



April 7, 2017

The Honorable Sarah Anderson
Chair, State Governance Finance Committee
583 State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

Dear Representative Anderson:

We are writing regarding HF691 Omnibus Government Finance Budget Bill and our thoughts on some of the provisions contained within it. We appreciate your inclusion of the State Technical Budgeting provisions within the bill. However, there are a number of provisions in the bill we oppose as currently written. Our staff has expressed our concerns through testimony and written comments. This letter summarizes those concerns.

The Department of Natural Resources (DNR) opposes across-the-board general fund reductions proposed in HF691, 1st Engrossment, Article 1, Sec. 41 and 42 and limits on expenditures for Advertising in Article 2, Sec. 60.

Based on our analysis, the impact to DNR's operating budget could be up to \$400,000 each year, which does not account for lost revenue from reduced advertising and promotion of DNR programs and services.

- DNR operations are largely supported by fees generated by hunting and fishing license sales, camping and timber sales. We oppose any general fund reductions that will require the DNR to reduce service levels, curtail promotion of our rate-funded services and programs that will disproportionately impact other fee payers and their overall level of service.
- DNR is concerned about potential diversion of fee-based revenue through general transfers to the general fund which would create a serious fund integrity issue for the agency.

Further, DNR opposes the limit on number of full-time equivalent (FTE) staff, the restriction on use of salary savings in Article 2, Sec. 34, as well as limits on managerial compensation and salary limits for executive branch employees set forth in Article 2, Secs. 64 and 65.

- Staff (FTE) limits would impede the DNR's ability to manage critical response needs and seasonal staffing demands (wildfire, disaster response, state parks, fishing/hunting seasons). Wildfire seasons are unpredictable and the agency needs to be able to respond and meet our safety and natural resources obligations. DNR also needs the ability to manage staff and resources to respond to emerging issues of state importance, such as Avian Influenza, Mille Lacs fisheries, natural disaster response, critical rulemaking, and the state's response to Chronic Wasting Disease.
- Compensation and salary limits, combined with budget and staffing impacts would require additional state park closures, significant reductions in trail maintenance, forest management, fish and wildlife management, enforcement, water protection, habitat improvement, reduced support for fee-paying programs and major impacts to rural economies.

The DNR has significant concerns about many of the proposed rulemaking changes within Article 4 that could impact our agency's ability to effectively and efficiently carry out its natural resources responsibilities under the law. Because DNR staff testified and prepared written comments on our concerns previously, I will focus on three sections that exemplify my concerns about the types of changes proposed: Substantial Economic Impacts; Review and Repeal of Environmental Worksheets and Impact Statements; Legislative Approval Required.

Article 4, Sec. 5. Substantial Economic Impact

Article 4, Sec. 5 is of particular concern to the DNR, because the state constitution obligates us to assure viable game and fish populations over the long term. Using short term economic impacts to businesses premised on hunting and angling rather than healthy populations may be detrimental to the state's long-term fishing and hunting heritage. There can be no fishing and hunting heritage without viable fish and game populations. Game and fish regulations are a form of natural resource management. If precedence is given to present economics, then we may be undermining constitutional purpose by undermining the active management on which populations depend. These concerns extend beyond hunting and angling regulation to DNR's other rulemaking authorities as well, such as Minn. Stat. § 103G.261 directing the adoption of rules for allocation of waters based upon statutory water allocation priorities. The DNR would likely have to contract with a vendor to analyze these questions for every permanent rulemaking, which will add more costs to rulemaking. The concept as set forth in the bill focuses only on economic costs and does not consider economic benefits or other benefits in the public interest. It is biased in favor of very short-term interests over long-term interests and needs.

Article 4, Sec. 10 Review and repeal of environmental worksheets and impact statements.

This provision does not belong in the Administrative Procedures Act as it relates to individual environmental reviews, which are case-by-case determinations and not rules under Minn. Stat. § 14.02 or § 14.381, subd. 1(b). The statutory framework governing environmental review requires RGUs to complete a periodic review of mandatory environmental review categories under Minn. Stat. § 116D.04, subd. 5b.

Article 4, Section 17 Legislative Approval Required.

The advisory panel requirements contain a number of ambiguities that need clarification. This procedure will add costs to the rulemaking when agencies usually have no budget appropriation for rulemaking. It will most likely increase the time needed to finish a rule and degrade the timeliness and responsiveness of agency rulemaking. In addition, DNR opposes the removal of the governor's ability to issue a waiver in careful consideration of particular circumstances. This power has been exercised only rarely and prudently.

The list of concerns outlined in this letter is not intended to be comprehensive, but rather contains an overview of those provisions of greatest concern to the DNR. We and our staff are available to answer any questions on these outlined concerns, or any other parts of the bill.

Sincerely,



Tom Landwehr
Commissioner

c: State Government Finance Committee Members