



Minnesota Center for Environmental Advocacy

TESTIMONY ON SF 2766

Aaron Klemz, Minnesota Center for Environmental Advocacy

February 23, 2022

Members of the Senate Environment and Natural Resources Policy and Legacy Finance Committee:

On behalf of the Minnesota Center for Environmental Advocacy (MCEA) I'm testifying in favor of SF 2766 (Ruud) to restore the original dedication of the fees collected in lieu of sales tax on lottery sales. MCEA is a nonprofit organization with almost 50 years of experience using law and science to protect Minnesota's environment and the health of its people. Returning the lottery-in-lieu allocations to the original percentage is consistent with the dedication of funds from the lottery to environmental needs.

Under Minnesota law, the Lottery is exempt from sales taxes. However, an in lieu fee equal to Minnesota Sales Tax is collected on lottery sales, and allocated between a number of dedicated funds (including the Heritage Enhancement Account, State Parks and Trails, Park Grants, Local Trail Grants, and Zoos.) When the in lieu fee was established, 97% of the collected fee revenue was distributed to these funds. In 2001, that amount was reduced to 87%, and in 2003 further reduced to 72.43%. The remainder is sent to the General Fund. SF 2766 would return the percentage of fees to the original amount of 97%.

It's worth noting that current statute (297A.94) requires that these dedicated funds "may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes." In addition, MS 297A.94 requires that land acquired with these funds be available for hunting and fishing and that 87% of money allocated to the Game and Fish Fund shall be spent on field operations.

Minnesota's dedicated environmental funds are popular and successful. Minnesota's investments in our outdoor heritage, parks, trails, and zoos create a significant return in communities across the state. MCEA supports SF 2766 (Ruud) to return the lottery-in-lieu fees to their original allocations, which would increase these investments creating benefits for all Minnesotans.

Sincerely,

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Minnesota Center for Environmental Advocacy



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