

# Natural Resources Fund

## Fiscal Year 2011 Annual Report



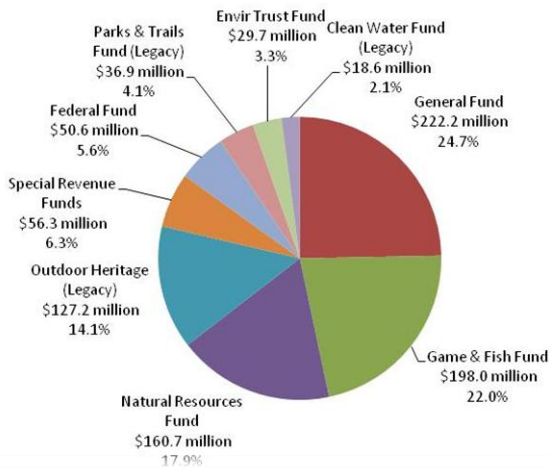
### Creation and Purpose of the Fund

The Legislature created the Natural Resources Fund in the state treasury in 1989 as a Special Revenue Fund for deposit of certain receipts from fees and services associated with natural resource management by the state. (M.S. 16A.53, subd. 2) Special revenue funds are dedicated to a variety of purposes specified in the legislation. In general, fees collected for certain activities are used by the Department of Natural Resources (DNR) to fund development, maintenance, operations, and enforcement of the laws with respect to those activities.

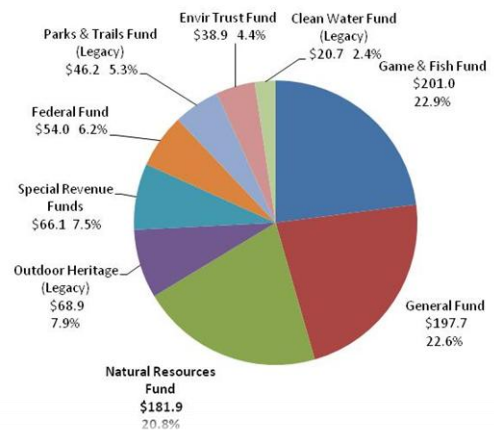
### Natural Resources Fund within the DNR's funding structure

For Fiscal Years 2010-2011, the Natural Resources Fund comprised 17.9 percent (\$160.7 million) of the total DNR budgeted expenditures. For Fiscal Years 2012-2013, the Natural Resources Fund will comprise 20.8 percent (\$181.9 million) of budgeted expenditures.

**FY2010-11 Budgeted Expenditures by Fund**  
\$900.2 Million



**FY2012-13 Budgeted Expenditures by Fund**  
\$875.4 Million



## Accounts in the Natural Resources Fund

For Fiscal Year 2011, the Natural Resources Fund is made up of accounts dedicated for a specific purpose. These accounts include:

Account Name	Sources and Uses of the Account Funding
<b>All-Terrain Vehicle Account (ATV)</b>	<ul style="list-style-type: none"> <li>Revenues include fees from registration of all-terrain vehicles, unrefunded gasoline taxes, and ATV safety training fees.</li> <li>Funds pay for acquisition, maintenance, and development of ATV trails and enforcement activities. (M.S. 84.92).</li> </ul>
<b>Off-Highway Motorcycle Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees for registration of off-highway motorcycles and unrefunded gasoline tax attributable to off-highway motorcycle use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-highway motorcycle trails. (M.S. 84.794).</li> </ul>
<b>Off-Highway Vehicle Damage Account</b>	<ul style="list-style-type: none"> <li>Money was appropriated to pay for repair and restoration of property damaged by the illegal operation of off-highway vehicles. (M.S. 84.780).</li> </ul>
<b>Off-Road Vehicle Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees for the registration of off-road vehicles and the unrefunded gasoline tax attributable to off-road vehicles use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-road vehicle trails. (M.S. 84.803).</li> </ul>
<b>Cross-Country Ski Account</b>	<ul style="list-style-type: none"> <li>Revenues include fees from cross-country ski passes.</li> <li>Funds pay for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts. (M.S. 85.43)</li> </ul>
<b>Forest Management Investment Account (FMIA)</b>	<ul style="list-style-type: none"> <li>Revenues include timber sales from consolidated conservation area lands and state forest lands.</li> <li>Funds pay for reforestation and timber stand improvement including forest pest management, timber sales administration and costs, and state forest road maintenance. (M.S. 89.039, 89.035)</li> </ul>
<b>Invasive Species Account</b>	<ul style="list-style-type: none"> <li>Revenues include surcharges on watercraft licenses and civil penalties for violations.</li> <li>Funds pay for management of invasive species programs including control, public awareness, law enforcement, assessment, monitoring, management planning, and research. (M.S. 84D.15)</li> </ul>
<b>Land Acquisition Account</b>	<ul style="list-style-type: none"> <li>Revenues include easements on DNR lands, sale of land, sale of standing timber, leases on wild rice farming and interest.</li> <li>Account is used for the acquisition of natural resource lands within the outdoor recreation system. (M.S. 94.165)</li> </ul>
<b>Lottery in Lieu (Local Trails Grants Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for local trail grants. (M.S. 297A.65, 297A.94 (e)(4))</li> </ul>
<b>Lottery in Lieu (Metro Parks and Trails Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for metropolitan park and trail grants. (M.S. 297A.65, 297A.94(e)(3))</li> </ul>
<b>Lottery in Lieu (State Parks and Trails Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used for state parks and trails. (M. S. 297A.65, §297A.94 (e) (2))</li> </ul>
<b>Lottery in Lieu (Zoos Account)</b>	<ul style="list-style-type: none"> <li>Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>Funds are used by the Minnesota Zoological Garden, Como Zoo and Conservatory, and Duluth Zoo. (M.S. 297A.65, 297A.94 (e) (5))</li> </ul>

Account Name	Sources and Uses of the Account Funding
<b>Minerals Management Account</b>	<ul style="list-style-type: none"> <li>• Revenues include mineral lease income related to management of the state's mineral assets.</li> <li>• Funds are spent for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities. (M.S. 93.2236, 93.22)</li> </ul>
<b>Mining Administration Account</b>	<ul style="list-style-type: none"> <li>• Revenues consist of mining administrative fees charged to owners, operators, or managers of mines.</li> <li>• Funds pay for costs of providing and monitoring permits to mine. (M.S. 93.481, subd 7)</li> </ul>
<b>Natural Resources Misc. Statutory Account (Dedicated Receipts Account)</b>	<ul style="list-style-type: none"> <li>• Account includes various dedicated revenues within the Natural Resource Fund for which the appropriations are statutory – burning permits account, forest bough account, forest resource assessment products and services account, and land management account.</li> <li>• Sources and uses of the funds are specified in the individual statutes for the component accounts. (M.S. 88.17, 88.6435, 89.421, 92.685, 103G.301)</li> </ul>
<b>Nongame Wildlife Management Account</b>	<ul style="list-style-type: none"> <li>• Revenues are from the check-off on income tax and property tax refund claim forms.</li> <li>• Funds pay for non-game wildlife programs. (M. S. 290.431)</li> </ul>
<b>Snowmobile Trails and Enforcement Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees for registration of snowmobiles, unrefunded gasoline tax, and training fees.</li> <li>• Funds pay for snowmobile programs and acquisition, maintenance and development of trails, training, and enforcement. (M. S. 84.83)</li> </ul>
<b>State Land and Water Conservation (LAWCON) Account</b>	<ul style="list-style-type: none"> <li>• Federal grant reimbursement funds that are received under the Land and Water Conservation Fund Act.</li> <li>• Half is distributed for projects of local units of government. The state share is for land acquisition and development of the state outdoor recreation system and for administrative expenses necessary to maintain the state's eligibility for the program. (M. S. 84.0264)</li> </ul>
<b>State Parks Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees for state park permits.</li> <li>• Funds pay for operation and maintenance of the state park system. (M. S. 85.055)</li> </ul>
<b>Water Recreation Account</b>	<ul style="list-style-type: none"> <li>• Revenues include fees for titling and licensing watercraft, mooring, and sale of marine gas at state-operated small craft harbors and mooring facilities, unrefunded gasoline tax attributable to boating, fees for permits to control or harvest aquatic plants.</li> <li>• Funds pay for water recreation programs such as acquisition, development and maintenance of public water access and boating facilities on public waters, lake and river improvements; maintenance, operation, replacement, and expansion of small craft harbors and mooring facilities, water safety programs, management of aquatic invasive species and aquatic plants. (M.S. 86B.706)</li> </ul>

## **Cross functional programs and activities**

Some DNR activities or programs are supported by multiple accounts within the Natural Resources Fund. Some of these activities include:

### Land Records Management System

The DNR manages 5.6 million acres of state-owned land and 12 million acres of state mineral rights. Effective management of the state's land and mineral resources requires that DNR staff have access to accurate land records and related financial records for specific state-owned parcels of land, and the ability to integrate this information with public records of local government.

FY2011, work continued on a project to replace the department's aging land records information system. Process design, system design, and system construction work were the principal focuses, and the contractor developing the new system released parts of it for initial testing by DNR staff.

Funding for the Land Records Management System comes from the Game and Fish Fund and from the Minerals Management, Forest Management Investment, Snowmobile, and Water Recreation accounts in the Natural Resources Fund. FY2011 expenditures for the Land Records Management System were \$565,489 from the Natural Resources Fund.

### Electronic Licensing System (ELS)

The DNR Division of Fish & Wildlife maintains the Electronic Licensing System (ELS). Issuing fees charged on the sales of licenses, permits, and registrations are used to support licensing activities and maintain the system.

The money collected is deposited in the account within the Natural Resources Fund that issues the license, permit, or registration. The accounts using ELS and collecting issuing fees include: Water Recreation, Snowmobile, All-Terrain Vehicle (ATV), Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), State Parks, Cross Country Ski, and Natural Resource Misc Statutory. The total ELS expenditures for FY2011 from the Natural Resources Fund account were \$1.3 million, and the total revenues were \$1 million.

### Conservation Corps Minnesota

The DNR has worked with Conservation Corps Minnesota (formerly Minnesota Conservation Corps) for 25 years to preserve and improve the natural resources of the State of Minnesota. This organization, which began in the 1930s, restores natural resources, conserves energy, responds to emergencies, and offers programs for youth and young adults.

In FY2011, Conservation Corps Minnesota received funds from various Natural Resources Fund accounts pursuant to Laws of 11, Chapter 2, Article 1, Section 7 to support the following DNR activities:

- Develop and maintain public access and boating facilities on public waters; lake and river improvements; develop water access sites within state parks; watercraft safety; and exotic species inspections and control (Water Recreation);
- Construct, maintain, and groom state trails (Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle);
- Accomplish objectives of nongame wildlife programs (Nongame Wildlife Management);
- Accomplish objectives of forest management programs (Forest Management Investment)

## Revenues that Support Multiple Accounts

### Unrefunded Gasoline Tax Revenue

The Minnesota Department of Transportation transfers to the DNR, twice annually, the estimated portion of the unrefunded gasoline tax that was used by boaters, snowmobiles, and all-terrain vehicles. The amounts are transferred to several accounts in the Natural Resources Fund based on a formula written in statute (296A.18). As the table shows, approximately 3.1 percent of unrefunded gasoline tax revenues – the portion attributed to use by boaters, snowmobile, and ATVs – are transferred into natural resources accounts and are appropriated annually for the purposes described in law.

	Portion of unrefunded gasoline tax transferred to the account	To be used for
Water Recreation	1.50%	Acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; and boat and water safety
Snowmobile	1.00%	To fund snowmobile programs and the maintenance and development of snowmobile trails
All-Terrain Vehicle	0.27%	Maintenance and development of ATV trails
Off-Highway Motorcycle	0.046%	Maintenance and development of OHM trails
Off-Road Vehicle	0.164%	Maintenance and development of ORV trails
Special Revenue Fund	0.116% including 0.0555%	Maintenance of state forest roads Maintenance of county forest roads (transfer to counties)

### Police State Aid Revenue

The DNR receives police state aid to apply to the employer's contribution to law enforcement (conservation officers) pensions. Tax receipts from a surcharge on auto insurance gross premiums determine the amount of the aid.

In FY2011, the accounts in the Natural Resource Fund that received an apportionment of \$299,149 (based on the amount of conservation officer salaries paid from each account) were Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle.

### Interest Earnings (M.S. 16A.72)

Minnesota statutes allow interest earnings to be earned on balances in several DNR funds and accounts. Interest is credited to the fund or account and available for appropriation for the purpose for which it was received. The Natural Resources fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. The interest earned for 2011 was \$92,000.

# All-Terrain Vehicle Account (ATV) Off-Highway Motorcycle Account (OHM) Off-Road Vehicle Account (ORV)

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## **C**reation and Purpose of the Account

Three types of recreational vehicles are classified under statutes as Off-Highway Vehicles. Each has its own separate account in the Natural Resources Fund. They have common requirements for permitting and safe operations under M.S. 84.773 to 84.781. In addition, an Off-Highway Vehicle Damage (OHVD) Account was created to help pay for damage from illegal operation of off-highway vehicles.

### **1. All-Terrain Vehicle Account**

#### **Sources and uses of Funds**

The ATV Account was established in 1984. Sources of funding for this account include fees from the registration of all-terrain vehicles, the unrefunded gasoline tax attributable to ATV use, and the net proceeds from the sale of ATVs forfeited for certain violations of statutes under M.S.84.927 and M.S. 169A.63. Funds in the ATV Account may be used, within guidelines of the Statewide Comprehensive Outdoor Recreation Plan, only for:

- Acquisition, maintenance, and development of trails and use areas;
- Administration, enforcement, and implementation of applicable statutes;
- Grant-in-aid programs to counties and municipalities to construct and maintain ATV trails and use areas; see [Grants Outcomes website](#)
- Education and training program;
- Grant-in-aid to local safety programs; see [Grants Outcomes website](#)
- Enforcement and public education grants to local law enforcement agencies; and
- Maintenance of certain forest roads and county forest roads that are part of a designated trail system within state forest boundaries.

## FY2011 Financial Summary

### Receipts

63 percent of the revenues in the ATV account are from registrations. Unrefunded gasoline taxes on ATV's (transfer in to the account) were 31 percent of the revenues. The non-resident ATV trail pass was new revenue in FY2010; the receipts almost doubled in 2011. Interest earnings have declined due to the economy. Total revenues for FY2011 were \$5.9 million.

### Expenditures

The Division of Parks and Trails, including the grants in aid projects, made up approximately 54 percent of the expenditures. The Enforcement Division expenditures, including enforcement grants, comprised approximately 40 percent of the total.

### Fund Balance

The fund balance decreased by 32 percent this year. At the same time, ATV registrations are trending downward and contributed to the \$400,000 decrease this year. Expenditures increased by almost \$500,000. The unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2014.

## FY2011 Activities and Accomplishment

The Enforcement Division provided ATV law enforcement, safety training and trail monitoring activities in communities and trail systems around the state. Approximately 21,000 hours were utilized by division staff providing enforcement and education and safety training activities throughout the state. Division employees and volunteer instructors provided ATV safety education opportunities to approximately 4,000 youth and adults. The Volunteer Trail Ambassador grant program provided approximately 5,000 hours of ATV trail monitoring time and traveled over 12,000 mile of trails. Grants were also made to local law enforcement to provide enforcement and educational activities relating to ATV use.

The Division of Parks and Trails developed, monitored, and maintained approximately 1,091 miles of ATV/OHV trails in state forests and the Iron Range OHV State Recreation Area. Existing trail systems are monitored at least three each season to ensure trail maintenance issues are dealt with in timely manner. Field staff also receives weekly reports from Trail Ambassadors and follow up on any issues discovered through those monitoring efforts. Because of the small and unique trail maintenance equipment Parks and Trails has acquired for maintaining trails, assistance was requested by and provided to three local government units on ATV trail maintenance.

In addition, \$1,240,210 was administered by Parks and Trails and awarded as 42 grants to counties, cities, and townships, working with local clubs for the maintenance, development, and acquisition on 1,271 miles of public, locally controlled ATV trails. Parks and Trails Acquisition and Development staff in the Regions worked with local clubs and sponsors on 21 new trail projects throughout the year helping them scope the project and working it through necessary reviews and permitting. Many of these projects take several years to work through the scoping and development process.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$ 1,924,664</b>
Prior year adjustment	\$383,257
<b>Receipts</b>	
ATV registrations	\$3,702,924
License issuing fee	173,211
ATV safety training	56,147
Non res ATV trail pass	23,058
Citations	3,256
Interest earnings	1,127
Other receipts <sup>1</sup>	8
Transfer in: Unrefunded gas tax	1,854,119
Transfer in: Police State Aid	<u>94,615</u>
Total receipts and transfers in	\$5,908,465
<b>Expenditures</b>	
Parks and Trails	\$2,463,048
Grants in aid to local government	1,240,210
Enforcement	2,120,003
Enforcement grants	655,453
Fish & Wildlife (ELS)	265,173
Ecological & Water Resources	60,071
Conservations Corps Minnesota	<u>100,000</u>
Total expenditures	<u>\$6,903,958</u>
<b>FY2011 Ending fund balance</b>	<b><u>\$1,312,428</u></b>
Net change for FY2011	\$(612,239)

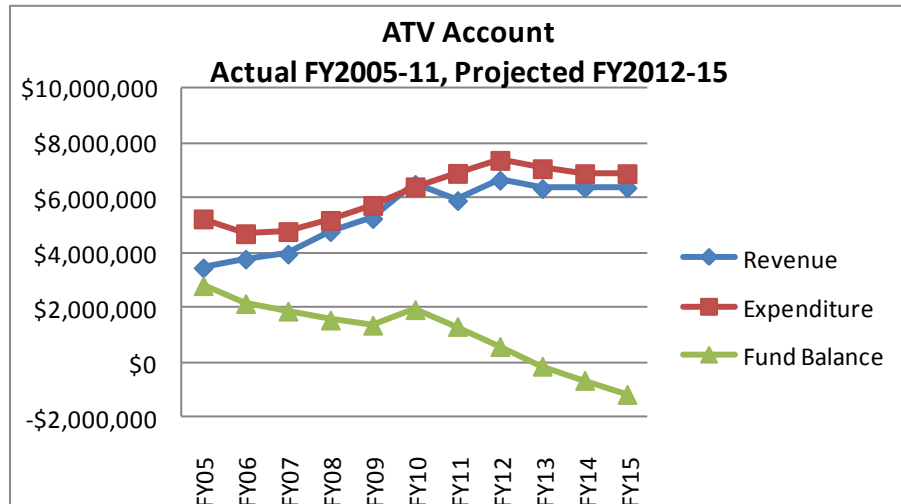
#### Notes

<sup>1</sup> Other receipts: Non-Ferrous Metallic Minerals, license credit card service charges, credit agreement rebate, cash overage/shortage..

## Budget Trends FY2005 to FY2015

The fund balance has been declining since FY2003 with a slight increase in FY2010 due to increases in unrefunded gasoline tax. Revenues are expected to remain steady or decline slightly due to a trend in lower ATV registrations.

Expenditures increase in the 2012-13 biennium due to some one-time appropriations that expire in 2014. However, expenditures continue to exceed expected revenue resulting in a negative fund balance through 2015.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.



## 2. Off-Highway Motorcycle Account

### Sources and uses of Funds

The OHM Account was established in 1993. (M.S. 84.794) The sources of funding for the account include registration fees for OHMs and the unrefunded gasoline taxes attributable to OHM use. Money in the account may only be spent for:

- Administration, enforcement, and implementation of OHM sections of statutes (M.S. 84.787 to 84.795);
- Acquisition, maintenance, and development of OHM trails and use areas; and
- Grants-in-aid to counties and municipalities to construct and maintain OHM trails and use areas. Grants must be guided by the Statewide Comprehensive Outdoor Recreation Plan.

### FY2011 Financial Summary

#### Receipts

Registrations accounted for 26 percent of the revenues in this account. Unrefunded gasoline tax revenue on off highway motorcycles (transfer in to the account) were 70 percent of the revenues. Interest earnings have declined due to the economy. Total revenues for FY11 were \$448 thousand.

#### Expenditures

Parks and Trails, including grants in aid projects, made up 74 percent of the FY2011 expenditures. The Enforcement Division's expenditures, including grants, were 23 percent of the total.

#### Fund Balance

The fund balance decreased by 13 percent this year. Off highway motorcycle registration fees decreased by \$20,000 and expenditures increased by \$120,000. The unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2014.

### FY2011 Activities and Accomplishments

The Enforcement Division provided OHM law enforcement, safety training and trail monitoring activities in communities and trail systems around the state. Approximately 1,300 hours were utilized by division staff providing enforcement and education and safety training activities throughout the state. The Volunteer Trail Ambassador grant program provided approximately 5,000 hours of ATV/OHM trail monitoring time on multi use trails. Grants were also made to local law enforcement to provide enforcement and educational activities relating to OHM use.

During FY2011, Parks and Trails developed, monitored, and maintained OHM trails that were open to the public including the Iron Range OHV Recreation Area. More than 858 motorized miles of ATV/OHM trails and 143 single-track OHM miles were open for public use on state forest lands. Parks and Trails staff continue to monitor this trail system at least three times each season and address maintenance needs as they arise. Regional Parks and Trails Acquisition and Development staff continued to work on 9 new projects with the clubs and local government sponsors.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$493,012</b>
Prior year adjustment	\$3,979
<b>Receipts</b>	
Off highway motorcycle registration	\$118,038
License issuing fee	7,885
OHM safety training	1,165
Interest earnings	178
Other receipts <sup>1</sup>	297
Transfer in: Unrefunded gas tax	315,887
Transfer in: Police state aid	<u>4,950</u>
Total receipts and transfers in	\$448,400
<b>Expenditures</b>	
Parks and Trails	\$180,956
Grants in aid to local government	202,363
Fish & Wildlife (ELS)	13,347
Enforcement	108,690
Enforcement grants	<u>10,000</u>
Total expenditures	<u>\$515,356</u>
<b>FY2011 Ending fund balance</b>	<b>\$430,035</b>
Net change for FY2011	(\$62,977)

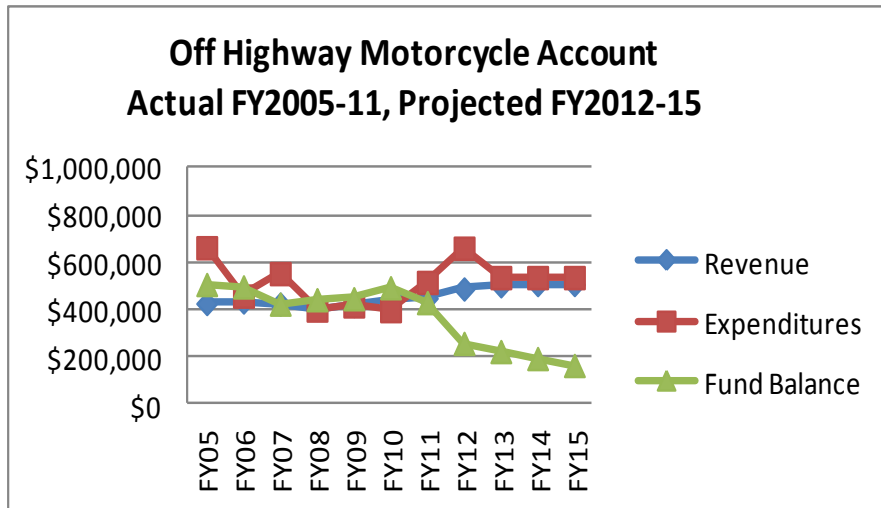
#### Notes

<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate.

In addition to this, the Division administered \$202,363 in grants to four counties, one township and one city for maintenance, development, and acquisition on 196 miles of public, locally controlled OHM trails and areas.

**Budget Trends FY2005 to FY2015**

The fund balance has been declining since FY2004 with a slight increase in FY2010 due to increases in unrefunded gasoline tax. The fund balance is expected to continue to decline through FY2015 based on current levels of spending.



### 3. Off-Road Vehicle Account

#### Sources and uses of Funds

The ORV Account was established in 1993. Fees from the registration of off-road vehicles and revenues from unrefunded gasoline tax attributable to off-road vehicle use are the principal revenue sources. Money in the ORV Account may only be spent for:

- Administration, enforcement, and implementation of M.S. 84.773 to 84.805;
- Acquisition, maintenance, and development of off-road vehicle trails and use areas;
- Grant-in-aid programs to counties and municipalities to construct and maintain off-road vehicle trails and use areas;
- Grants-in-aid to local safety programs; and
- Enforcement and public education grants to local law enforcement agencies.

#### FY2011 Financial Summary

##### Receipts

ORV registrations accounted for three percent of the revenue in this account. Revenues from unrefunded gasoline taxes attributable to off road vehicle use are the principal revenue source, 96 percent.

##### Expenditures

The Division of Parks and Trails expenditures made up 77 percent of total expenditures in the ORV account. The Enforcement Division expenditures represented approximately 23 percent of the total.

##### Fund Balance

The fund balance increased by one percent this year. Off road vehicle registration fees increased slightly and expenditures increased by over \$300,000 this year. The unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2014.

#### FY2011 Activities and Accomplishments

The Enforcement Division provided ORV law enforcement, safety training and trail monitoring activities in communities and trail systems around the state. Approximately 1,100 hours were utilized by division staff providing enforcement and education and safety training activities throughout the state. The Volunteer Trail Ambassador grant program provided monitoring activities on multi use trails. Grants were also made to local law enforcement to provide enforcement and educational activities relating to ORV use.

The Division of Parks and Trails developed, monitored, administered and maintain ORV recreational trails that were open to the public including 36 miles at the Iron Range OHV Recreation Area. In FY2011, 27 motorized miles of ORV trails in state forests were open for public use. \$117,238 was spent in grants to counties and cities, administered by Parks and Trails, for the maintenance, development, and acquisition of public, locally controlled ORV trails and areas.

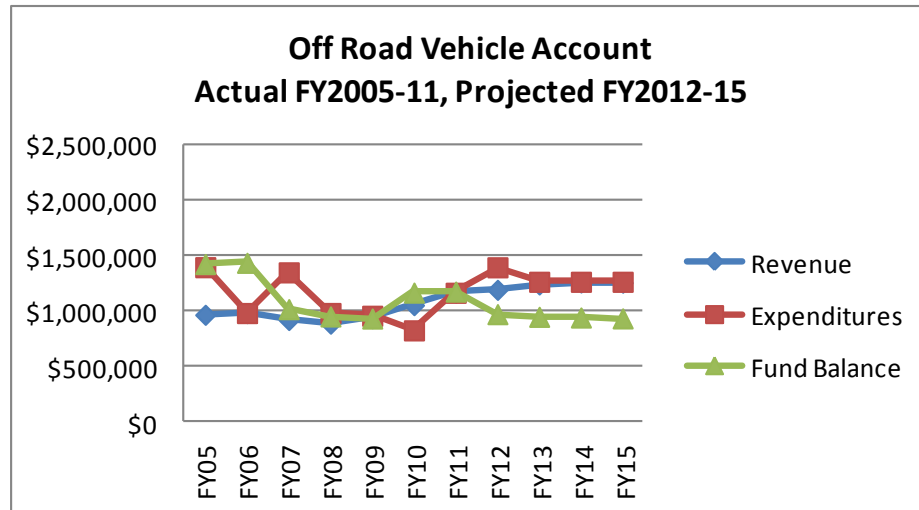
<b>Receipts, Expenditures, and Fund Balances</b>	
<b>FY2011 Beginning fund balance</b>	<b>\$ 1,171,159</b>
Prior year adjustment	\$ 6,617
<b>Receipts</b>	
Off road vehicle registration	\$37,379
License issuing fee	3,818
Interest earnings	118
Other receipts <sup>1</sup>	703
Transfer in: Unrefunded gas tax	1,126,205
Transfer in: Police state aid	<u>3,957</u>
Total receipts and transfers in	\$1,172,180
<b>Expenditures</b>	
Parks and Trails	\$778,695
Grants in Aid to local governments	\$117,238
Fish & Wildlife (ELS)	6,665
Enforcement	266,089
Enforcement grants	<u>1,000</u>
Total expenditures	<u>\$1,169,687</u>
<b>FY2011 Ending fund balance</b>	<b><u>\$1,180,269</u></b>
Net change for FY2011	\$9,110

##### Notes

<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate.

## Budget Trends FY2005 to FY2015

The fund balance has been declining since FY2003 with a slight increase in FY2010 and FY2011 due to increases in unrefunded gasoline tax. The fund balance is expected to continue to be steady or decline slightly through FY2015. A non-resident pass will be implemented starting in 2012 season which will provide a slight increase in revenue.



## Off-Highway Vehicle Damage Account

The OHVD account was created in 2003. Money was appropriated to the DNR for the repair and restoration of property damaged by operation of off-highway vehicles in unauthorized or unpermitted areas. Funds are available to repair damage to private or public lands caused by off-highway vehicle operation in unauthorized or unpermitted areas. Cities and towns are eligible to receive the funds. Claims may come from ATV, OHM, or ORV operation.

The legislature appropriated \$500,000 in FY2004, (\$475,000 from the ATV account, \$20,000 from the ORV account and \$5,000 from the OHM account), and that amount is available until spent. The budgeted amount for FY2011 was \$392,547. There was one claim in FY2011 totaling \$5,358 in Hubbard County.

## Additional Resources

Off-Highway Vehicles Regulations 2010-11

[http://files.dnr.state.mn.us/rlp/regulations/ohv/ohv\\_regs.pdf](http://files.dnr.state.mn.us/rlp/regulations/ohv/ohv_regs.pdf)

ATV safety training

<http://www.dnr.state.mn.us/safety/vehicle/atv/index.html>

Welcome to the Grants Outcomes website

<http://www.dnr.state.mn.us/grants/outcomes/index.html>

ATV grants-in-aid

[http://www.dnr.state.mn.us/grants/recreation/gia\\_atv.html](http://www.dnr.state.mn.us/grants/recreation/gia_atv.html)

OHM safety training

<http://www.dnr.state.mn.us/safety/vehicle/ohm/index.html>

OHM grants-in-aid

[http://www.dnr.state.mn.us/grants/recreation/gia\\_ohm.html](http://www.dnr.state.mn.us/grants/recreation/gia_ohm.html)

ORV safety training

<http://www.dnr.state.mn.us/safety/vehicle/orv/index.html>

ORV grants-in-aid

[http://www.dnr.state.mn.us/grants/recreation/gia\\_fourwheel.html](http://www.dnr.state.mn.us/grants/recreation/gia_fourwheel.html)

## **Contacts**

Parks & Trails

[http://www.dnr.state.mn.us/trails\\_waterways/index.html](http://www.dnr.state.mn.us/trails_waterways/index.html)

Enforcement

<http://www.dnr.state.mn.us/enforcement/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

E-mail:

[info.dnr@state.mn.us](mailto:info.dnr@state.mn.us)

Website:

<http://www.dnr.state.mn.us/contact/index.html>

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# Cross-Country Ski Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## Creation and Purpose of the Account

The cross-country ski program was established in 1983 and moved to the Natural Resources Fund in 2004. Receipts from cross-country ski passes are deposited into this account and used for maintenance and grooming of cross country ski trails. Changes during the 2010 legislative session now allow some of these funds to be used for administration of the program and maintenance of the state cross-country ski systems. Any funds for this purpose must be appropriated by the legislature.

## Sources and Uses of the Funds

M.S. 85.43 provides that money deposited in the Cross-Country Ski Account is to be used for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts.

The Minnesota Department of Natural Resources (DNR) administers 1,400 miles of state-operated and grant-in-aid cross-country ski trails statewide. By purchasing a ski pass, cross-country skiers support the maintenance and grooming of these cross-country ski trails. Most grant-in-aid cross-country ski trails are maintained by local ski club volunteers.

## FY2011 Financial Summary

### Receipts

Revenue increased by approximately 58 percent over last fiscal year. This activity is dependent upon snowfall.

### Expenditures

Grants-in-aid are approximately 95 percent of the expenditures in this account. Issuance fees retained by the DNR License Center/ Electronic Licensing System (ELS) or merchants based on where ski permits are purchased make up five percent of expenditures. This money is used for maintenance of the ELS.

### Fund Balance

The fund balance increased by 17 percent this year. The cross country ski permits revenue increased by \$150,000 this year due to the increased snowfall. Expenditures increased by \$60,000 but revenues exceeded expenditures.

## FY2011 Activities and Accomplishments

In FY2011, the department awarded 39 Cross-Country Ski Grants-in-aid (GIA) to local units of government, many partnering with local ski clubs. The grants helped provide 675 miles of GIA cross-country ski trails statewide.

## Receipts, Expenditures, and Fund Balances

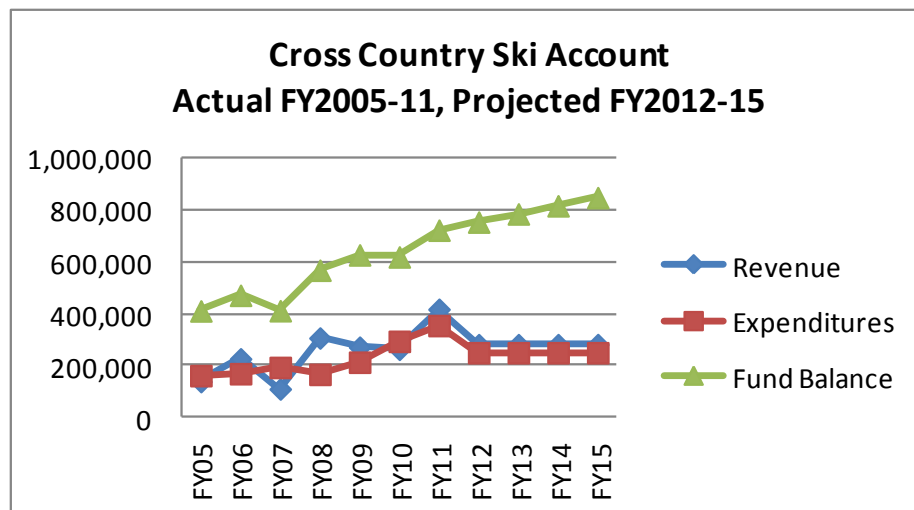
<b>FY2011 Beginning fund balance</b>	<b>\$621,290</b>
Prior Year Adjustments	40,617
<b>Receipts</b>	
Cross-Country Ski permits	\$391,352
License issuing fee	28,497
Interest earnings	96
Other receipts	(953)
<b>Total receipts</b>	<b>\$418,992</b>
<b>Expenditures</b>	
Parks and Trails	\$337,665
Fish & Wildlife (ELS)	18,476
<b>Total expenditures</b>	<b>\$356,141</b>
<b>FY2011 Ending fund balance</b>	
<b>Net change for FY2011</b>	<b>\$103,468</b>

### Notes

<sup>1</sup> Other receipts: License Center Credit Card Service Charge

## Budget Trends FY2005 to FY2015

Revenues & expenditures vary considerably from year to year. Revenues are tied to the amount of snow received in a year. The fund balance is expected to increase due to an expected increase in revenues and revenues exceeding expenditures.



## **Additional Resources**

Minnesota DNR cross-country ski link  
[www.mndnr.gov/skiing/index.html](http://www.mndnr.gov/skiing/index.html)

Purchase a cross-country ski pass online  
<http://www.dnr.state.mn.us/licenses/skipass/index.html>

Cross Country Ski Trail Grants-in-Aid (GIA)  
Ski capital improvement grants 2010  
Non-DNR Websites  
[http://www.dnr.state.mn.us/grants/recreation/gia\\_crosscountry.html](http://www.dnr.state.mn.us/grants/recreation/gia_crosscountry.html)

## **Contacts**

Program Coordinator  
[Andrew.Korsberg@state.mn.us](mailto:Andrew.Korsberg@state.mn.us)

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Website:  
<http://www.mndnr.gov/contact/index.html>

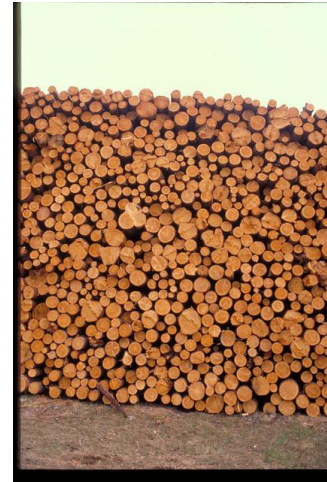
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Location:  
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St. Paul, MN 55155-4040



# Forest Management Investment Account

Natural Resources Fund  
Fiscal Year 2011 Annual Report



## Creation and Purpose of the Account

The Forest Management Investment Account (FMIA) was established in 2004 in M.S. 89.039 to create a direct connection between state timber program revenues and expenditures. Prior to the establishment of FMIA, state timber receipts were deposited in the state general fund and the Division of Forestry's timber program was supported entirely from the general fund.

## Sources and Uses of the Funds

The primary source of funding to the FMIA are revenues earned from state land timber management and related activities. State acres subject to forest management activities total 5.4 million acres including approximately 2.8 million acres of commercial timberland. Approximately 800,000 cords of roundwood are offered for sale annually with harvests focused on maintaining and improving forest health and productivity. On average, 40,000 acres of commercial timberland are harvested each year, supplying the state's forest industry with quality wood fiber used for the manufacture of paper, lumber, structural panels, and specialty products. Timber sales and related activities generate direct revenues for the Division of Forestry, Division of Fish & Wildlife, the School/University Trust, and northern Minnesota counties.

FMIA dollars can be spent, subject to appropriation by the Legislature, in accordance with the forest management policy and plan, for these purposes:

- State timber sales planning, layout, and administration, contract marking of commercial thinning sales, cultural resource reviews, and other timber sales costs;
- State land reforestation and timber stand improvement, including forest pest management; and
- State forest road maintenance costs.

## FY2011 Financial Summary

### Receipts

The Forest Management Investment Account (FMIA) received \$4 million in revenue attributable to forestry products on acquired state land. Other timber revenue was deposited into the school/university trust accounts, game & fish fund, general fund, and distributed to Minnesota counties, based on the type of land the timber was harvested from.

Forest management activities supporting the generation of this timber sales revenue include issuing permits to harvest timber, reforestation, and site preparation for regeneration, seedling protection, timber stand improvement, native plant community classifications, and state forest road maintenance.

State timber sales generated gross revenues of \$19.6 million including \$10 million from School and University Trust lands. An additional \$2.6 million, 50 percent of the revenue generated from consolidated conservation (con-con) tax forfeited lands, was transferred to the FMIA. The other 50 percent of timber revenue generated from con-con lands was transferred to the counties. As authorized under M.S. 16A.125, subd. 5(d)(1), \$4.9 million in forest management and related expenditures directly attributable to School and University Trust lands management were transferred into the FMIA.

### Expenditures

The FMIA incurs costs associated with forest management and related activities on all land types, then collects reimbursement from other accounts based on costs certified through the "Transfer Certification Report" required by M.S. 16A.125.

FMIA expenditures decreased 10 percent from \$11.8 million in 2010 to \$10.7 million in 2011 as a result of the recession driven downturn in Minnesota's forest-based economy and strategic adjustments made to compensate for dramatically reduced revenues.

### Fund Balance

The fund balance increased by 27 percent this year. Timber sales decreased slightly from last year. This account is dependent on the timber market. Expenditures have been reduced to accommodate revenue changes.

## FY2011 Activities and Accomplishments

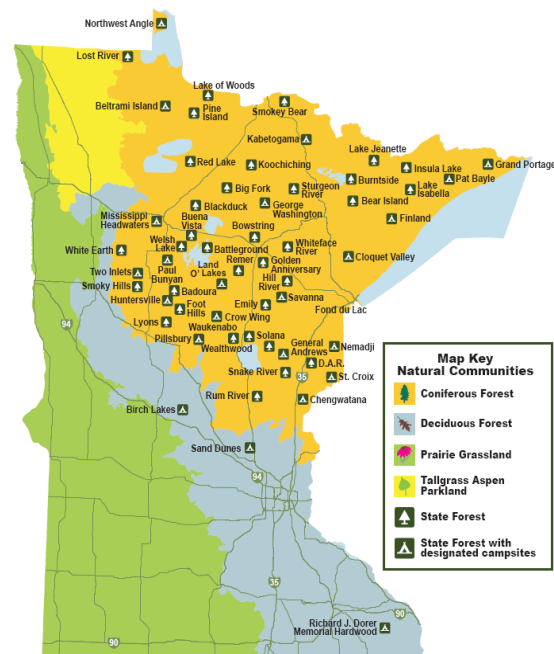
Including biomass, the Division of Forestry offered 1,004,000 cord equivalents for sale with 858,041 cords sold and 886,222 cord equivalents harvested. In addition to timber sales, the FMIA supports salary expenditures for the administration of silviculture and road maintenance contracts. All harvested lands were reforested including 4,248 acres planted and 3,503 acres direct seeded. Site preparation for reforestation was completed on 3,667 acres, stand improvement was conducted on 1,664 acres, and 6,603 acres were protected from animal damage. Some 1,240 miles (62 percent) of the state's 2,000 miles of system roads were graded at least once with approximately 7,000 total graded miles. Forest inventory was updated on 185,487 acres.

## Revenues, Expenditures, and Fund Balances

FY2011 Beginning fund balance	
FY2011 Beginning fund balance	\$ 3,592,192
Prior year adjustment	\$12,580
Receipts	
Timber sales, interest & penalty	\$4,004,380
Interest earnings	14,225
Other receipts 1	94,263
Transfer in: CON CON areas account	2,621,954
Transfer in: University susp account	38,126
Transfer in: School suspense account	4,887,725
Total receipts and transfers in	\$11,660,673
Expenditures	
Forest Management	\$10,418,979
Lands & Minerals	260,488
Conservations Corps Minnesota	25,000
Total expenditures	\$10,704,467
<b>FY2011 Ending fund balance</b>	<b>\$4,560,978</b>
Net change for FY2011	\$968,786

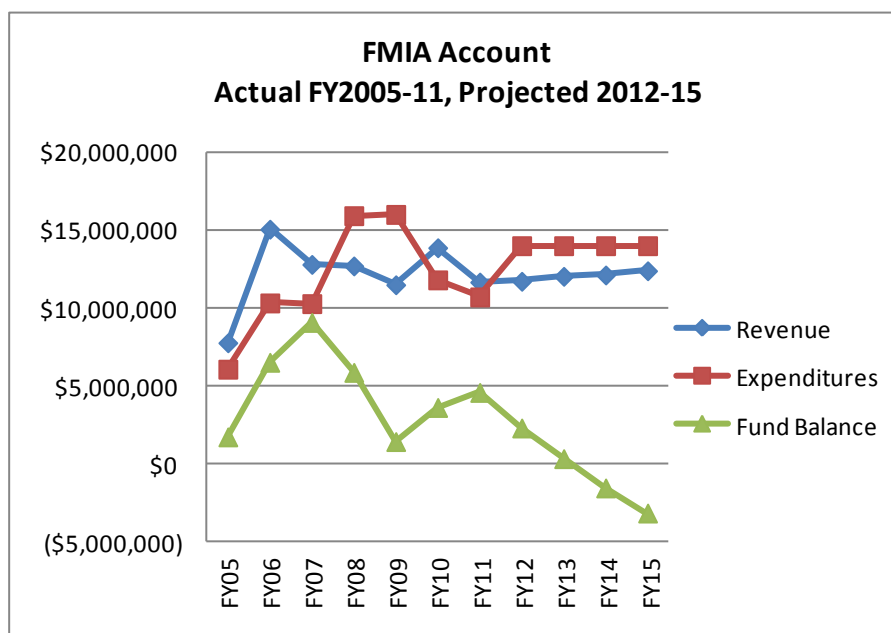
### Notes

1 Other receipts: credit agreement rebate and refunds of prior year expenditures.



## Budget Trends FY2005 to FY2015

The FMIA was created in 2005, a time when state timber revenues were spiking upward as a result of the U.S. housing boom and general economic prosperity. The account balance peaked near the end of FY2007 at approximately \$9 million followed by declines in FY2008 and FY2009 as forest products manufacturing output and stumpage values plummeted with housing and financial markets. Strategic spending reductions implemented through FY2010 and FY2011 stabilized the account. However, the FY2012-13 expenditure appropriation was increased from \$12 million per year to \$14 million per year in an attempt to offset reduced General Fund appropriations. In order to fund the appropriation increase, the Division of Forestry is implementing a new cost recovery policy that requires payment for forestry services provided on lands administered by other DNR divisions and other state departments. Prior to FY2012, these services were provided at no direct charge. However, the account balance is expected to approach zero if the full FMIA appropriation is spent in FY2012 and FY2013. The fund balance must remain solvent in the biennium. Planned expenditures will need to be adjusted to accommodate relatively flat revenue projections through FY2015.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resources

DNR Management of Trust Lands Cost Certification Report - FY2010

[http://files.dnr.state.mn.us/aboutdnr/reports/legislative/timber\\_certification\\_report.pdf](http://files.dnr.state.mn.us/aboutdnr/reports/legislative/timber_certification_report.pdf)

DNR FY2012-13 Biennial Operating Budget – Where Funds Come From

[http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget\\_from.pdf](http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_from.pdf)

DNR FY2012-13 Biennial Operating Budget – Where Funds are Spent

[http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget\\_spent.pdf](http://files.dnr.state.mn.us/aboutdnr/budget/fy12-13/budget_spent.pdf)

DNR Home Page

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Division of Forestry Website

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# Invasive Species Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## **C**reation and Purpose of the Account

The 1991 Legislature directed the Department of Natural Resources (DNR) to establish the Invasive Species Program and to implement actions to prevent the spread and manage invasive species of aquatic plants and wild animals. Invasive (non-native) species threaten the state's natural resources and the local economies that depend on natural resources. The Invasive Species Account was established in 2007 to help fund the program (M.S. 84D.15). The first funding in the account was received in FY2008.

## **S**ources and Uses of the Funds

Money received from a \$5 surcharge on watercraft licenses under M.S. 86B.415, subd. 7, and civil penalties for violations of the law related to prohibited invasive species under M.S. 84D.13 are deposited into the account. Receipts from an annual \$2 surcharge on nonresident fishing licenses under M.S. 97A.475, subd. 7, are transferred each year from the Game & Fish Fund to the Invasive Species Account. In addition to the funds from the Invasive Species Account, in FY2011 the Invasive Species Program also received funding from the state general fund, the Environment and Natural Resources Trust Fund, and local contributions.

Funds from the Invasive Species Account are used for management of invasive species and implementation of Chapter 84D as it pertains to invasive species. Major activities include control of invasive species, watercraft inspection, public awareness, law enforcement, assessment and monitoring, management planning, and research.

## FY2011 Financial Summary

### Receipts

The \$5 watercraft surcharge was the largest source of revenue (53 percent) in FY2011. The \$2 surcharge on nonresident fishing licenses generated 18 percent of revenues. Revenue received from surcharges on watercraft licenses deposited into the Game and Fish Fund and transferred to the Invasive Species Account are now a major source of income for this account. Total revenues for FY2011 were \$2.5 million.

### Expenditures

Major expenditures were for watercraft inspections and enforcement (43 percent), management/control activities for specific invasive species (28 percent), and state/regional coordination (14 percent). Administration and education/public awareness comprised the remainder (15 percent) of FY2011 expenditures.

### Fund Balance

The fund balance increased by 35 percent this year. Revenues have decreased slightly. The Water Recreation Account transferred \$725,000 to this account in FY2011. This transfer will increase to \$750,000 in FY2012 and will be on-going.

## FY2011 Activities and Accomplishments

The main program goals were:

- Prevent introductions of new invasive species,
- Prevent the spread of invasive species, and
- Reduce the impacts caused by invasive species.

Of the total program expenditures in FY2011, approximately 40 percent were from the Invasive Species Account. Staff paid with these funds conducted field surveys and monitoring, provided technical assistance to lake associations and citizens, enhanced public awareness to prevent the spread of invasive species, implemented control, and managed contracts for control that were funded with other sources.

Control efforts for purple loosestrife included monitoring and oversight of chemical control at 29 sites, and release and/or monitoring at 97 sites where beetles are being used as biocontrol agents. At 26 lakes, pre- and post-treatment surveys for curly leaf pondweed were conducted and contracts for control (funded with other dollars) were administered. Pre-treatment surveys for Eurasian water milfoil were conducted at 22 lakes, and contracts for control (funded with other dollars) were administered. At Leech Lake and Mille Lacs Lake, staff surveyed and chemically treated selected harbors infested with Eurasian water milfoil to prevent/slow its spread. Zebra mussel infestations were monitored statewide and control strategies implemented where feasible. In addition, more than 70,000 watercraft were inspected statewide to prevent the spread of invasive species.

## Budget Trends FY2005 to FY2015

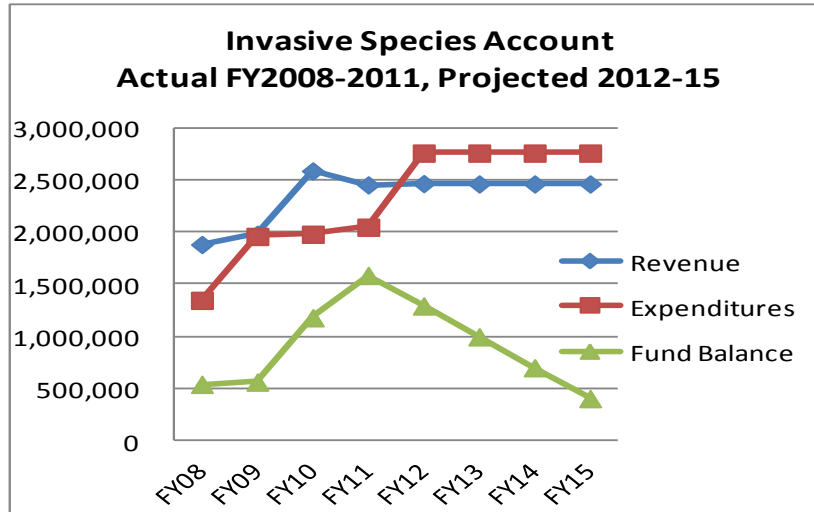
The fund balance increased in FY2010 & FY2011 due to the transfer from the Water Recreation Account. The fund balance is projected to decrease in FY2012-15 because of an increase in expenditures. In FY12-13 biennial budget, the governor recommends increasing watercraft license and non-resident fishing license surcharges to generate more funding for aquatic invasive species management.

### **Receipts, Expenditures, and Fund Balances**

<b>FY2011 Beginning fund balance</b>	<b>\$1,178,086</b>
Prior year adjustment	\$0
<b>Receipts</b>	
Watercraft surcharge	\$1,291,840
Fines	2,650
Other receipts <sup>1</sup>	113
Transfer in: Fish & wildlife license surcharge	437,057
Transfer in: Water Recreation	<u>725,000</u>
Total receipts and transfers in	\$2,456,660
<b>Expenditures</b>	
Ecological & Water Resources	<u>\$2,049,484</u>
Total expenditures	<u>\$2,049,484</u>
<b>FY2011 Ending fund balance</b>	<b><u>\$1,585,262</u></b>
Net change for FY2011	\$407,176

#### Notes

<sup>1</sup> Other receipts: credit agreement rebate.



### Additional Resources

Invasive species program

<http://www.dnr.state.mn.us/eco/invasives/index.html>

Minnesota State Management Plan for Invasive Species

[tp://www.anstaskforce.gov/Meetings/2009\\_November/MN\\_ANSTF\\_Draft\\_10-20.pdf](tp://www.anstaskforce.gov/Meetings/2009_November/MN_ANSTF_Draft_10-20.pdf)

Aquatic invasive species grants and partnerships

[http://www.dnr.state.mn.us/grants/aquatic\\_invasive/index.html](http://www.dnr.state.mn.us/grants/aquatic_invasive/index.html)

Invasive Species of Aquatic Plants and Wild Animals in Minnesota, Annual Report 2010

[http://files.dnr.state.mn.us/aboutdnr/reports/legislative/invasive\\_species\\_legislative\\_report\\_2010.pdf](http://files.dnr.state.mn.us/aboutdnr/reports/legislative/invasive_species_legislative_report_2010.pdf)

Summary Report

[http://files.dnr.state.mn.us/aboutdnr/reports/legislative/invasive\\_species\\_legislative\\_report\\_summary\\_2010.pdf](http://files.dnr.state.mn.us/aboutdnr/reports/legislative/invasive_species_legislative_report_summary_2010.pdf)

### Contacts

Program contacts

[http://files.dnr.state.mn.us/contact/eco\\_invasivesstaff.pdf](http://files.dnr.state.mn.us/contact/eco_invasivesstaff.pdf)

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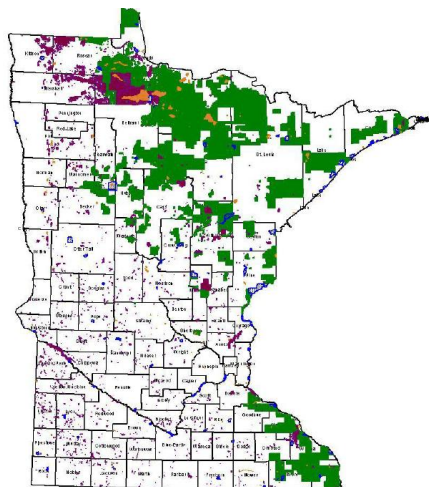
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# Land Acquisition Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



(Green = State Forest, Purple = WMA's, Orange = SNAs and Blue = State Parks)

## Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.5 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

## Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The Account helps the DNR reach the goals of: (1) consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat; (2) acquiring privately owned "in-holdings" within state parks; (3) acquiring recreation access; and (4) acquiring lands with significant natural resource characteristics.

## FY2011 Financial Summary

### Receipts

The DNR sold sixteen acquired parcels and credited proceeds to the Land Acquisition Account.

In addition, the DNR sold three acquired parcels in FY2011. The sale of these three acquired parcels resulted in a \$175,000 credit to the general fund as mandated by the Legislature. (see Laws of Minnesota 2005, Chapter 156, Art. 2, Sec. 45, as amended by Laws of Minnesota 2007, Chapter 148, Art. 2, Sec. 73, as amended by Laws of Minnesota 2009, Chapter 37, Art. 1, Sec. 59, and as amended by Laws of Minnesota 2011, First Special Session, Chapter 2, Art. 4, Sec. 29)

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account to pay for appraisals and professional services. The DNR reimbursed the Land Acquisition Account in the amount of \$63,549 from the gross proceeds from all sales when the DNR paid for these services from the Land Acquisition Account during the sale process.

### Expenditures

Forestry spent approximately 52 percent of the funds in FY2011, Fish and Wildlife spent 31 percent, Ecological and Water Resources spent 9 percent, and Parks and Trails spent 8 percent. Divisions utilize the Land Acquisition Account to pay for professional costs related to land acquisitions and the sale of surplus state owned lands (e.g. appraisals, legal notifications, and professional / technical services). There is a direct correlation to the percentage of the account spent by a particular Division to the real estate management activities; surplus land sales, acquisitions, exchanges, provided to each division.

### Fund Balance

The fund balance increased by 101 percent this year due to the increase in land sales.

## FY2011 Activities and Accomplishments

In FY2011, the account supported professional and technical services for DNR land acquisitions and surplus land sales. The DNR completed 129 land acquisitions that preserve 11,121 acres of fee interest for outdoor recreation or conservation purposes and placed an additional 307,633 acres under the protection conservation easements. The DNR divested 245 acres of surplus state-owned land.

The Division of Forestry spent 42 percent of this fund on expenses related to sale of state land. The Division of Forestry spent 58 percent of this fund on expenses related to acquiring 19 land parcels. \$48,140 of this amount was spent on the direct purchase (option) of five land parcels, with the remainder spent on associated costs such as appraisals, professional services and fees.

## Budget Trends FY2005 to FY2015

Land Acquisition Account revenues vary from year to year. Due to the downturn in the real estate market since 2008, and until the budget balancing law requirement is met, the DNR has had very few opportunities to sell surplus state land that would provide receipts for the Land Acquisition Account.

A 2009 law prohibits the use of the proceeds from the sale of land within the Outdoor Recreation System as of May 8, 2009 to meet the 2005 budget balancing law. Thus, proceeds from the sale of acquired lands within

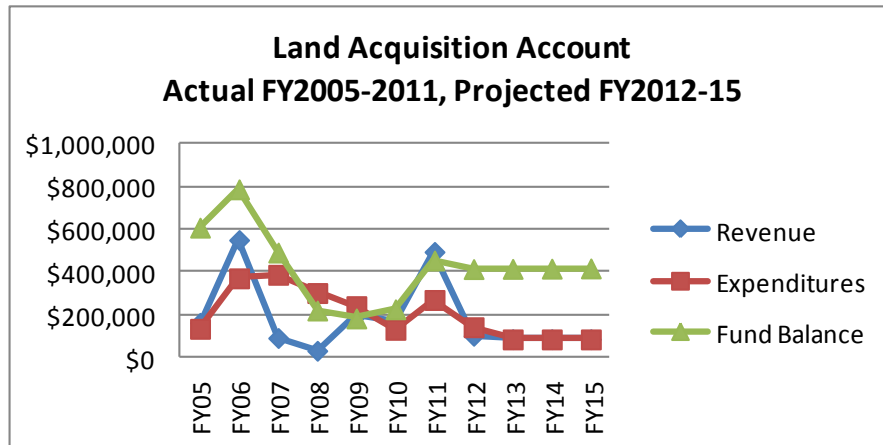
<b>Receipts, Expenditures, and Fund Balances</b>	
<b>FY2011 Beginning fund balance</b>	<b>\$226,929</b>
Prior year adjustment	\$3,250
<b>Receipts</b>	
Sale of land	\$408,066
Land sale service charge	63,549
Sale of standing timber	22,028
Other receipts <sup>1</sup>	<u>1,813</u>
<b>Total receipts</b>	<b>\$495,456</b>
<b>Expenditures</b>	
Parks and Trails	\$22,877
Forestry	139,498
Fish & Wildlife	83,369
Ecological & Water Resources	<u>24,770</u>
<b>Total expenditures</b>	<b>\$270,514</b>
<b>FY2011 Ending fund balance</b>	<b><u>\$455,121</u></b>
<b>Net change for FY2011</b>	<b>\$228,192</b>

#### Notes

<sup>1</sup> Other receipts: Lease wild rice farming, late charges and loan interest.



the outdoor recreation system will now be deposited into the Land Acquisition Account. With the continued soft real estate market, expectations for the Land Acquisition Account revenues remain low. The smaller account balance is expected to result in only a few small land acquisitions in the near future.



### Additional Resources

Land Acquisitions

[http://www.dnr.state.mn.us/lands\\_minerals/acquisitions.html](http://www.dnr.state.mn.us/lands_minerals/acquisitions.html)

FY2009 report to the Legislature – land purchases and sales for the Land Acquisition Account

[http://files.dnr.state.mn.us/lands\\_minerals/land\\_acquisition\\_account\\_report\\_09.pdf](http://files.dnr.state.mn.us/lands_minerals/land_acquisition_account_report_09.pdf)

DNR Acquisitions Informational Brochure

[http://files.dnr.state.mn.us/lands\\_minerals/acquisitions\\_brochure2.pdf](http://files.dnr.state.mn.us/lands_minerals/acquisitions_brochure2.pdf)

Land Sale

[http://www.dnr.state.mn.us/lands\\_minerals/landsale/index.html](http://www.dnr.state.mn.us/lands_minerals/landsale/index.html)

State Forests

[http://www.dnr.state.mn.us/state\\_forests/index.html](http://www.dnr.state.mn.us/state_forests/index.html)

State Parks

[http://www.dnr.state.mn.us/state\\_parks/index.html](http://www.dnr.state.mn.us/state_parks/index.html)

Wildlife Management Areas

<http://www.dnr.state.mn.us/wmas/index.html>

Scientific and Natural Areas

<http://www.dnr.state.mn.us/snas/index.html>

### Contacts

Division of Land and Minerals

[http://www.dnr.state.mn.us/lands\\_minerals/contacts.html](http://www.dnr.state.mn.us/lands_minerals/contacts.html)

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# State Land & Water Conservation (LAWCON) Account

Natural Resources Fund  
Fiscal Year 2011 Annual Report



## Creation and Purpose of the Account

The State Land and Water Conservation (LAWCON) Account was established in 2001 under M.S. 116P.14 which was repealed in 2011 and replaced with M.S. 84.0264. The law designates the Department of Natural Resources (DNR) as the state agency to apply for, accept, receive, and disburse federal reimbursement funds granted to Minnesota from the federal Land and Water Conservation Fund Act. The DNR's Division of Parks and Trails oversees the program and is the main liaison between the state and the National Park Service. To be eligible for funding, Minnesota prepares a Statewide Comprehensive Outdoor Recreation Plan (SCORP) that is updated every five years. The current plan covers 2008-2012.

## Sources and Uses of the Funds

From 1965 to 2011, Minnesota has received \$70 million from the federal Land & Water Conservation Fund (approximately \$220 million in 2010 dollars). M.S. 84.0624 distributes 50 percent of each annual apportionment to projects developed, acquired, or maintained by local units of government. The State distributes these funds through the Outdoor Recreation, Regional Park, and Natural and Scenic Areas grant programs. The other 50 percent is allocated to state acquisition and development projects of the state outdoor recreation system as defined in M.S. 86A, and for administrative expenses necessary to maintain the state's eligibility for the federal Land & Water Conservation Fund grant program. Most of the state projects have been sponsored by the Department of Natural Resources, although some projects have been sponsored by the MN Historical Society, the University of Minnesota, and the MN Department of Transportation.

Each year, the State identifies the specific acquisition and development projects to which its annual federal LAWCON apportionment will be obligated. As the projects are completed, the federal LAWCON funds are reimbursed to the State. All money received by the State for local units of government is appropriated annually and reimbursed to the project sponsor. All money received for state agency projects is deposited in the State LAWCON account.

## FY2011 Financial Summary

### Receipts

LAWCON reimbursement for projects and costs was approximately \$90,000.

### Expenditures/Grants

The Division of Parks and Trails spent 84 percent and the remaining 16 percent were for program administration. Expenditures for this account were approximately \$289,000 in FY2011.

### Fund Balance

The fund balance decreased by 41 percent this year. Expenditures exceeded revenues.

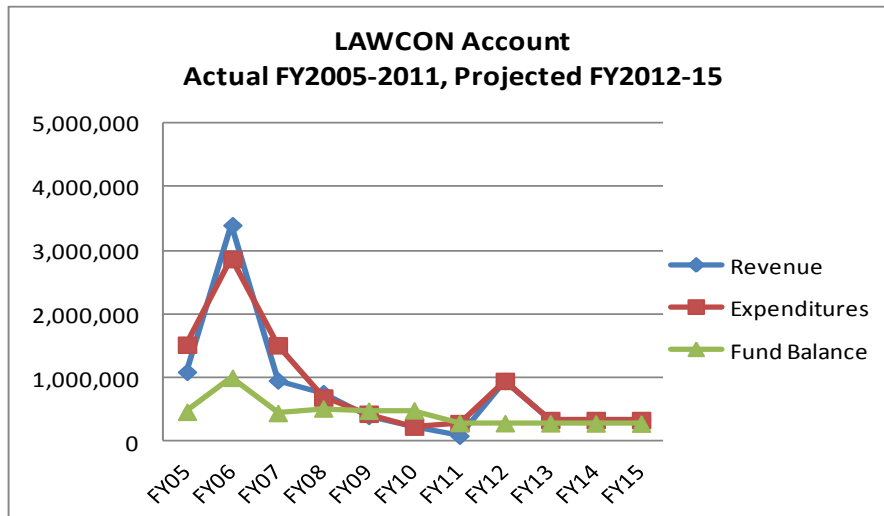
Revenues, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$488,347</b>
Prior year adjustment	0
<b>Receipts</b>	
Federal Reimbursement	\$90,000
LAWCON Local reimbursement	0
Total receipts	\$90,000
<b>Expenditures</b>	
Parks and Trails Management	\$243,075
Operations Support	45,709
Total expenditures	\$288,784
<b>FY2011 Ending fund balance</b>	<b>\$289,563</b>
Net change for FY2011	(\$198,784)

## FY2011 Activities and Accomplishments

- Acquire 80-acre in holding at Splitrock Lighthouse State Park
- Accelerate the Wild & Scenic River easement monitoring initiative.
- Conduct onsite compliance inspections of previously funded parks and administer the LAWCON grant program to maintain eligibility for future federal apportionments.

## Budget Trends FY2005 to FY2015

The fund balance is projected to stay level through FY2015 assuming apportionments to the State continue at recent levels.



## Additional Resources

Land and Water Conservation Fund (LAWCON) information page

<http://www.dnr.state.mn.us/aboutdnr/lawcon/index.html>

National Park Service, Land & Water Conservation Fund

<http://www.nps.gov/ncrc/programs/lwcf/index.htm>

**2010 Land and Water Conservation Fund Annual Report (federal)**

<http://www.nps.gov/ncrc/programs/lwcf/index.htm>

Statewide Comprehensive Outdoor Recreation Plan 2008-2012 (SCORP)

[http://files.dnr.state.mn.us/aboutdnr/reports/scorp\\_final\\_3308.pdf](http://files.dnr.state.mn.us/aboutdnr/reports/scorp_final_3308.pdf)

Parks and Natural Areas Funded by the Land & Water Conservation Fund (LAWCON) and MN  
Local Grants Programs  
[http://files.dnr.state.mn.us/aboutdnr/lawcon/lawcon\\_1.pdf](http://files.dnr.state.mn.us/aboutdnr/lawcon/lawcon_1.pdf)

## **Contacts**

DNR local grants managers

[http://www.dnr.state.mn.us/grants/local\\_grants.html](http://www.dnr.state.mn.us/grants/local_grants.html)

DNR Home Page

<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

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# Lottery in Lieu Accounts

Natural Resources Fund  
Fiscal Year 2011 Annual Report

State Parks & Trails Account  
Metro Parks & Trails Grants Account  
Local Trails Grants Account  
Zoos Account



## Creation and Purpose of the Account

Legislation enacted in 2000 provided that sales of state lottery tickets would be exempt from sales tax. The legislation also provided that the lottery would make payments to the state treasury in lieu of the sales tax equal in amount to what the sales tax would have been on the gross proceeds of lottery ticket sales. These revenues are credited to various funds and accounts, among them the accounts listed above. These are the four “lottery in lieu” (LIL) accounts in M.S. 297A.65.

## Sources and Uses of the Funds

Under M.S. 297A.94 (e), 50 percent of the “lottery in lieu” receipts are credited to these four accounts. State Parks & Trails Account receives 22.5 percent; Metro Parks & Trails Account receives 22.5 percent; Local Trails Grants Account receives 3 percent; and the Zoos Account receives 2 percent. The funds must be used for specified purposes:

- State Parks and Trails Account (LIL) – money is spent only for state parks and trails
- Metropolitan Parks and Trails Account (LIL) – money is spent only for metro park and trails grants
- Local Trails Grants Account (LIL) – money is spent only for local trail grants and
- Zoos Account (LIL) – money is spent only by:
  - the Minnesota Zoological Garden,
  - the Como Zoo and Conservatory, and
  - the Duluth Zoo.

## 1. State Parks and Trails Lottery in Lieu (LIL)

The State Parks & Trails LIL account provides funds to maintain and operate state parks and trails.

### FY2011 Financial Summary

#### Receipts

Receipts in State Parks & Trails LIL were approximately \$4.9 million in FY2011. Revenues were down slightly due to June receipts being deposited in FY2012.

#### Expenditures

Expenditures by Parks and Trails for operations and maintenance of parks totaled approximately \$5.6 million.

#### Fund Balance

The fund balance decreased by 57 percent this year. June receipts were deposited into FY2012. Expenditures exceeded revenues.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$1,229,045</b>
Prior year adjustment	\$179
<b>Receipts</b>	
State Parks and Trails - Lottery in lieu	\$4,912,253
Other receipts <sup>1</sup>	26
<b>Total receipts</b>	<b>\$4,912,279</b>
<b>Expenditures</b>	
Parks and Trails Management	\$5,611,234
<b>Total expenditures</b>	<b>\$5,611,234</b>
<b>FY2011 Ending fund balance</b>	<b>\$530,269</b>
Net change for FY2011	(\$698,776)

#### Notes

<sup>1</sup> Other receipts: credit agreement rebate

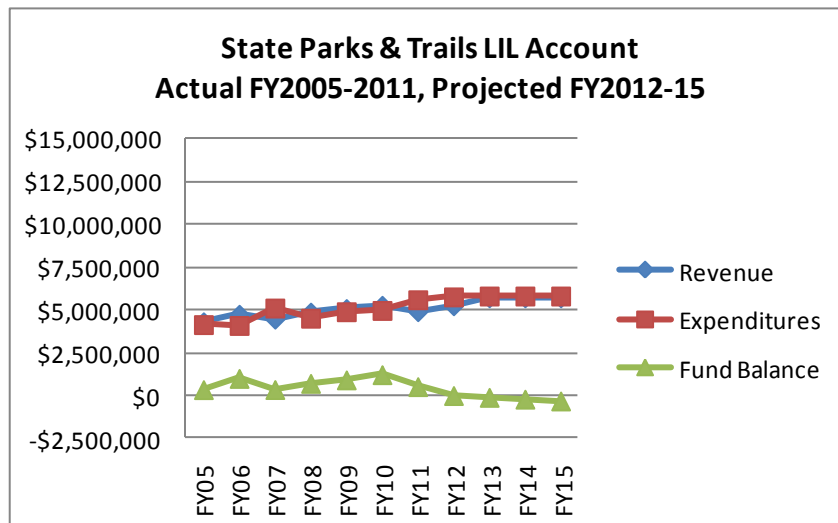
### FY2011 Activities and Accomplishments

Total expenditures of over \$5.6 million from this account are used to manage state parks and trails by maintaining the buildings and grounds for day and overnight use, maintaining state non-motorized trails, paying labor costs and purchase supplies for these activities; providing a safe environment for visitors, orientation and visitor services, environmental education, resource management and interpretive services and emergency maintenance when needed (i.e. broken water and sewer lines, power failures, downed trees, etc.)

These activities and accomplishments are carried out with a combination of funds from the State Parks, Lottery in Lieu, General Fund and State Parks Working Capital accounts.

### Budget Trends FY2005 to FY2015

Revenues have been steady through 2011 but are expected to increase slightly beginning in 2013 due to changes in the lottery program. Receipts will be lower in 2012 due to the state shut down. The fund balance is expected to continue to decline because expenditures are expected to exceed revenue through FY2015.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.

## 2. Metro Parks and Trails Lottery in Lieu (LIL)

The Metro Parks and Trails LIL funds are used by the Metropolitan Council to support the seven-county regional park system. This parks system includes 49 parks and park reserves and 6 special recreation features totaling about 53,000 acres open for public use. The system also has 29 regional trails totaling 177 miles. The funding pays for operational and maintenance costs on a cost reimbursement basis.

### FY2011 Financial Summary

#### Receipts

Receipts in the Metro Parks and Trails LIL account were approximately \$4.9 million in FY2011.

#### Expenditures

The Metropolitan Council spent approximately \$5.4 million to support the metro parks and trails systems. The Met Council allocates the Metro Parks & Trails funds to the metro region park boards. Recipients include the counties of Anoka, Washington, Ramsey, Scott, Carver, and Dakota; cities of St. Paul and Bloomington; the Minneapolis Park and Recreation Board; and the Three Rivers Park District.

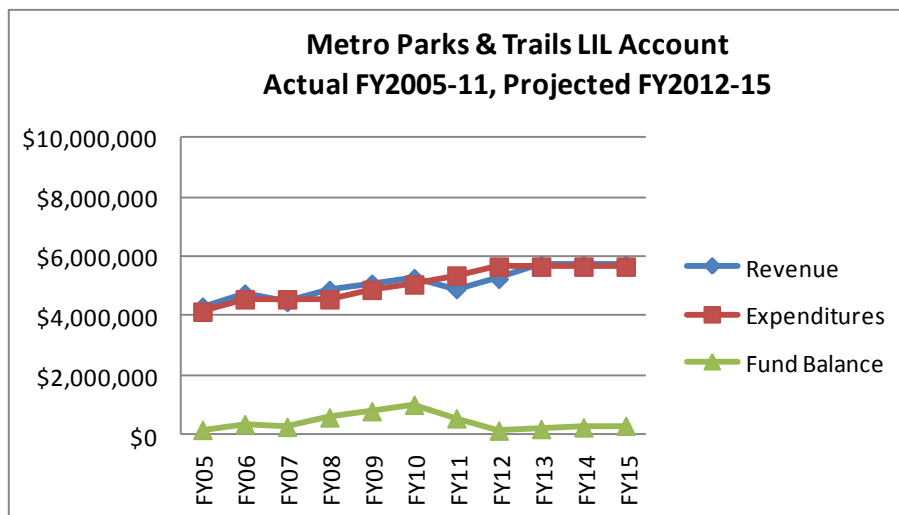
Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$1,016,849</b>
Prior year adjustment	0
<b>Receipts</b>	
Metro Parks - Lottery in lieu	\$4,912,253
<b>Total receipts</b>	<b>\$4,912,253</b>
<b>Expenditures</b>	
Parks and Trails Management	\$0
Met Council	5,370,000
<b>Total expenditures</b>	<b>\$5,370,000</b>
<b>FY2011 Ending fund balance</b>	<b>\$559,102</b>
Net change for FY2011	(\$457,747)

#### Fund Balance

The fund balance decreased 45 percent this year. Lottery receipts were down due to June receipts being deposited into FY2012. Expenditures exceeded revenues.

### Budget Trends FY2005 to FY2015

Revenues and expenditures have been steady since FY2003 with a gradual increase. The fund balance has gradually increased but is projected to remain steady through FY2013.



### Additional Resources

Metropolitan Council – Regional Parks

<http://www.metrocouncil.org/parks/index.htm>

<http://www.metrocouncil.org/parks/map/parksmmap.htm>

### Contacts

Metropolitan Council

<http://www.metrocouncil.org/contact/contact.htm>

### 3. Local Parks and Trails Lottery in Lieu (LIL)

The Local Parks and Trails LIL grants are made to local units of government for the maintenance and operations of local parks and trails. Counties, cities, and towns are eligible for the grants.

#### FY2011 Financial Summary

##### Receipts

The Local Parks & Trails LIL account receipts totaled approximately \$655,000.

##### Expenditures/Grants

Parks & Trails grants to local units of government totaled approximately \$453,000.

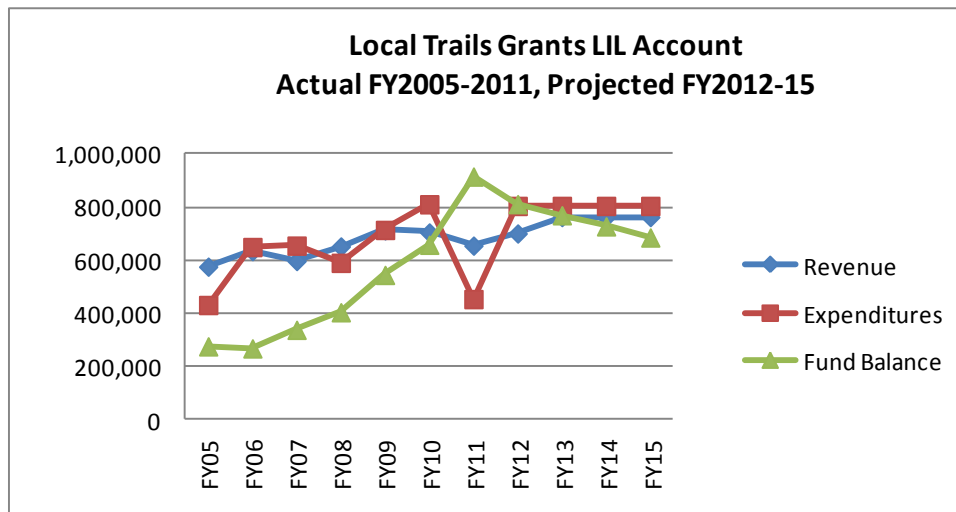
##### Fund Balance

The fund balance increased 39 percent this year. Lottery receipts were down due to June receipts being deposited into FY2012. Expenditures decreased by \$350,000. Revenues exceeded expenditures.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$658,359</b>
Prior year adjustment	\$55,630
<b>Receipts</b>	
Local Trails Grants - Lottery in lieu	\$654,967
Refunds of prior year expenditures	<u>0</u>
<b>Total receipts</b>	<b>\$654,967</b>
<b>Expenditures</b>	
Parks and Trails Management	\$453,021
<b>Total expenditures</b>	<b>\$453,021</b>
<b>FY2011 Ending fund balance</b>	<b>\$915,935</b>
Net change for FY2011	\$257,576

#### Budget Trends FY2005 to FY2015

Revenues and expenditures have been fairly steady since FY2006 with a drop in expenditures in FY11. The fund balance has been increasing steadily since FY2003 but is projected to decrease slightly with expenditures expecting to exceed revenues through FY2015.





#### 4. Zoo Grants Lottery in Lieu (LIL) Account

The Zoo Grants LIL account is used to fund a portion of the operations of three zoos in the state – the Minnesota Zoo, Como Zoo, and the Duluth Zoo.

#### FY2011 Financial Summary

##### Receipts

Receipts for the Minnesota Zoos LIL account totaled approximately \$437,000.

##### Expenditures

The three zoos named in the legislation receive pass-through appropriations to support operations and activities of the zoos. The Minnesota Zoo received \$160,000 and Como Zoo and the Duluth Zoo each received \$160,000. The Minnesota Zoo, Como Zoo, and the Duluth Zoo use the zoo grant funds to help support general operations at the zoos.

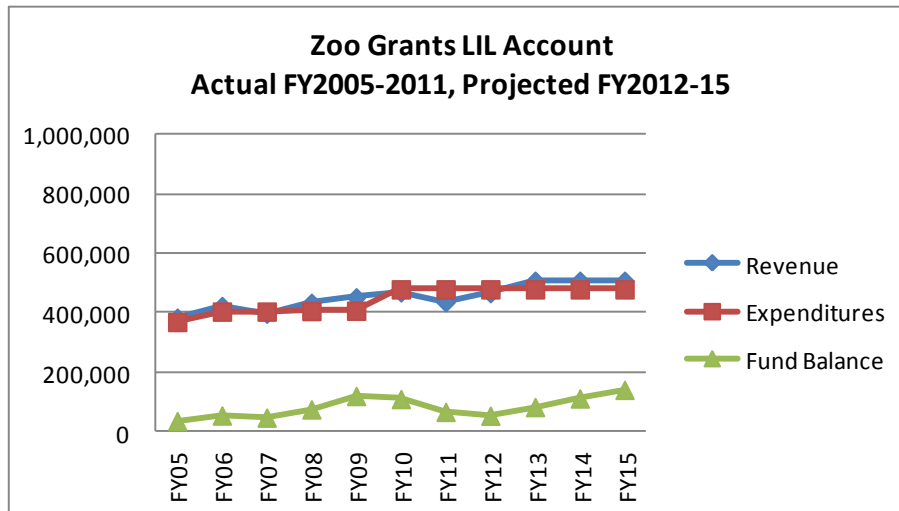
Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$110,590</b>
Prior year adjustment	0
<b>Receipts</b>	
Minnesota Zoos - Lottery in lieu	\$436,645
<b>Total receipts</b>	<b>\$436,645</b>
<b>Expenditures</b>	
Como and Duluth Zoos	\$320,000
Minnesota Zoo	160,000
<b>Total expenditures</b>	<b>\$480,000</b>
<b>FY2011 Ending fund balance</b>	<b>\$67,235</b>
Net change for FY2011	(\$43,355)

##### Fund Balance

The fund balance decreased 39 percent this year. Lottery receipts were down due to June receipts being deposited into FY2012. Expenditures exceeded revenues for FY2011 but the reverse is expected through FY2015.

#### Budget Trends FY2005 to FY2015

Revenues and expenditures have remained steady through FY2010 but are projected to level off through FY2015. The fund balance decreased slightly for FY2011 and 2012 but is projected to increase through FY2015.



#### Additional Resources

DNR reports

<http://www.dnr.state.mn.us/aboutdnr/reports/index.html>

Strategic Conservation Agenda 2009-2013

<http://www.dnr.state.mn.us/conservationagenda/index.html>

State Comprehensive Outdoor Recreation Plan

<http://www.dnr.state.mn.us/aboutdnr/reports/scorp/index.html>

Minnesota State Parks Strategic Plan 2006-2011

[http://files.dnr.state.mn.us/parks\\_recreation/sp\\_strategic\\_plan.pdf](http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf)

Long range conservation plans and strategies – all DNR

<http://www.dnr.state.mn.us/strategies/index.html>

DNR publications

<http://www.dnr.state.mn.us/publications/index.html>

Local Grants and Pass Through Appropriations

<http://www.dnr.state.mn.us/grants/index.html>

Recreation Grants

<http://www.dnr.state.mn.us/grants/recreation/index.html>

Parks & Trails

[http://www.dnr.state.mn.us/trails\\_waterways/index.html](http://www.dnr.state.mn.us/trails_waterways/index.html)

Minnesota Zoo

<http://www.mnzoo.com/>

## **Contacts**

Grants assistance

<http://www.dnr.state.mn.us/grants/index.html>

DNR divisions and offices

<http://www.dnr.state.mn.us/aboutdnr/index.html>

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# Minerals Management Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## Creation and Purpose of the Account

The 2005 legislature created the Minerals Management Account in M.S. 93.2236 to maximize mineral revenue from state mineral trust lands. Mineral management responsibilities include state mineral evaluation and promotion, issuing leases for exploration and mining, negotiating royalty rates and rentals, and managing revenue transactions related to mining and exploration. The program also provides technical assistance to local governments on mineral resources and mining issues.

## Sources and Uses of the Funds

Revenues from state mineral leases are collected from mining companies and distributed in accordance with state law to benefit the schools, the university, and the local taxing districts. The Minerals Management program objective is to maximize mineral lease revenues for the Permanent School Fund, the Permanent University Fund, and local units of government.

The funds and accounts that directly benefit from mineral income pay for a portion of the costs of state minerals lease and ownership activities. Twenty percent of the payments made under all state mineral leases are credited to this account to pay the costs associated with the administration and management of the state's mineral resources. Money in the account is appropriated by the legislature to the commissioner for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

## School Trust Lands

The DNR manages 2.5 million acres of school trust lands, and an additional one million acres of school trust mineral rights. The school trust lands were derived from three federal land grants in the early years of statehood. Sections 16 and 36 of each public land survey township area were granted to the state for the purpose of being applied to the schools of the state. Swamplands were granted to the state for the purpose of selling the lands to construct levees and drains. Internal improvement lands were granted for sale and use in infrastructure. By 1900, most of the high value agricultural, timber, and mineral lands had been sold. From that point on, the remaining lands were managed for leasing mining and timber, with minor amounts sold. The remaining lands from the three land grants were combined into what is known today as school trust lands, from which revenue goes into the Permanent School Fund. The net interest and dividends are distributed annually from the Permanent School Fund to the school districts throughout the state.

## University Trust Lands

Within a few years after Minnesota statehood, the federal government conveyed 144 sections of land to the state for the use and support of a state university. These federal grant lands are managed by the DNR for

the state. Most of the lands have been sold, but 25,891 acres remain, along with an additional 21,319 acres of mineral rights. A significant portion of the permanent university fund lands contain valuable deposits of iron ore and taconite. Revenues from sales and leases are deposited in the Permanent University Fund.

## **FY2011 Financial Summary**

### Receipts

20 percent of iron ore and taconite rents and royalties receipts are deposited into the minerals management account each year. The other 80 percent is deposited into the permanent school and university trust funds based on land type. Revenues for this account increased by 166 percent this year. Total receipts deposited into this account for FY2011 were approximately \$7 million.

### Expenditures

Expenditures in this account support evaluation of state minerals, state mineral leasing, and state mineral lease administration. 70% of the costs are personnel; the remainder is rental, maintenance, and communications, travel, and equipment costs. FY2011 expenditures were \$3.1 million.

At the end of each fiscal year, the amount of the fund balance that exceeds \$3 million is distributed to the permanent school and university funds in proportion to the revenue received into these two accounts. In FY2011 \$29,451 was transferred out.

### Fund Balance

The fund balance increased by 132 percent this year. This increase was due to significantly higher mineral revenue. Total mineral revenue was \$35,502,427 in FY2011, of which \$34,019,491 was from taconite and iron ore royalty and rentals. FY2011 was a record for mineral revenue for a single year and was 13% more than the previous record high annual mineral revenue. Mineral revenues are estimated to be \$40 million in FY2012. This increase is due to rising iron production by blast furnaces owned by integrated steel producers in the United States and Canada and due to new iron ore escalators recently negotiated for many of the state's taconite and iron ore leases.

<b>Receipts, Expenditures, and Fund Balances</b>	
<b>FY2011 Beginning fund balance</b>	<b>\$ 3,029,452</b>
Prior year adjustment	130,202
<b>Receipts</b>	
Iron ore rents & royalties	\$6,726,007
Non-ferrous metallic minerals	192,009
Interest earnings	31,711
Stockpiled Iron Ore	33,430
Other receipts <sup>1</sup>	5,680
Total receipts	\$6,988,837
<b>Expenditures</b>	
Lands and Minerals	\$3,080,880
Transfer out: University trust account	9,417
Transfer out: School trust account	20,034
Total expenditures and transfers out	\$3,110,331
<b>FY2011 Ending fund balance 2</b>	<b>\$7,038,160</b>
Net change for FY2011	\$4,008,708

#### **Notes**

<sup>1</sup> Other receipts: Industrial minerals and credit agreement rebate.

## **FY11 Activities and Accomplishments**

The Division of Lands & Minerals (LAM) spent \$3,080,880 in FY2011. A majority of the expenditures are for staff work in issuing and administering state mineral leases. The activities include the analysis of the resources, negotiating lease terms, drafting leases and reports, monitoring the exploration and mining activities, and collection of revenues.

A new type of mineral leasing program commenced in 2011. Five mineral leases were issued for mining natural iron ore tailings. Tailings material has historically been saved for future income potential, and 2011 was the first year mineral royalty revenue was received from mining natural iron ore tailings. The total estimated revenue for calendar year 2011 is about \$800,000.

As part of enhancing revenues, LAM met with Mountain Iron, St Louis County, and United States Steel concerning relocation of St Louis County Highway 103 (Old Hwy 169) and the location of a new entrance

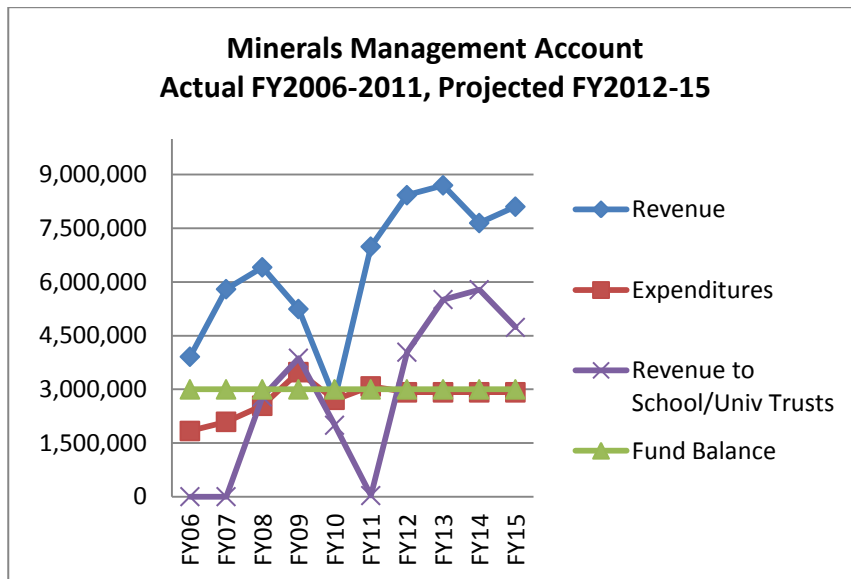
into Minntac. The agreement reached with the parties will protect several hundred acres of school trust minerals and tax forfeited minerals for future mining by USS.

During the past year many geologists from all over the world have visited the drill core library to inspect Minnesota bedrock drill core. During the past year about 25 semi truck loads of drill core were received, unloaded and placed on shelves in the new drill core building. There is approximately 3,000,000 feet of drill core in the Hibbing Drill Core Library.

A state non-ferrous metallic mineral lease sale was held in April of 2011. Bids were received on 77 mining units covering a total of 21,975 acres. The State Executive Council (the state's five constitutional officers) has postponed approving (or rejecting) these leases due to opposition from citizens concerning notice procedures and non-ferrous metallic minerals mining. At its meeting on October 5, 2011, the State Executive Council requested that the DNR also review the rental rates for the leases.

**Budget Trends FY2006 to FY2015**

The fund revenue is projected to continue to increase from FY2012 through FY2015 due to an expected increase in mineral revenue as shown below. However, the fund balance never exceeds \$3 million. Any balance over this amount is annually transferred to the School and University trust funds. (Refer to the table on the previous page.)



## **Additional Resources**

Lands and Mineral publications

[http://www.dnr.state.mn.us/lands\\_minerals/pubs.html](http://www.dnr.state.mn.us/lands_minerals/pubs.html)

Minnesota's School Trust Lands Fiscal Year 2008-2009

[http://files.dnr.state.mn.us/lands\\_minerals/school\\_trust\\_land\\_biennial\\_report\\_fy\\_0809.pdf](http://files.dnr.state.mn.us/lands_minerals/school_trust_land_biennial_report_fy_0809.pdf)

Minnesota's Permanent University Land and Fund (revised 2009)

[http://files.dnr.state.mn.us/lands\\_minerals/permanent\\_university\\_handout\\_FY08.pdf](http://files.dnr.state.mn.us/lands_minerals/permanent_university_handout_FY08.pdf)

## **Contacts**

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[http://www.dnr.state.mn.us/lands\\_minerals/index.html](http://www.dnr.state.mn.us/lands_minerals/index.html)

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# Mining Administration Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## **C**reation and Purpose of the Account

The Mining Administration Account was established in 2008 in M.S. 93.481. The account collects fees charged to owners, operators, or managers of mines for the costs associated with mine permitting.

## **S**ources and Uses of the Funds

The 2008 law provided that ferrous mining (taconite and iron ore) administrative fees would be charged to owners, operators, or managers of mines and the revenues deposited to the new account. The revenues were appropriated to the commissioner of the Department of Natural Resources (DNR) to cover the costs of administering and monitoring permits to mine ferrous metals.

In the last months of FY2009, the law was amended to provide that deposits to the account would include all fees charged to owners, operators, or managers of mines under M.S. 93.481 and a new section, M.S. 93.482 (Reclamation Fees). The mining administrative fee was extended to include ferrous, nonferrous, peat, and scam mining.

Mineland Reclamation activities are directed toward controlling adverse environmental impacts of mining, preserving natural resources, and encouraging future land utilization planning, while at the same time promoting the orderly development of mining, encouraging good mining practices, and recognizing the beneficial aspects of mining. Supporting activities within mineland reclamation include (1) mine permitting, (2) site inspections, (3) wetland impact avoidance, minimization, and mitigation, (4) annual report and operating plan review, (5) research toward reclamation practice improvement, and (6) environmental review which is otherwise unfunded. The costs of these mineland reclamation activities are paid by the users of the services – the permit holders.

## FY2011 Financial Summary

### Receipts

The fee revenues due at the end of FY2011 totaling approximately \$500,000 were collected in advance of July 1, 2011 (as required by law) and deposited in FY2011 for use in FY2012.

### Expenditures

The Division of Lands & Minerals expended approximately \$464,000 for costs of the Mining Administration program. These costs include issuing permits to mine, reviewing annual operating plans and site inspections.

### Fund Balance

The fund balance increased by 9 percent this year. FY2009 was the first year that this account was used. Revenues have exceeded expenditures in the first three years of operation.

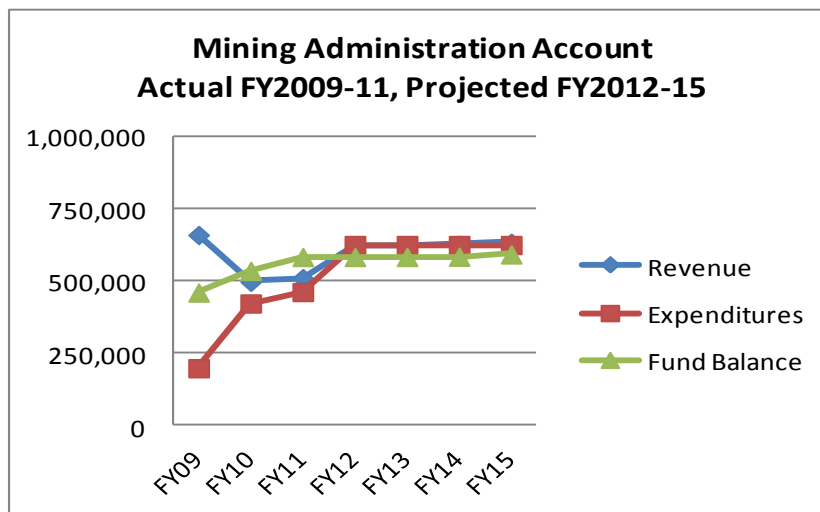
Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$ 537,344</b>
Prior year adjustment	0
<b>Receipts</b>	
Mineland reclamation fees	\$509,956
Interest earnings	2,240
Other receipts	13
<b>Total receipts</b>	<b>\$512,209</b>
<b>Expenditures</b>	
Lands and Minerals	\$464,050
<b>Total expenditures</b>	<b>\$464,050</b>
<b>FY2011 Ending fund balance</b>	<b>\$585,503</b>
Net change for FY2011	\$48,159

## FY2011 Activities and Accomplishments

Accomplishments of the program included: (1) administering and monitoring seven taconite permits; (2) administering and monitoring two closure status taconite permits; (3) administering and monitoring three active scam mining permits; (4) administering and monitoring ten peat mining permits; (5) amending numerous wetland mitigation and replacements plans; (6) planning for long-range hydrologic changes and in-pit stockpile at several operations; and (7) innovative reclamation projects at two facilities. The Mineland Reclamation program enforces mineland reclamation regulations at taconite, scam, and peat mining operations affecting over 250,000 acres of public and private land.

## Budget Trends FY2009 to FY2015

Each year, the annual permit to mine fees is collected based on the number of companies holding permits in the previous calendar year, whether or not there was production at the facilities. For FY2011, the annual permit to mine fees collected were approximately \$500,000. For FY2012, the revenue is estimated to be the same as FY2011 and expenditures are projected to remain at the same level. For FY2012 through FY2015, the fund balance is projected to remain stable.





## **Additional Resources**

Mining and Mineral Resources of Minnesota

[http://www.dnr.state.mn.us/lands\\_minerals/mining.html](http://www.dnr.state.mn.us/lands_minerals/mining.html)

Lands and Mineral publications

[http://www.dnr.state.mn.us/lands\\_minerals/pubs.html](http://www.dnr.state.mn.us/lands_minerals/pubs.html)

Establishment of a Permit to Mine Administration and Application Fee Schedule (report to legislative committees, published Jan. 2009)

[http://files.dnr.state.mn.us/lands\\_minerals/Permit\\_to\\_Mine\\_Administration\\_and\\_Application\\_Fee\\_Schedule.pdf](http://files.dnr.state.mn.us/lands_minerals/Permit_to_Mine_Administration_and_Application_Fee_Schedule.pdf)

Reclamation section publications

[http://files.dnr.state.mn.us/lands\\_minerals/reclamation/reclamation\\_publication\\_list.pdf](http://files.dnr.state.mn.us/lands_minerals/reclamation/reclamation_publication_list.pdf)

## **Contacts**

Division of Lands and Minerals

[http://www.dnr.state.mn.us/lands\\_minerals/index.html](http://www.dnr.state.mn.us/lands_minerals/index.html)

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# Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

## Natural Resources Fund Fiscal Year 2011 Annual Report



### **C**reation and Purpose of the Account

The Natural Resources Dedicated Receipts Account is the repository for the statutorily-appropriated dedicated accounts in the Natural Resources Fund. Each individual component account is accounted for separately according to its statutory authorities and requirements.

#### **Account:**

- Forest Resource Assessment Products and Services Account
- Horse Pass Account
- Burning Permit Account
- Forest Bough Account
- Water Management Account
- Land Management Account
- License Center and Electronic Licensing System (ELS)

#### Statute

- M.S. 89.421
- M.S. 85.46
- M.S. 88.17
- M.S. 88.6435
- M.S. 103G.301
- M.S. 92.685
- M.S. 84.027, subd. 15

### **Sources and uses of Funds**

Money deposited in the Natural Resources Misc. Statutory Account comes from these sources:

- Sales of forest resource assessment products and services
- Burning permits fees
- Fees from the sale of permits issued to bough buyers
- Water fees and inspection fees
- Fees collected for easements and land and water crossing licenses on DNR land
- Horse pass fees
- License issuing fees

Money in the Natural Resources Misc. Statutory Account can be used for these purposes:

- Maintain staff and facilities producing the aerial photography, forest inventory, remote sensing, and satellite imagery products and services.
- For trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use.
- To operate burning permit system.
- For costs associated with balsam bough educational programs for harvesters and buyers.
- To defray the costs of receiving, recording, and processing permit applications and conducting inspections.
- To administer the utility easement program, road easement program, easement and easement release programs and trail easement program
- To operate the electronic licensing system.

## FY2011 Activities and Accomplishments



### Division of Forestry (Forest Management)

The Forestry Resource Assessment Products and Services Account were established in 2007 in M.S. 89.421. Sales of forest resource assessment products and services to internal DNR customers and to organizations/persons outside the department are authorized in three sections of statutes (M.S. 84.025, subd. 9; M.S. 84.026; and M.S. 84.0855). The Resource Assessment Office provides assessment services of landscape resources for the Division of Forestry, DNR programs and outside organizations on a fee-for-service basis. The office also sells photographic products to the general public. Products and services include forest inventory survey design, data collection, and compilation; creation of data layers; and remote sensing (aerial photography, satellite imagery, and analysis, GIS services, image processing, aerial photo rectification). Revenues from all sales are credited to the Forest Resource Assessment Products and Services Account. The funds credited to the account pay for the operations of the program.

DNR Resource Assessment provided 12,000 square miles of photography, 1800 square miles of wetland identification, 50,000 acres of forest inventory, 20% of Minnesota's national Forest Inventory and Analysis plots, 52,000 square miles of forest pest aerial survey, and performed many other land cover analysis projects for Minnesota Resource managers.



The burning permit account was established in 2004 legislation to support an electronic burning permit system (ELS – electronic licensing system). M.S. 88.17. All burning permit fees collected pursuant to M.S. 88.17 are deposited in the Burning Permit Account. The funds are used to cover the costs of operating the burning permit system. Minnesota's first forest protection efforts began in 1895 when the legislature enacted the Forest Preservation Act. The law was passed after the Hinckley fire of 1894 that killed more than 450 people. The Burning Permit Law was passed in 1918 after another forest fire destroyed Cloquet and most of Moose Lake. In 1993, the Division of Forestry of DNR was given complete responsibility for all aspects of open burning in Minnesota. The system of permits and fire warden enforcement reduces the incidence of wildfires. In 2011, 11,049 burn permits were issued.



Bough buyers permitting were created in law in 2002 to help guide the sustainable harvest of boughs. The Forest Bough Account was established in 2004, in M.S. 88.6435. Fees from the sale of permits issued to bough buyers are deposited in the forest bough account. The funds are used to pay the costs associated with balsam bough educational programs for harvesters and buyers. In 2011, 140 bough buyer permits were sold. Permits are available through the DNR's Electronic Licensing System at any location where hunting and fishing licenses are sold.



### **Division of Parks & Trails**

The Horse Pass Account was authorized in 2006 and effective Jan. 1, 2007 (M.S. 85.46). The horse pass is similar to other DNR passes, such as cross-country skiing pass. Persons 16 years old or older must have in their immediate possession a valid horse pass when they ride, lead, or drive a horse on land administered by the commissioner of the DNR (passes are not required on forest roads). A commercial annual horse pass was established, effective January 2, 2010. The pass will enable commercial riding facility owners to purchase horse passes that can be issued to riders that hire or rent horses from the facility.



Revenues from the sale of the horse passes are deposited into a dedicated account to address equestrian needs in the state-owned areas where the pass is required. The DNR manages more than 1,000 miles of horse trails and more than 500 horse campsites. The DNR works with an Equestrian Advisory Group on the horse pass program.



Horse pass receipts in FY2011 totaled approximately \$95,000, a decrease of \$22,000 from FY2010 receipts of \$117,000. Expenditures in FY2011 totaled approximately \$119,000, and included equestrian projects completed at nine locations in state parks, state forests, and state trails. Completed projects included trail rehabilitation and facility development projects; a project list is available in the resource list at the end of this report under *Horse Trail Pass at Work*. The FY2011 ending fund balance was similar to the ending fund balance in FY2010, at approximately \$230,000.



### **Division of Ecological & Water Resources**

The DNR is required to review proposed projects that need water in excess of 100 million gallons per year, and to assess fees to recover the costs of review and inspections (M.S. 103G.301). This permitting and inspection work is necessary to ensure the long-term sustainability of Minnesota's surface water and groundwater resources.



Fees are charged to applicants who propose to use large quantities of water as specified in the legislation. The responsibilities of Water Resource Management include project planning, environmental reviews, permit application reviews, and studies to assess the adequacy of the water resource and potential natural resource impacts. The receipts are credited to the Water Permit and Inspection Account to recover the costs incurred for the environmental review and permitting activities, and nine new permits were issued for FY2011.



### **Division of Lands & Minerals**

The Land Management Account was created in 2005 to cover the costs for the DNR to administer the road easement program under M.S. 84.631 (road easements across state lands). Starting in FY2009, the statutory language was amended to add responsibilities to issue and monitor utility licenses under M.S. 84.415; prepare conveyances of easements to state, local, or federal governments under M.S. 84.63; prepare conveyances of unneeded state easements (easement releases) under M.S. 84.632; and prepare easements for access and egress to state trails under M.S. 85.015, subd. 1b. (M.S. 92.685).

In FY2010, the statutory language was amended to authorize joint applications for utility licenses for residential use, with one application fee for a joint



application. The 2010 legislature also modified the supplemental application fee for water and land crossing utility licenses, and provided that if the fees collected were not sufficient to cover costs for the activity, the commissioner must otherwise reduce department costs and activities to carry out the requirements of the law.

Fees collected and credited to this account are received in conjunction with the services provided in reviewing easement applications and supplemental applications, preparing easements or easement releases, monitoring, and related actions. The account funds are expended to cover the costs of activities specified in each section of the statutes listed above. In FY2011 there were 254 new utility licenses and 34 easements issued.



### **Division of Fish & Wildlife (ELS)**

The Division of Fish & Wildlife maintains the License Center and Electronic Licensing System authorized in M.S. 84.027.

The License Center issues licenses, permits, registrations, passes, and processes other transactions through a Web-based Electronic Licensing System available from 173 registration agents (deputy registrars). The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Currently 135 types of transactions are available online.

The money deposited into this account comes from issuing fees collected on the sale of horse trail passes and decorative bough buyers permits deposited into the NR Dedicated Receipts account to provide support for operation of the licensing system.

## FY2011 Financial Summary

### Receipts

Approximately 60 percent of the total receipts in the Dedicated Receipts Account were from the Forestry Resource Assessment Products and Services Account. Easement, water & land crossing licenses on DNR lands collected 18 percent of the revenue and the horse pass contributed three percent of the revenue.

### Expenditures

Approximately 75 percent of the expenditures in the NR Dedicated Receipts Account were made by the Division of Forestry (Resource Assessment Account). The Division of Lands and Minerals spent 17 percent and the Division of Parks & Trails about four percent of the total expenditures in the combined Dedicated Receipts Account.

### Fund Balance

The fund balance increased by 57 percent this year. Revenues have increased for the division of Ecological and Water Resources, Lands & Minerals and Forestry but have decreased for the division of Parks & Trails – Horse Trail fees. The Outdoor Heritage Fund transferred \$750,000 into this account in FY11 for the Forests for the Future Conservation Easement Account.

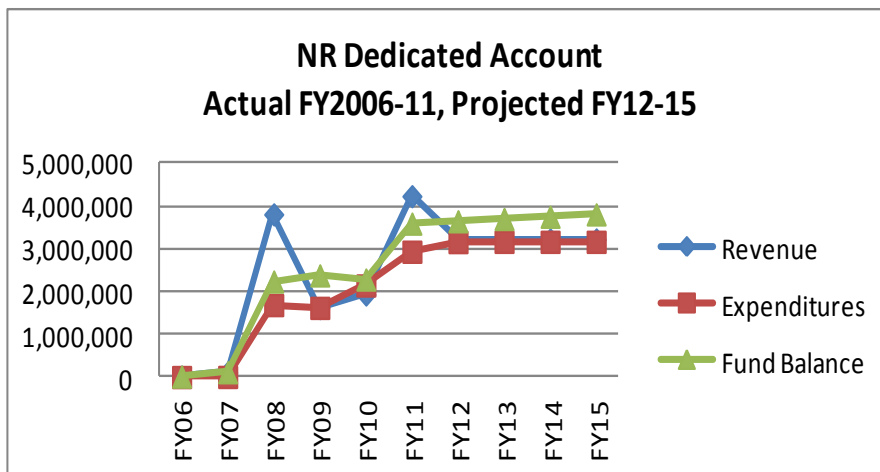
## Receipts, Expenditures, and Fund Balances

### Consolidated Accounts

<b>FY2011 Beginning fund balance</b>	<b>\$2,283,616</b>
Prior year adjustment	\$9,275
<b>Receipts</b>	
Water fees, inspection fees	\$82,890
Easement, water & land crossing licenses on DNR lands	760,076
Fire burn permits	43,432
Decorative balsam bough buyer's permit	1,118
Other forestry receipts	2,487,185
Horse trail pass	94,916
License issuing fee	11,532
Transfer in: Forest for Future (one-time)	750,000
Transfer in: Gas Storage revenue (moving from general fund _	2,625
Interest earnings	<u>243</u>
<b>Total receipts</b>	<b>\$4,234,017</b>
<b>Expenditures</b>	
Lands and Minerals	498,125
Ecological & Waters Resources Mgmt	0
Forest Management	2,312,875
Parks and Trails Management	118,826
Fish & Wildlife (ELS)	<u>4,341</u>
<b>Total expenditures</b>	<b>\$2,934,167</b>
<b>FY2011 Ending fund balance</b>	<b><u>\$3,592,741</u></b>
Net change for FY2011	\$1,309,125

## Budget Trends FY2006 to FY2015

The fund balance is projected to remain stable through FY2015.



## **Additional Resources (Forestry)**

Citizens Guide to Forestry: Resource Assessment

[http://files.dnr.state.mn.us/forestry/citizens\\_guide/citizensguide\\_chapter6.pdf](http://files.dnr.state.mn.us/forestry/citizens_guide/citizensguide_chapter6.pdf)

View Air Photos Online

<http://www.dnr.state.mn.us/airphotos/index.html>

Burning permits information

<http://www.dnr.state.mn.us/forestry/fire/questions.html>

Apply for a burning permit

[http://webapps1.dnr.state.mn.us/burning\\_permits/](http://webapps1.dnr.state.mn.us/burning_permits/)

Statewide fire danger

[http://www.dnr.state.mn.us/forestry/fire/firerating\\_restrictions.html](http://www.dnr.state.mn.us/forestry/fire/firerating_restrictions.html)

Balsam Bough Harvesting: Doing it Right for the Future

<http://www.dnr.state.mn.us/treecare/maintenance/balsamharvest.html>

Balsam Bough Regulations: Pocket Guide

[http://files.dnr.state.mn.us/forestry/um/balsamboughregulation\\_pocketguide.pdf](http://files.dnr.state.mn.us/forestry/um/balsamboughregulation_pocketguide.pdf)

Taking a Bough: Minnesota's Balsam Bough Industry

<http://files.dnr.state.mn.us/forestry/um/takingbalsambough.pdf>

Minnesota Special Forest Products Harvest-to-Market Directory, Sep. 2008 (harvesters and buyers)

[http://files.dnr.state.mn.us/forestry/um/sfp\\_htm\\_directory.pdf](http://files.dnr.state.mn.us/forestry/um/sfp_htm_directory.pdf)

## **Contacts**

Resource Assessment Office

Grand Rapids

(218) 322-2500

(218) 327-4517 (fax)

Any DNR Forestry Office

<http://www.dnr.state.mn.us/areas/forestry/index.html>

## **Additional Resources (Parks and Trails)**

Horseback riding

[http://www.dnr.state.mn.us/horseback\\_riding/index.html](http://www.dnr.state.mn.us/horseback_riding/index.html)

Frequently asked questions about the horse trail pass

[http://www.dnr.state.mn.us/horseback\\_riding/horsepass.html](http://www.dnr.state.mn.us/horseback_riding/horsepass.html)

Horse Trail Pass at Work (list of projects for FY2011)

[http://files.dnr.state.mn.us/recreation/horseback\\_riding/horse\\_pass\\_projects.pdf](http://files.dnr.state.mn.us/recreation/horseback_riding/horse_pass_projects.pdf)

State Forest Horse Campgrounds and Trails

[http://files.dnr.state.mn.us/recreation/horseback\\_riding/stateforest\\_horse\\_camp\\_trails.pdf](http://files.dnr.state.mn.us/recreation/horseback_riding/stateforest_horse_camp_trails.pdf)

Purchase horse trail passes (electronic licensing center)

<http://www.dnr.state.mn.us/licenses/agents.html>

## **Contacts**

DNR Information Center, 651-296-6157 (888-646-6367 toll-free)

## **Additional Resources (Ecological and Water Resources)**

DNR water permits

<http://www.dnr.state.mn.us/permits/water/index.html>

Water use permits

[http://www.dnr.state.mn.us/waters/watermgmt\\_section/appropriations/permits.html](http://www.dnr.state.mn.us/waters/watermgmt_section/appropriations/permits.html)

Water permit applications and other forms

<http://www.dnr.state.mn.us/waters/forms.html>

Division of Waters – home page

<http://www.dnr.state.mn.us/waters/index.html>

## **Contacts**

Water-related permit contacts

[http://www.dnr.state.mn.us/permits/water/water\\_permit\\_contacts.html](http://www.dnr.state.mn.us/permits/water/water_permit_contacts.html)

## **Additional Resources (Lands and Minerals)**

Acquisitions

[http://www.dnr.state.mn.us/lands\\_minerals/acquisitions.html](http://www.dnr.state.mn.us/lands_minerals/acquisitions.html)

Information brochure

[http://files.dnr.state.mn.us/lands\\_minerals/acquisitions\\_brochure2.pdf](http://files.dnr.state.mn.us/lands_minerals/acquisitions_brochure2.pdf)

Easement across state land

[http://www.dnr.state.mn.us/permits/road\\_crossing/index.html](http://www.dnr.state.mn.us/permits/road_crossing/index.html)

Leases, licenses, and easements

[http://www.dnr.state.mn.us/lands\\_minerals/leases.html](http://www.dnr.state.mn.us/lands_minerals/leases.html)

Application for easement across state land

[http://files.dnr.state.mn.us/rlp/permits/road\\_crossing/easement\\_application.pdf](http://files.dnr.state.mn.us/rlp/permits/road_crossing/easement_application.pdf)

Utility crossing licenses

[http://www.dnr.state.mn.us/permits/utility\\_crossing/index.html](http://www.dnr.state.mn.us/permits/utility_crossing/index.html)

## **Contacts**

Lands and Minerals regional operations staff

[http://www.dnr.state.mn.us/lands\\_minerals/regionalops.html](http://www.dnr.state.mn.us/lands_minerals/regionalops.html)

## **Additional Resources (Fish and Wildlife-License Center-ELS)**

Online licenses

[https://jc.activeoutdoorsolutions.com/mn\\_customer/app/goHome.do](https://jc.activeoutdoorsolutions.com/mn_customer/app/goHome.do)

Online permits

<http://www.dnr.state.mn.us/permits/index.html>

License agents

<http://www.dnr.state.mn.us/licenses/agents.html>

License Center statistics

[http://files.dnr.state.mn.us/rlp/stats\\_2009.pdf](http://files.dnr.state.mn.us/rlp/stats_2009.pdf)

## **Contacts**

DNR Central Office

500 Lafayette Road, Box 20

St. Paul, MN 55155

<http://www.dnr.state.mn.us/fishwildlife/index.html>

email: [info.dnr@state.mn.us](mailto:info.dnr@state.mn.us)

phone: 651-259-5180

DNR Home Page

<http://www.dnr.state.mn.us/index.html>



# Nongame Wildlife Management Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## **C**reation and Purpose of the Account

The Nongame Wildlife program was started in 1977. The Nongame Wildlife Check off and the Nongame Wildlife Management Account were established in 1980 legislation under M.S. 290.431. The principal objectives are the conservation of nongame wildlife species and management and conservation of their habitats. The program works to protect over 800 species of nongame wildlife including birds, mammals, reptiles, amphibians, fishes, and selected invertebrates such as butterflies and dragonflies. Examples of species that have benefited from the Nongame Wildlife's Program are the osprey, common loon, peregrine falcon, trumpeter swan, and bald eagle.

## **Sources and Uses of Funds**

The principal source of funding for this program is contributions by taxpayers on their state income tax and property tax forms, sometimes referred to as the "Chickadee Checkoff." Individuals who file a state income tax return (M-1) or property tax refund claim (M1-PR) may donate to the Nongame Wildlife Program. Individuals designate on the form that \$1 or more will be added to the tax or deducted from a refund and credited to the Nongame Wildlife Management Account. These donations are tax deductible on the following year's tax form. Since 1989, corporations can also designate a contribution to the account (M.S. 290.432). The Nongame Wildlife Fund also benefits from direct donations to the account. These donations can be made through the DNR website and through estate donations that designate the Nongame Wildlife Program as a beneficiary.

The Nongame Wildlife Management Account is used solely for nongame wildlife management.

The Nongame Wildlife Management Program obtains additional project funds that match and supplement the funding received from state tax forms. Sources of additional money have included matching funds from federal State Wildlife Grants and from the Reinvest in Minnesota Critical Habitat Fund "Private Sector Matching Account" – which is derived primarily from the sale of conservation license plates. Other supplemental sources of funding have included DNR "lottery-in-lieu of tax" sales tax proceeds from the sale of state lottery tickets and Environmental Trust Fund allocations for projects recommended to be funded by the Legislative-Citizen Commission on Minnesota Resources (LCCMR) and approved by the Legislature. One such special project has been the creation of native plantings on lakeshores to enhance wildlife habitat and water quality.

## FY2011 Financial Summary

### Receipts

Revenues peaked in FY2007 and have continued to decline since then. FY2011 receipts totaled approximately \$940 thousand.

### Expenditures

Expenditures totaled approximately \$1.3 million.

### Fund Balance

The fund balance decreased by 31 percent this year. Revenues decreased by approximately \$160,000 comparable to last year; donations from income tax returns continue to decrease. Expenditures also decreased slightly this year.

## FY2011 Activities and Accomplishments

Areas of emphasis for the Nongame Wildlife Program were:

- Habitat protection, nongame wildlife conservation and management
- Technical assistance
- Educational programs, publications, and wildlife tourism
- Research, surveys, and monitoring

Program priorities were aligned with *Tomorrow's Habitat for the Wild and Rare*, the State Wildlife Action Plan, which identifies species in greatest conservation need and key habitats on which they depend. The Nongame Wildlife Program collaborates with a large number of partners to carry out its work. For FY2011, staff contributed to habitat protection by working with DNR forest and wildlife managers for sustainable management of state lands. Staff time funded by the Nongame Wildlife Management Account was supplemented by project funds (State Wildlife Grants, Landowner Incentive Program, and Environment and Natural Resources Trust Fund) to complete five lakescaping for wildlife habitat demonstration areas totaling 1075 feet of lakeshore frontage, and to conduct bluffland management for timber rattlesnakes in southeastern Minnesota.

Technical assistance was provided in support of state forest planning and management, to private landowners for management of blufflands and savanna habitats, and to other governmental agencies related to wind energy development, pipeline routing, ditch system effects, and regional park planning.

The number of educational workshops through Project Wild increased by 40% over FY2010, with 692 participants in 32 workshops. Wildlife Learning Kits are now reaching audiences of preschool through Elderhostel students. Staff managed the Digital Bridge to Nature Project, funded by Environment and Natural Resources Trust Fund, through which 51 Digital Photography Bridge to Nature teacher workshops involving 761 teachers were completed. Staff also participated in development of interpretive displays for the new Big Bog State Recreation Area, and in planning to encourage visits to state parks. .

Staff developed, conducted, funded and/or collaborated in research and surveys for a variety of nongame wildlife species of conservation concern, including grassland birds, loons, pelicans, shorebirds, golden-winged warblers, birds on Scientific and Natural Areas, dragonflies, nongame species associated with sensitive lakeshores, and amphibians.

The Division of Fish and Wildlife conducted survey and research on gray wolves with funds appropriated from the Nongame Wildlife Management Account, including trapping, radio-tracking, disease monitoring, and carcass analysis.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$ 1,109,849</b>
Prior year adjustment	\$11
<b>Receipts</b>	
Donations from income tax return	\$ 938,009
Interest earnings	1,922
Other receipts <sup>1</sup>	84
<b>Total receipts</b>	<b>\$940,015</b>
<b>Expenditures</b>	
Ecological & Water Resources	\$1,176,440
Fish & Wildlife	79,524
Conservations Corps Minnesota	25,000
<b>Total expenditures</b>	<b>\$1,280,964</b>
<b>FY2011 Ending fund balance</b>	<b>\$768,911</b>
Net change for FY2011	(\$340,938)

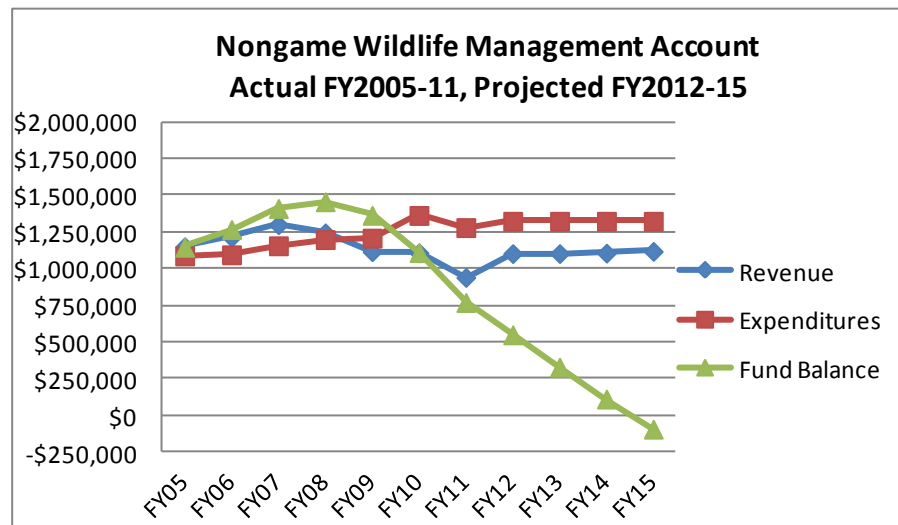
### Notes

<sup>1</sup> Other receipts: credit agreement rebate.

## Budget Trends FY2005 to FY2015

From FY2003 through FY2007, the number of contributors to the tax checkoff declined but the average contribution increased, resulting in a slight upward trend in revenue. Expenditures have increased more slowly, but have also trended slightly upwards. Minnesota's checkoff has been very successful compared to those in other states, currently generating more revenues than similar checkoffs in the states of New York and California combined. Contributing factors to this success have been a strong conservation ethic among Minnesota citizens, a strong state economy, and annual dedicated investments in publicizing program accomplishments and needs.

The fund balance is projected to decline further through FY2015 based on current levels of spending. Continued use of creative strategies to increase checkoff revenue and supplemental funding will be needed to sustain or grow program efforts and outcomes.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resources

Nongame Wildlife Program

<http://www.dnr.state.mn.us/eco/nongame/index.html>

Statewide Nongame Projects

<http://www.dnr.state.mn.us/eco/nongame/projects/index.html>

Habitat projects

[http://www.dnr.state.mn.us/eco/nongame/land\\_preservation/index.html](http://www.dnr.state.mn.us/eco/nongame/land_preservation/index.html)

Research reports

[http://www.dnr.state.mn.us/eco/nongame/projects/research\\_reports/index.html](http://www.dnr.state.mn.us/eco/nongame/projects/research_reports/index.html)

Wildlife rehabilitation home page, organizations

<http://www.dnr.state.mn.us/eco/nongame/rehabilitation/organizations.html>

Tomorrow's Habitat for the Wild and Rare: Action Plan

<http://www.dnr.state.mn.us/cwcs/index.html>

License plates

<http://www.dnr.state.mn.us/features/plates/index.html>

Online donation to Nongame Wildlife program

<http://www.dnr.state.mn.us/eco/nongame/checkoff.html>

## **Contacts**

Nongame Wildlife Program  
Carrol Henderson  
[Carrol.henderson@state.mn.us](mailto:Carrol.henderson@state.mn.us)  
(651) 259-5104

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<http://www.dnr.state.mn.us/index.html>

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E-mail: [info.dnr@state.mn.us](mailto:info.dnr@state.mn.us)

Website:  
<http://www.dnr.state.mn.us/contact/index.html>

Telephone:  
(651) 296-6157  
(888) 646-6367  
TTY: (651) 296-5484  
TTY: (800) 657-3929

# Snowmobile Trails and Enforcement Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## Creation and Purpose of the Account

The first legislation for the registration of snowmobiles in Minnesota was enacted in 1967. The Snowmobile Trails and Enforcement Account was established in 1982 to pay for grants to counties and municipalities for construction and maintenance of snowmobile trails; to acquire, develop, and maintain state trails; to provide snowmobile safety programs; and to administer and enforce snowmobile laws (M.S. 84.83).

## Sources and Uses of the Funds

Fees from the registration of snowmobiles, trail pass, and unrefunded gasoline taxes attributable to snowmobile use are the main sources of funding in the Snowmobile Trails and Enforcement Account. The account's funds may be spent only as appropriated by law, for:

- A grant-in-aid program to local units of government for construction and maintenance of snowmobile trails; see [Grant Outcomes website](#)
- Acquisition, development, and maintenance of state recreational snowmobile trails;
- Snowmobile safety programs; and
- Administration and enforcement of the laws concerning snowmobiles in M.S. 84.81 to 84.91, and grants to local law enforcement agencies.

## FY2011 Financial Summary

### Receipts

The principal sources of revenues for the snowmobile account were snowmobile registrations, trail permits and license issuing fees (49 percent). Unrefunded gasoline taxes on snowmobiles (transfers in to the account) made up 50 percent of the available funds. Interest earnings have declined due to the economy. Total revenues for FY2011 were \$13.8 million.

### Expenditures

The Division of Parks & Trails made up 84 percent of the expenditures. The Enforcement Division expenditures including grants to local enforcement agencies were 11 percent of the expenditures. FY2011 expenditures total \$14.9 million.

### Fund Balance

The fund balance decreased by 20 percent this year and has been decreasing for the last several years. Snowmobile registrations increased by \$200,000 but expenditures also increased.

## FY2011 Activities and Accomplishments

The Enforcement Division provided law enforcement and education and safety training activities throughout the state. Because of a long snow season, enforcement activity increased to 22,000 hours. Division employees and volunteer instructors provided snowmobile safety education to approximately 13,000 youth and adults. Grants were made to local units of law enforcement to provide snowmobile law enforcement activities.

The Division of Parks and Trails developed, managed, and maintained snowmobile recreational trails that were open to the public. More than 942 miles of snowmobile trails managed by the department were open for public use. Parks and Trails administered grants-in-aid that were available to local units of government to create and maintain locally initiated trails totaling 21,205 miles, through 180 grants. In addition, 39 grants were awarded for capital improvement projects, including trail rehabilitation, bridge repair and development, and trail reroutes. The Division was able to increase its maintenance level of effort to the Field Offices and the ability to provide additional training and monitoring of the Grant-in-Aid program as recommended in the 2003 Office of Legislative Auditor's report. Field staff monitor at least 50% of the GIA system each winter plus follow up with Club and Sponsor on any trail complaints received during the season.

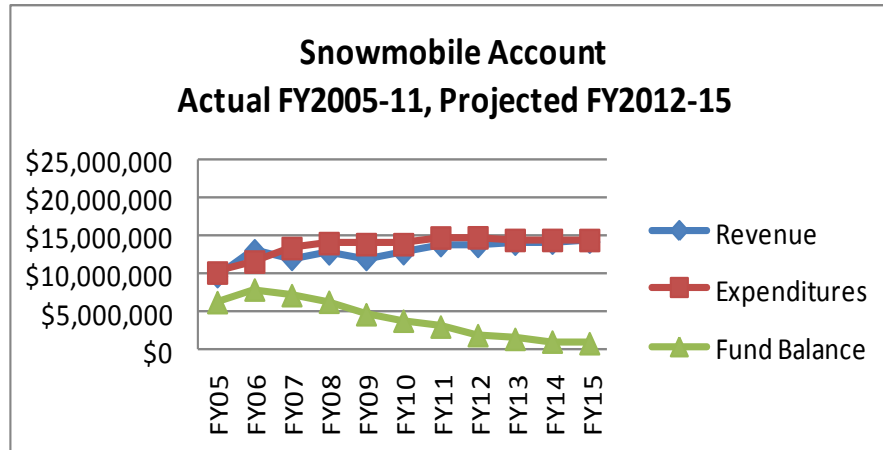
## Budget Trends FY2005 to FY2015

Expenditures have exceeded revenues since FY2007 and that trend is expected to continue. The fund balance has been declining since FY2006, and that trend is also projected to continue through FY2015.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	<b>\$3,863,478</b>
Prior year adjustments	\$228,125
<b>Receipts</b>	
Snowmobile registration	\$ 4,060,449
Snowmobile trail permit	2,431,850
License issuing fee	274,781
Snowmobile training	87,612
Interest earnings	37,452
Fines and Citations	40,261
Other receipts <sup>1</sup>	(343)
Transfer in: Unrefunded gas tax revenue	6,867,106
Transfer in: Police State Aid	<u>63,351</u>
Total receipts and transfers in	\$13,862,519
<b>Expenditures</b>	
Parks and Trails Mgmt	\$4,143,190
Grants in aid to local governments	8,405,242
Enforcement	1,352,148
Enforcement grants	315,000
Fish & Wildlife	514,797
Lands & Minerals	15,000
Conservations Corps Minnesota	115,000
Transfer Out: Debt Service	<u>8,813</u>
Total expenditures and transfers out	\$14,869,190
<b>FY2011 Ending fund balance</b>	<b><u>\$3,084,932</u></b>
Net change for FY2011	(\$778,546)

#### Notes

<sup>1</sup> Other receipts: license credit card service charge, credit agreement rebate and overage/shortage.



### Additional Resources

- Snowmobiling home page  
<http://www.dnr.state.mn.us/snowmobiling/index.html>
- Snowmobile registration procedures and fees  
<http://www.dnr.state.mn.us/licenses/snowmobile/index.html>
- Online licenses  
<https://www4.wildlifelicense.com/mn/>
- Snowmobile state trail sticker  
<http://www.dnr.state.mn.us/licenses/snowmobile/trailpermit.html>
- Snowmobile safety training  
<http://www.dnr.state.mn.us/safety/vehicle/snowmobile/index.html>
- Grants Outcomes  
<http://www.dnr.state.mn.us/grants/outcomes/index.html>
- Snowmobile grants – trails assistance program (maintenance and grooming)  
[http://www.dnr.state.mn.us/grants/recreation/gia\\_snowmobile.html](http://www.dnr.state.mn.us/grants/recreation/gia_snowmobile.html)
- Snowmobile trail maps  
<http://www.dnr.state.mn.us/snowmobiling/maps.html>
- Snow depth and trail conditions  
[http://www.dnr.state.mn.us/current\\_conditions/index.html](http://www.dnr.state.mn.us/current_conditions/index.html)
- MN Snowmobilers Association  
<http://www.mnsnowmobiler.org/>
- Conservation Corps Minnesota  
<http://www.conservationcorps.org/>

### Contacts

Snowmobile program  
Contact the local DNR Parks & Trails Area Supervisor  
[http://www.dnr.state.mn.us/grants/contacts\\_trails.html](http://www.dnr.state.mn.us/grants/contacts_trails.html)

DNR Home Page  
<http://www.dnr.state.mn.us/index.html>

DNR divisions and offices  
<http://www.dnr.state.mn.us/aboutdnr/index.html>

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# Water Recreation Account

Natural Resources Fund

Fiscal Year 2011 Annual Report



## **C**reation and Purpose of the Account

The Water Recreation Account was created in 1985. The account was established to fund water recreation programs such as public water access, boating facilities, small craft harbors, and water safety (M.S. 86B.706).

## **Sources and Uses of the Funds**

Money deposited in the Water Recreation Account comes from these sources:

- Fees from registration and titling of watercraft
- Unrefunded gasoline tax attributable to watercraft use
- Mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities
- Fees for permits issued to control or harvest aquatic plants other than wild rice
- Fines and other payments collected from persons convicted of violations of the law under Minnesota Statutes Chapter 86B (Water Safety, Watercraft, and Watercraft Titling)

Money in the Water Recreation Account can be used for these purposes:

- Acquisition, development, maintenance, and rehabilitation of public water access and boating facilities on public waters; lake and river improvements; and boat and water safety
- Maintenance, operation, replacement, and expansion of state-operated or state-assisted small craft harbors and mooring facilities, and the debt service on state bonds sold to finance these facilities
- Administration and enforcement of Chapter 86B as it pertains to watercraft titling and licensing and the use and safe operation of watercraft
- Grants for county-sponsored and administered boat and water safety programs
- State boat and water safety efforts
- Management of aquatic invasive species
- Management of aquatic plants through permitting to gather or harvest (other than wild rice from public waters), to transplant, or to destroy harmful or undesirable vegetation

Within these statutory requirements, the Legislature directs, through funding bills, that specific amounts of money from the Water Recreation Account will be used for particular projects or purposes.



## FY2011 Activities and Accomplishments



### Division of Parks & Trails

The Division of Parks and Trails spent \$11,430,159 to provide the public with a system of public accesses to lakes and rivers. Public water access sites are the gateway for water recreation activities, especially boating and angling. Minnesota is second in the nation for the number of registered boats and first in the nation for the number of registered boats per capita.



The funding directly supports:

- 1,595 public water access sites including 70 accesses in 43 state parks
- 4,000+ miles of water trails for canoeing and kayaking on 32 designated rivers
- 10 small craft harbors/protected accesses on Lake Superior, including 2 DNR-owned marinas.



Distributed around the state the funds pay for maintenance and operational costs related to personnel, equipment, supplies, and services. In addition, the funds cover capital expenses related to land acquisition associated with new or expanded access sites, as well as development costs for new, expanded, or rehabilitated sites.

Two new accesses were established by acquiring lakeshore parcels for future development into access. Three parcels were acquired to expand existing sites. Access development projects include: the construction of three new sites; redevelopment of seven existing sites to meet current standards; the expansion of two current sites; and launch ramp replacements at three high use sites. Access site development incorporates best management practices for a variety of environmental concerns including the prevention of the spread of Aquatic Invasive Species.



Acquisition and development costs are leveraged by using them to match other state and federal boating access funds to accelerate efforts to improve the quantity and quality of public water access.

<http://www.dnr.state.mn.us/parks/index.html>



### Division of Enforcement

The Enforcement Division conducts boating safety patrols on Minnesota's lakes and waterways. In 2011, over 28,000 hours were dedicated for activities including enforcement of boating safety and related activities including enforcing personal watercraft laws, preventing introduction of invasive species in state waters and public access enforcement. Water Recreation funds cover personnel and logistical costs related to water recreation activities. In addition the Division administered grants to 73 county Sheriff's Departments through the boat and water safety program funded through the Water Recreation Account. The counties are mandated to enforce boating safety statutes and rules, place and maintain waterway markers, investigate boating accidents and drownings, issue event and temporary structure permits, inspect rental craft and perform search, rescue and recovery operations.

<http://www.dnr.state.mn.us/enforcement/index.html>





### **Division of Fish & Wildlife – Electronic Licensing Center (ELS)**

The License Center issues all watercraft registrations and titles through a Web based ELS available from 173 registration agents (deputy registrars). The St. Paul headquarters has a walk-up license service counter and mail-in services for registration and title transactions. Watercraft renewals can be also processed online. In FY2011 809,168 boats were registered statewide. <http://www.dnr.state.mn.us/fishwildlife/license/index.html>



### **Ecological Resources**

In FY2011, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance, provided leadership in the development of plans and rules, evaluated projects, issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources. Monitored resources: monitored drought/flood conditions, collected lake level and stream flow data (available at [www.mndnr.gov/waters](http://www.mndnr.gov/waters)) that are useful for recreational boating, and surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts. Provided technical assistance: to local governments on how zoning ordinances could be revised to enhance shoreland management. Developed plans and rules: participated in interagency recreation management planning on the Upper Mississippi and St. Croix Rivers, continued efforts to develop new shoreland rules, and coordinated the development of dam operating plans. Evaluated projects: provided review and comment in various stages for 33 hydropower plant/facility proposals, plans, or operations. Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, regulated water appropriations that provide for the maintenance of water levels and flows for recreation, economic, and environmental purposes, oversaw the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries. In addition, in FY2011, \$725,000 was transferred from the Water Recreation Account to the Invasive Species Account. Funds in the Invasive Species Account are appropriated to the DNR and used by the Division of Ecological and Water Resources to manage aquatic invasive species. More details can be found in the Invasive Species Account chapter of this report.



<http://www.dnr.state.mn.us/eco/index.html>;  
<http://www.dnr.state.mn.us/waters/index.html>



### **Division of Lands and Minerals**

The majority of these funds are used to perform land management surveys for water access sites. Survey work was done on the Agate Bay access site in Two Harbors to support an archeological survey of the area. Survey work was also done in a number of counties to resolve boundary issues. These surveys included: the boundary of the Clear Lake access in Washington County, the boundary of the Big Lake access in Carlton County to insure a proposed fishing pier would be correctly located, and finalizing the boundary for the Balm Lake site in Beltrami County. A portion of the funds were used for the new land records system project that is described in the introduction, part 1.

[http://www.dnr.state.mn.us/lands\\_minerals/index.html](http://www.dnr.state.mn.us/lands_minerals/index.html)

## FY2011 Financial Summary

### Receipts

Fees for watercraft registration, license issuance and watercraft titling collectively made up approximately 39 percent of the available funds in the Water Recreation Account. Unrefunded gasoline taxes on watercraft (transfers in to the account) made up 58 percent of the available funds. Interest earnings have declined due to the economy. Total revenues for FY2011 were \$17.7 million.

### Expenditures

The Division of Parks and Trails expenditures were approximately 60 percent of total expenditures in the Water Recreation Account. The Enforcement Division expenditures were about 20 percent of total expenditures.

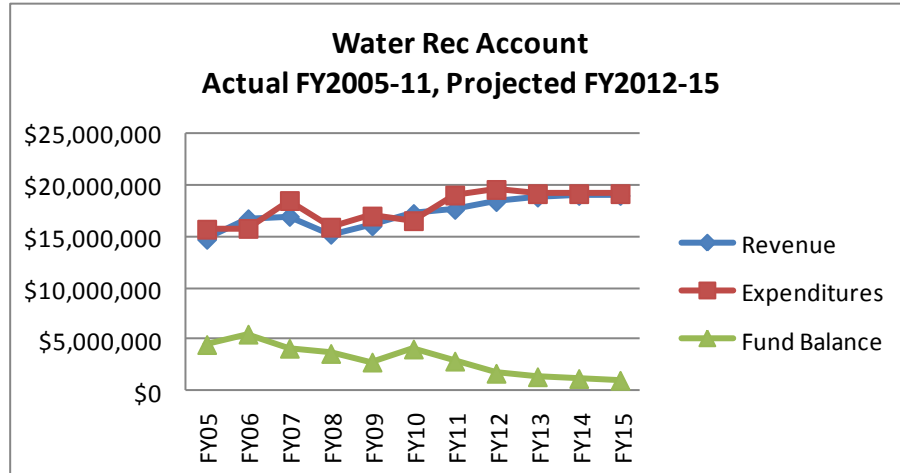
### Fund Balance

The fund balance decreased by 29 percent this year. Revenues declined slightly, watercraft registrations were down by approximately \$500,000 this year. Expenditures increased slightly from last year. The unrefunded gasoline tax has been increasing for this fund and is expected to increase through FY2014.

Receipts, Expenditures, and Fund Balances	
<b>FY2011 Beginning fund balance</b>	\$4,091,985
Prior year adjustments	218,272
<b>Receipts</b>	
Watercraft registration	\$6,001,039
License issuing fee	555,424
Watercraft titling	357,713
Aquatic plant management	228,910
Watercraft fines	50,197
Harbor and marina fees	61,178
Interest Earnings	2,615
Other receipts	(641)
<b>Transfers in</b>	
Unrefunded gas tax revenue	10,300,659
Police State Aid	<u>132,276</u>
Total receipts and transfers in	\$17,689,370
<b>Expenditures</b>	
Parks and Trails	\$11,430,159
Enforcement	2,812,506
Boat and water safety grants	1,081,296
Fish & Wildlife (ELS)	1,801,401
Ecological & Water Resources	704,622
Lands & Minerals	146,134
Operations Support & Regional	185,923
Conservations Corps Minnesota	200,000
Transfer Out Invasive Species	<u>725,000</u>
Total expenditures	\$19,087,041
<b>FY2011 Ending fund balance</b>	\$2,912,586
Net change for FY2011	(\$1,179,399)
<b>Notes</b>	
1 Other receipts: License Center Credit Card Service Charge, All Other Reimbursements, Credit Agreement Rebate and cash overage/shortage.	

## Budget Trends FY2005 to FY2015

Revenues and expenditures have been fairly steady since FY 2000. The fund balance is projected to start declining due to expenditures slightly exceeding revenues through FY2015.



### Additional Resources

Strategic Conservation Agenda 2009-2013

<http://www.dnr.state.mn.us/conservationagenda/index.html>

Welcome to the Grants Outcomes website

<http://www.dnr.state.mn.us/grants/outcomes/index.html>

State Comprehensive Outdoor Recreation Plan

<http://www.dnr.state.mn.us/aboutdnr/reports/scorp/index.html>

Minnesota State Parks Strategic Plan 2006-2011

[http://files.dnr.state.mn.us/parks\\_recreation/sp\\_strategic\\_plan.pdf](http://files.dnr.state.mn.us/parks_recreation/sp_strategic_plan.pdf)

Long range conservation plans and strategies – all DNR

<http://www.dnr.state.mn.us/strategies/index.html>

### Contacts

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