFA has also indicated that, due to limited fund capacity, it will not provide additional funds in FY 2005 to the MPCA for the Clean Water Partnership loan program or to the Dept. of Agriculture for the Agriculture Best Management Practices loan program. These programs will have to rely on loan repayment funds for their 2005 application cycle.

Wastewater Infrastructure Fund (WIF)

The WIF program provides grant money to supplement the Clean Water SRF and MDA's Rural Development loan programs for wastewater treatment. This is gap financing tool for communities in need of grants. WIF usually helps smaller communities that otherwise would have no way to construct treatment systems.

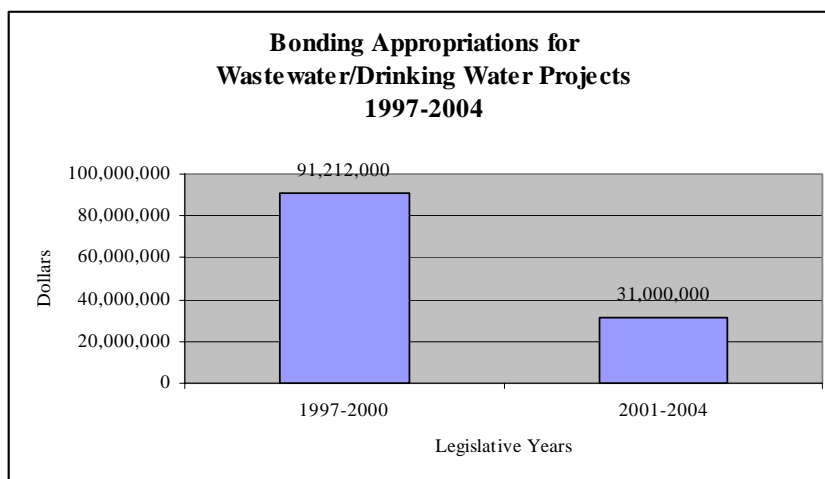
The Governor proposed \$10 million for WIF, plus \$200,000 in administration costs. The House proposed \$20,976,000, and the Senate proposed \$39,250,000. **See Attachment A.**

The lack of a bonding bill means there will be no new funds for the WIF program. In some cases, projects will be put off, and in others, local governments will foot the bill. For example, both the House and Senate bills included WIF funds for a needed sewerage overflow storage facility for the Western Lake Superior Sanitary District. This project is mandated by the EPA, and will have to be built despite the lack of state funds. The Sanitary District will be forced to pass the costs of the project on to Duluth residents, who already pay the highest sewage rates in the state. The concern is that forcing residents to pay the entire cost of this project will lead to increased resistance to future needs for wastewater improvements.

In other communities where such costs cannot be passed on to users, the projects will simply not go forward.

The lack of 2004 bonding has created a substantial funding gap for wastewater and drinking water projects. In the past 4 years, the legislature has appropriated only \$31 million for these projects. This amount falls seriously short of the \$91 million appropriated in the previous 4 years. See Figure 5.

Figure 5



This drop in funding has come at a time of increasing need. The MPCA prepares an annual statewide Project Priority List (PPL) for wastewater projects. The current PPL includes 231 projects with an estimated cost of \$1.7 billion. The outstanding statewide need is even greater. In Greater Minnesota, many communities are relying on wastewater treatment facilities that were constructed in the 1930s and which have outlived their design life. A West Central Initiative study has estimated that there is an outstanding need for \$2.8 billion in wastewater treatment improvements in greater Minnesota alone.¹³ Failure to provide consistent funding for these projects only pushes the costs on to future generations.

In addition, there is some concern that federal matching funds may be drying up. Both the Bush administration and the U.S. House of Representatives have proposed SRF budgets that would reduce Minnesota's available matching funds by about one-third.¹⁴ Continued state commitment to water infrastructure projects will thus be critical to ensuring that the funding gap for these projects does not loom even larger.

¹³ West Central Initiative, Infrastructure Study for West Central Minnesota Communities (January 2003.) (See www.wcif.org.) See also Brown, "Trends in State Environmental Spending," *The Book of the States* (Council of State Governments, 2004) (noting infrastructure gap due to shortage of funds to replace aging treatment systems.) See also USEPA "The Clean Water and Drinking Water Infrastructure Gap Analysis" (Sept. 2002) (<http://216.239.41.104/search?q=cache:X3Y-TQDo8owJ:www.epa.gov/safewater/gapreport.pdf+epa+clean+water+gap+analysis&hl=en&ie=UTF-8>)

¹⁴NRDC Press Release, "Congress Turning Off the Tap on Clean Water Funding?" (August 5, 2004)(www.nrdc.org/media/pressreleases/040805c.asp)

2004 Capital Budget Proposals for Conservation & Environment

(Dollars in Thousands)

Department of Natural Resources				
PROJECT (In order of agency ranking)	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
Flood Hazard Mitigation Grants	20,000	20,000	20,000	29,880
Dam Repair/Reconstruction/Removal	1,000	1,000	1,200	1,000
RIM Critical Habitat Match	4,000	4,000	2,000	3,000
RIM Wildlife Area Land Acquisition	12,000	12,000	6,000	10,000
Fisheries Acquisition and Improvement	1,082	1,050	1,000	1,050
Water Access, Acquisition, Betterment, Piers	3,500	3,500	3,000	3,500
Stream Protection & Restoration	500	500	0	500
Reforestation	3,000	3,000	3,000	3,000
Metro Greenways and Natural Areas	1,000	1,000	0	1,000
Native Prairie Bank Easements	1,000	1,000	0	1,000
Scientific and Natural Areas Acquisition	500	300	300	500
State Trail Acquisition & Dev	2,000	2,000	6,200	8,860
County Forest Land Reforestation	1,000	1,000	0	1,000
Fish Hatchery Improvements	1,750	1,750	0	1,750
RIM Wildlife Area Development	1,000	600	0	600
State Forest Land Acquisition	1,300	1,000	1,000	2,000
Forest Roads and Bridges	1,300	1,000	0	1,000
State Park Acquisition	3,000	2,000	2,000	3,000
State Park Bldg Dev. & Rehab/Infrastructure	18,200	3,000	1,300	6,900
RIM Con-Con Boundary Survey	1,000	0	0	0
Shooting Range Dev.	1,000	0	0	0
Lake Superior Safe Harbors	3,500	2,000	0	2,000
Local Initiative Grants/Local Park Grants	2,500	0	2,000	1,000
State Trail Connections	250	0	0	0
Statewide Asset Preservation	5,000	2,000	0	2,000
Field Office Renovation & Improvements	4,000	1,000	0	1,000
Office Facilities Dev.	6,854	2,300	0	3,600
Regional Parks: Greater Minnesota	0	0	3,000	0
Canoe and Boating Routes	0	0	0	500
DNR TOTALS	101,236	67,000	52,000	89,640

Pollution Control Agency				
PROJECT	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
Closed Landfill Bonding	26,092	14,000	14,000	10,000
PCA TOTALS	26,092	14,000	14,000	10,000

Office of Environmental Assistance				
PROJECT	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
Capital Assistance Program	22,466	4,000	4,000	4,000
OEA TOTALS	22,466	4,000	4,000	4,000

Board of Water and Soil Resources				
PROJECT	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
RIM Reserve and CREP	23,200	22,000	20,000	23,000
Local Government Road Wetland Replacement	4,362	4,362	3,000	3,000
Streambank, Lakeshore & Roadside Erosion Ctl	5,260	0	0	500
MN River Basin Grant in Aid	0	0	0	500
BWSR TOTAL	32,822	26,362	23,000	27,000

Employment and Economic Development - Selected Programs				
PROJECT	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
EPA Drinking Water/Wastewater Capitalization	16,280	16,280	16,280	16,280
Wastewater Infrastructure Fund	30,600	10,200	10,000	30,600
Two Harbors Wastewater	0	0	1,071	1,500
Duluth Wastewater	0	0	4,950	4,950
Grants to Local Governments - Water Projects				
Middle St Croix	0	0	1,550	0
Askov	0	0	1,215	0
Richmond	0	0	1,700	0
Garrison Kathio Mille Lacs Sanitary Dist	0	0	0	997
Central Iron Range Sanitary Dist	0	0	500	1,700
New TMDL Grants	0	0	0	1,000
DEED TOTALS	46,880	26,480	37,266	57,027

Metropolitan Council - Selected Programs				
PROJECT	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3057)
Metro Parks Capital Improvements	10,466	7,000	7,000	18,988

	Agency Request	Governor's Budget	House (H.F. 2991)	Senate (S.F. 3052)
Total Conservation & Env Bonding	239,962	144,842	137,266	206,655

Ten-year Bonding History for Conservation & Environment

(Dollars in Thousands)

(Year of Bonding Bill)	1995	1996	1997	1998	1999	2000	2001	2002 (Post Governor's Vetoes)	2003	2004
Total Capital Budget	34,307	617,166	111,025	999,042	131,187	606,907	118,205	673,137	230,890	0
GO Bonds	5,630	597,110	86,625	438,184	139,510	470,900	99,205	586,555	183,256	0
General Fund	332	8,253	13,600	500,047	0	98,011	0	2,146	0	0
Capital Budget by Environmental Agency/Program										
Agency										
Dept. of Natural Res.	1,875	36,176	4,000	130,251	18,968	73,027	2,000	69,450	10,755	0
Pollution Control	750	3,550	7,400	0	0	0	20,500	10,000	0	0
Office of Env. Assist.	0	3,000	0	3,500	3,000	2,000	0	1,150	0	0
Bd. of Water & Soil	0	14,750	0	19,800	1,375	23,800	53,487	0	6,400	0
Other Env Programs										
Wastewater Infrastructure Fund	0	17,500	7,000	15,300	20,500	18,319	0	0	15,000	0
Drinking Water and Wastewater Projects	0	4,000	0	15,000	2,200	12,893	0	16,000	0	0
Metro Parks										0
Contaminated Site			7,000							
AG - BMP/ISTS Loans			4,000			1,000				
Water Pollution Revolving Fund				9,000						
Conservation & Environment Capital Budget	2,625	78,976	29,400	192,851	46,043	131,039	75,987	96,600	32,155	0
Percent of Total Capital Bill	8%	13%	26%	19%	35%	22%	64%	14%	14%	

Legislative Session	1995-1996	1997-1998	1999-2000	2001-2002	2003-2004
Env Bonding Totals	81,601	222,251	177,082	172,587	32,155

**Conservation and Environment
2004 Capital Budget Proposals
Federal and Private/Local Matching Funds**

State Agency	Program	Governor's Request	Federal Matching Funds	Private & Local Matching Funds
BWSR	Conservation Reserve Enhancement Program (CREP)	23,000,000	100,000,000	
DEED	EPA Lean Water/Drinking Water State Revolving Funds	16,280,000	81,400,000	
DNR	State Forest Acquisitions - Forest Legacy	1,000,000	6,000,000	
DNR	Scientific and Natural Areas	300,000		600,000
DNR	Metro Greenways	1,000,000		1,000,000
DNR	Local Initiative Grants	0		2,500,000
DNR	Flood Hazard Mitigation Acquisition	20,000,000	5,000,000	3,520,000
	Totals	\$61,580,000	\$192,400,000	\$7,620,000

**Five Year History
Conservation and Environment Operating Budgets**

General Fund Direct Expenditures and Total Expenditures

Totals - All Conservation and Environment Agencies

Nominal Dollars

	2001	2002	2003	2004	2005	% Change
	(Actual)	(Actual)	(Closing)	(5/04 Est)	(5/04 Est)*	01 to 05
General Fund Direct	228,232	174,074	155,959	158,974	143,307	-37%
Total Expenditures	547,896	523,631	528,038	509,774	531,259	-3%

Real (Inflation Adjusted) Dollars

(Adjusted to Constant 2001 Dollars)

General Fund Direct	228,232	169,897	147,669	147,119	129,563	-43%
Total Expenditures	547,896	511,066	499,970	471,758	480,309	-12%

Agency

Department of Natural Resources

General Fund Direct	124,924	101,016	99,998	96,844	83,711	-33%
Total Expenditures	305,768	280,144	304,587	288,799	291,551	-5%

Minnesota Pollution Control Agency

General Fund Direct	15,931	13,704	11,015	15,791	14,434	-9%
Total Expenditures**	90,667	105,514	114,855	119,139	127,115	40%

Office of Environmental Assistance

General Fund Direct	21,680	18,380	8,878	11,847	11,589	-47%
Total Expenditures	26,203	28,588	29,442	23,189	23,600	-10%

Board of Soil and Water Resources

General Fund Direct	23,577	20,757	13,045	15,513	15,304	-35%
Total Expenditures	25,026	23,367	14,141	16,748	17,221	-31%

Department of Agriculture

General Fund Direct***	42,120	20,217	23,023	18,979	18,269	-57%
Total Expenditures	100,232	86,018	65,013	61,899	71,772	-28%

*Includes reductions as result of the Governor's May 2004 Directives to Balance the Budget.

**MPCA Total Expenditures can vary widely depending primarily on clean up activities in programs funded by the remediation fund. For further information see <http://www.pca.state.mn.us/publications/gp1-02.pdf>.

***Does not include ethanol appropriations which changed from open to direct in 2004.

Source: Minn. Dept. of Finance, Biennial Budget System. Inflation calculated using U.S. Dept of Commerce Bureau of Economic Analysis (BEA) Implicit Price Deflator (IPD) for state and local government purchases.

Environment Agencies as % of State Spending							
30 Year History							
(Dollars in Thousands)							
Fiscal Year	General Fund				All Operating Funds		
	All Env. Agencies GF Spending	All State GF Spending	Env. Agencies as % of Total		All Env. Agencies Operating Fund Spending	All State Operating Funds Spending	Env Agencies as % of Total
1976	44,220	2,249,186	1.97%		64,862	3,542,829	1.83%
1977	54,614	2,673,696	2.04%		79,192	4,066,075	1.95%
1978	66,885	2,966,946	2.25%		93,204	4,502,157	2.07%
1979	51,452	3,235,942	1.59%		81,338	4,566,521	1.78%
1980	67,922	3,550,678	1.91%		101,865	5,092,660	2.00%
1981	71,812	3,615,402	1.99%		110,922	5,321,601	2.08%
1982	59,004	4,508,716	1.31%		106,627	6,169,927	1.73%
1983	60,033	3,727,672	1.61%		109,388	5,558,266	1.97%
1984	68,148	4,762,395	1.43%		129,629	7,182,788	1.80%
1985	78,509	5,045,419	1.56%		146,555	7,587,042	1.93%
1986	68,203	4,971,802	1.37%		163,026	7,680,372	2.12%
1987	72,721	5,317,938	1.37%		158,347	8,174,456	1.94%
1988	79,825	5,547,108	1.44%		173,365	8,716,032	1.99%
1989	97,975	5,976,905	1.64%		229,360	9,111,701	2.52%
1990	132,226	6,692,148	1.98%		266,606	10,049,734	2.65%
1991	147,740	6,943,226	2.13%		296,639	10,572,985	2.81%
1992	142,775	7,170,862	1.99%		317,798	11,105,690	2.86%
1993	143,249	7,325,972	1.96%		325,726	11,573,140	2.81%
1994	148,599	8,136,482	1.83%		340,122	12,736,690	2.67%
1995	165,818	8,603,280	1.93%		370,169	13,489,714	2.74%
1996	159,678	9,078,190	1.76%		369,008	13,982,381	2.64%
1997	184,679	9,550,908	1.93%		406,952	14,854,354	2.74%
1998	211,519	10,212,246	2.07%		434,485	15,738,264	2.76%
1999	239,387	10,980,862	2.18%		473,203	16,994,119	2.78%
2000	248,487	11,476,286	2.17%		489,392	17,599,570	2.78%
2001	285,319	12,702,745	2.25%		567,328	19,398,428	2.92%
2002	223,707	12,753,956	1.75%		535,126	20,105,589	2.66%
2003	188,065	13,894,158	1.35%		542,368	22,551,869	2.40%
2004*	211,894	13,844,280	1.53%		635,550	23,406,565	2.72%
2005*	204,215	14,267,152	1.43%		558,261	23,307,634	2.40%
2006**	201,836	14,706,450	1.37%		532,553	23,966,310	2.22%
2007**	202,498	14,995,358	1.35%		528,178	24,266,557	2.18%

*5-04 Fcst Amt

**Planning Estimate

Source: Minn. Dept. of Finance, Consolidated Fund Statements. Note that GF numbers are both open and direct, and Operating Funds are larger than Total Expenditures in Biennial Budget documents because Operating Funds includes internal revolving funds wi

**Conservation & Environment Agencies
Total Expenditures 1997-2005*
Nominal and Real (Inflation Adjusted**) Dollars**

(Adjusted to Constant 1999 Dollars)

Dollars in Thousands

Fiscal Year	IPD Index	DNR Nominal Dollars	DNR Inflation Adjusted	PCA Nominal Dollars	PCA Inflation Adjustedj	OEA Nominal Dollars	OEA Inflation Adjusted	BWSR Nominal Dollars	BWSR Inflation Adjusted	MDA Nominal Dollars	MDA Inflation Adjusted	All Env. Nominal	All Env. Inflation Adjusted
1997	91.414	221,946	232,273	78,549	82,204	23,791	24,898	17,156	17,954	57,032	59,686	398,474	417,015
1998	92.9343	235,808	242,743	83,984	86,454	21,403	22,032	17,401	17,913	67,950	69,948	426,546	439,091
1999	95.6675	249,459	249,459	86,874	86,874	22,967	22,967	20,354	20,354	98,940	98,940	478,594	478,594
2000	100	262,360	250,993	88,876	85,025	26,272	25,134	22,578	21,600	80,425	76,941	480,511	459,693
2001	102.853	305,768	284,406	90,667	84,333	26,203	24,372	25,026	23,278	100,232	93,230	547,896	509,619
2002	105.3818	280,144	254,320	105,514	95,788	28,588	25,953	23,367	21,213	86,018	78,089	523,631	475,362
2003	108.627	304,587	268,249	114,855	101,152	29,442	25,929	14,141	12,454	65,013	57,257	528,038	465,042
2004	111.0412	288,799	248,815	119,139	102,644	23,189	19,978	16,063	13,839	61,899	53,329	509,089	438,605
2005	113.7634	291,551	245,175	127,115	106,895	23,600	19,846	17,221	14,482	71,772	60,356	531,259	446,754

*Source: Biennial Budget Documents.

**Inflation calculated using U.S. Dept of Commerce Bureau of Economic Analysis (BEA) Implicit Price Deflator (IPD) for state and local government purchases.

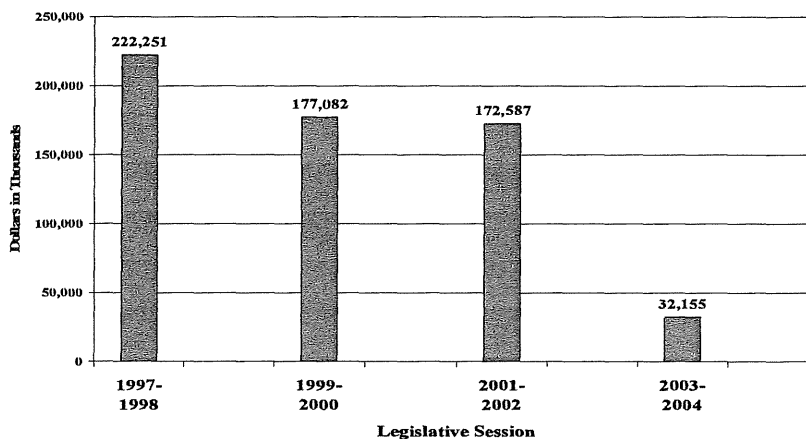
Summary of Minnesota's 2004-2005 Conservation & Environment Budget

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January 2005

Figure 1
Conservation Bonding by
2-Year Legislative Session
1997-2004



Impacts – Lack of 2004 Bond Funds

Serious funding gap

- Many programs rely on bond funds for ongoing programmatic work in protecting Minnesota's groundwater, drinking water, and wetlands and wild areas.

Loss of matching funds - \$192M

- Until bonding is passed, state is missing out on \$192 million in federal, local and private matching dollars.

Figure 2
 Direct General Fund Expenditures for
 Conservation Agencies
 2001-2005

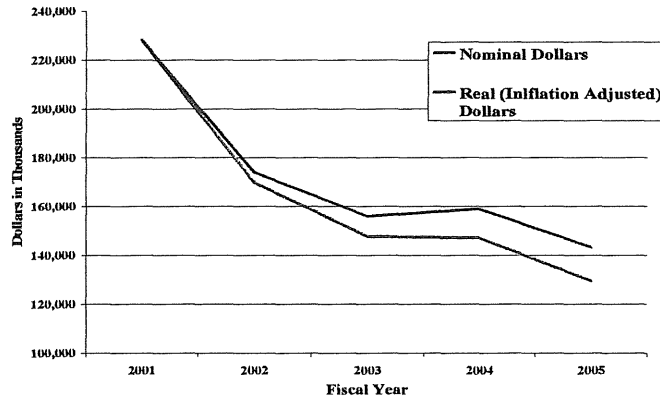


Figure 3
 Conservation Spending as % of
 Total State General Fund
 30 Year History

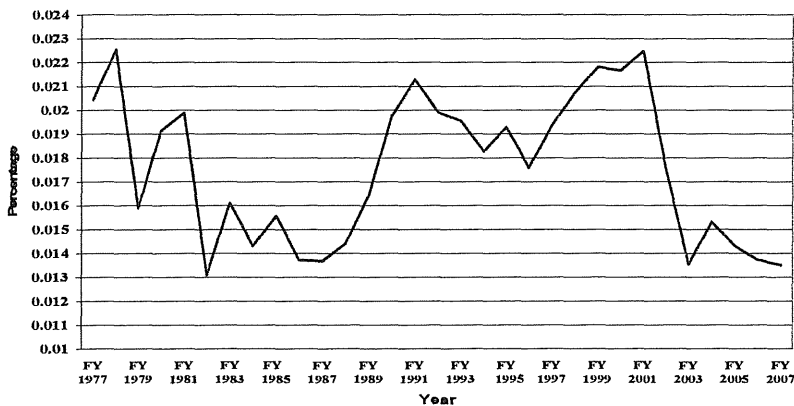
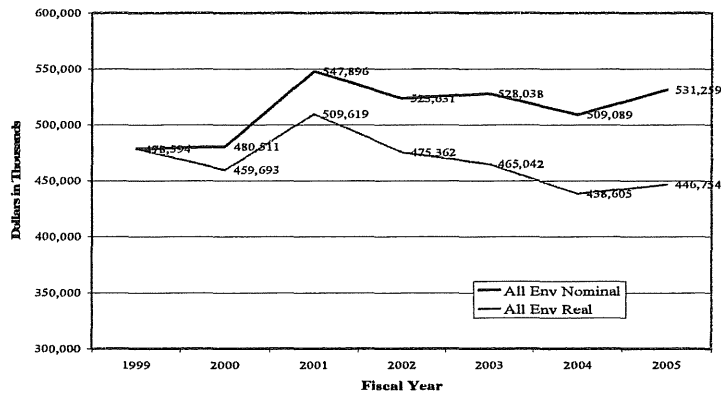


Figure 4
 Total Expenditures for
 Conservation Agencies
 1999-2005



Summary

- Lack of **bonding** has resulted in a serious funding gap in environmental programs which rely on bond funds.
- The percentage of the state **general fund** going to conservation & environment is at the lowest level in 20 years.
- In real dollars, **total expenditures** for environment are at the lowest levels since 1999 (despite fee increases.)

GIVE TWO CENTS FOR THE GREAT OUTDOORS

PROTECT OUR WATER

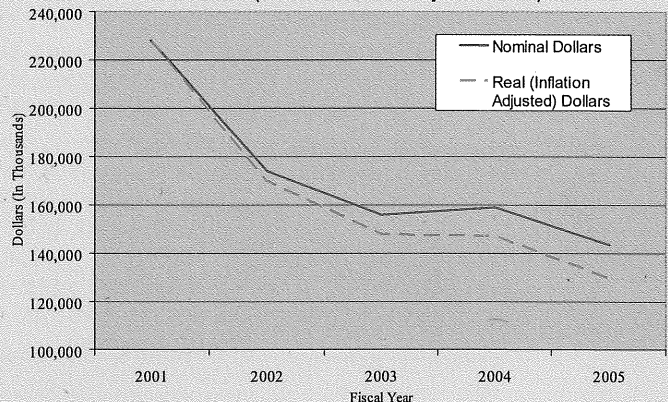
Current funding for Minnesota's Great Outdoors is not adequate to protect our natural resources; it won't ensure a healthy environment, and it won't keep us safe.

- Just over 1% of state General Fund appropriations currently go to conservation.
- This isn't enough to test our lakes and rivers to ensure they are safe.
- It's not enough to clean up the 40% of Minnesota lakes and rivers scientists consulting for the Minnesota Pollution Control Agency say are polluted.
- It isn't enough to keep pesticides, fertilizers or animal waste out of our drinking water sources.
- It won't keep wetlands, wildlife habitat or other fragile natural areas protected from development and destruction.
- It's not enough to keep our parks and trails adequately maintained and open for our use.

Recent Trends:

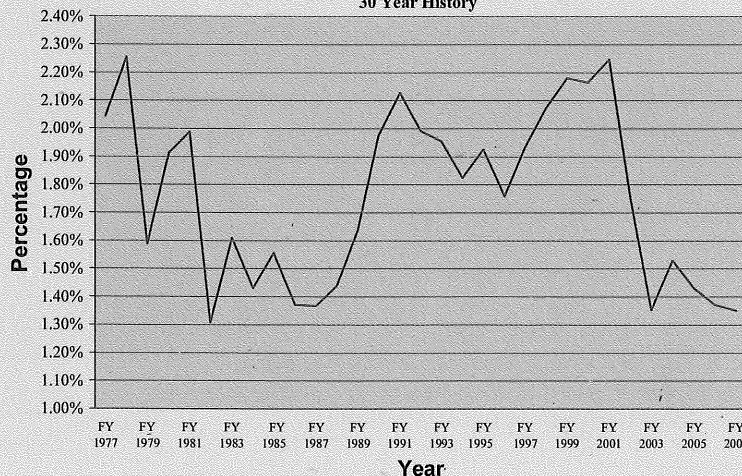
General Fund spending has fallen 37% between 2001 and 2005 for environment, natural resource and agricultural programs, from \$228 million in 2001 to \$143 million in 2005 - an \$85 million cut, without accounting for inflation. In real dollars, total expenditures for the environment are now less than they were in 1999.

General Fund Spending on Conservation and Environment (Actual and Inflation-Adjusted Dollars)



Source: *Short-Changed* by the Minnesota League of Conservation Voters Education Fund

Environmental and Natural Resource Spending as % of General Fund 30 Year History



Source: *Short-Changed* by the Minnesota League of Conservation Voters Education Fund

Conservation and natural resources are receiving a smaller and smaller piece of the overall state budget. In FY 2003, environment received 1.35% of all General Fund spending - the lowest level since 1982.

To adequately protect our environment and keep our water, land and air safe, at least 2 percent of the state General Fund is needed for conservation. That's only 2 cents of every General Fund dollar!

Sustainable funding for environment, natural resources and agriculture is key to protecting our quality of life in Minnesota – places to camp, hike, fish, hunt, swim and bike; habitat that sustains our fish and wildlife populations; as well as keeping our water safe for swimming and drinking.

Minnesota's outdoor heritage provides the backbone of Minnesota's \$8.9 billion tourism industry, which generates \$1.1 billion in state and local tax revenue. Tourism is comparable to agriculture in its contributions to the gross state product. Scenic touring, fishing, and visiting parks and trails round out the top five activities for tourists in Minnesota. All are related to our diversity of lakes, rivers, forests and prairies.

Without proper funding, we all lose.

What's At Stake:

Already, important programs have been reduced:

- Grants to local communities to assist with land use decisions affecting our lakes, rivers, streams and wetlands are at 50% funding.
- The Board of Water and Soil Resource's (BWSR's) Shoreland Protection Program, which worked to protect undeveloped shoreline and to restore shorelines with serious erosion problems, has been eliminated.

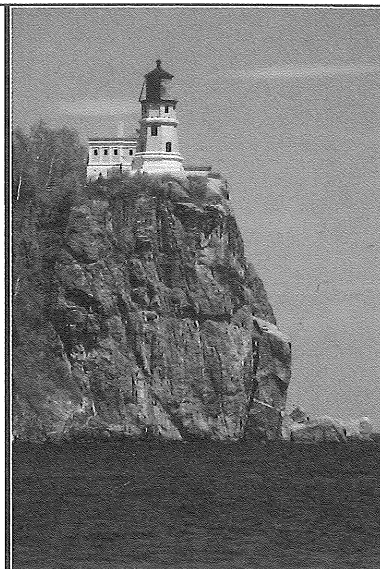


- Recycling grants to counties have dropped by 11%.
- State parks' operating and maintenance budgets have dropped 38% in four years. All seasonal naturalist positions have been eliminated and visitor center hours reduced, resource management activities have been cut back and spring and fall camping eliminated in 7 parks.

The Minnesota Environmental Partnership supports investing at least 2 cents of every General Fund dollar for the great outdoors. Minnesota should:

- Invest at least 2 percent of the state General Fund in Minnesota's land, water, air, and quality of life;
- Hold the line on additional General Fund cuts to environment, natural resource, and agriculture programs in the 06-07 biennial budget;
- Refrain from imposing new fees that replace General Fund support without any net increase or benefit to programs;
- Refrain from further raids on dedicated funds;
- Use any increased state General Fund contributions generated by lottery improvements to restore the "lottery-in-lieu" to 87 percent.

This fair and balanced approach recognizes the contribution the environmental budget has made to resolving budget deficit issues in previous years. Responsible investment now is the only way to protect the land, water, and air we all love and depend on for our future.



Two cents of every state General Fund dollar is a small price to pay to protect our future.

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