

INFORMATION BRIEF
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Natural Resources Trust Funds and their Citizen Committees

This information brief provides background on Minnesota's citizen advisory committee on natural resources. It also describes how similar citizen committees operate in seven other states.

Introduction

Advisory committees are often created by the legislature for citizen input into governmental bodies, for representation of certain diverse viewpoints, and sometimes for specialized advice on certain decision making. Some advisory committees become permanent or multi-year in their duties, others are only short-term. Some have major decision-making responsibility and are not advisory at all.

Minnesota has a long-standing citizen advisory committee (CAC) on the Environment and Natural Resources Trust Fund. It was created in 1989 to advise the Legislative Commission on Minnesota Resources (LCMR) on project expenditures from the trust fund that the full legislature has to make.

The governor appoints eleven members, one of which must reside in each of the state's eight congressional districts. The chair is elected by the CAC members.

The trust (fund) created in the Minnesota Constitution ([article 11](#), section 14) is funded by a percentage of the lottery (almost 7 cents of each dollar after expenses). Over the 12-year history of the trust fund, almost \$142 million has been spent on 241 projects. The LCMR is

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recommending to the 2003 Legislature that \$30 million in trust fund dollars be spent for the biennium.

Certain CAC members have requested more input in the LCMR decision-making process on trust fund expenditures. As a result, a 2001 law was enacted for a task force composed of equal membership of the LCMR and CAC. The task force was to explore options to better integrate the CAC in the process of making expenditures from the trust fund. The task force met four times and then submitted its recommendations to the LCMR chair.

As a result, a new LCMR/CAC trust fund process, with added opportunities for CAC members, was put into place; some statutory changes were made to conform to recommendations for public input; and a larger CAC budget was approved to better integrate new CAC duties.

This information brief is intended to inform about other states' natural resources and/or environment trust funds, along with their citizen committee duties. It includes the states of Arizona, Colorado, Michigan, Nebraska, New Jersey, North Carolina, and Virginia, all of which have strong committees that play a part in natural resource funding decisions. Of the seven states, only Michigan and New Jersey require legislative approval of the committee's funding decisions.

Arizona

Fund Establishment and Revenue

The Heritage Fund is funded by lottery proceeds. The fund was established in 1990 by a ballot initiative. The act establishing the Heritage Fund allows for up to \$20 million to be spent annually, divided equally between the state parks and the Game and Fish Department. Beginning with fiscal year 1999, the fund has not realized its full funding potential as state lottery revenues have decreased and the agencies have received less than \$10 million. The interest is contained in a special account allocated only to the Heritage Fund.

Fund Expenditures

Money is allocated to projects by the Arizona Parks Board according to the following percentages:

Percent	Selected Projects for Spending
35%	Local, regional, and state parks
17	Historic preservation
17	Acquisition and development
17	Natural areas acquisition
5	Trails
5	Environmental education
4	Natural areas operation and management

Board Members and the Decision-Making Process

Three advisory boards are associated with the State Parks Board in awarding Heritage Fund revenues:

- Arizona Outdoor Recreation Coordinating Commission (AORCC) – AORCC recommends criteria and policies for both the Trails and Local, Regional and State Parks grant programs. This board is composed of seven members, one the Director of Arizona Game and Fish and one the Director of Arizona State Parks, and the remaining five members appointed by the governor. Three of these members must be professional full-time parks and recreation department directors of a county, city, or town, and two must be members of the general public with experience in outdoor recreation.
- Arizona State Committee on Trails (ASCOT) – This group provides technical advice to AORCC on trails grant criteria and project requests.
- Historic Preservation Advisory Committee (HPAC) – HPAC recommends criteria and policies for the Historic Preservation grant program and provides funding recommendations to the Arizona State Parks Board. The committee is composed of seven members; one must be a member of a nonprofit preservation program, two must be preservation professionals, one must be a representative of a local government preservation program, and three must be citizens-at-large who are active in or familiar with historic preservation.

The State Parks Board consists of seven members. One member is the state land commissioner and the remaining members are appointed by the governor (citizens-at-large). While there are no exact requirements, members are selected because of their knowledge of and interest in outdoor activities, multiple uses of lands, archaeology, natural resources, and the value of the historical aspects of Arizona and conservation of natural resources.

The trails, historic preservation, and parks components of the Heritage Fund (57 percent) are distributed through competitive grants. The remainder of the funding is allocated to the four other components in conjunction with the state parks in general. Recommendations for funding and grants are made to the State Parks Board, which makes the final decision. **The funding decisions are not subject to appropriations or legislative approval.**

While the funds are not subject to legislative approval, a Capitol Improvement Plan is used for the development projects, and the legislature matches the board's funding decisions with general fund appropriations.

Colorado

Fund Establishment and Revenue

Article XXVII of the Colorado Constitution passed as a constitutional amendment in 1980 and again in 1992. The amendment allots 50 percent of lottery proceeds (capped at \$35 million, adjusted annually for inflation) to the Great Outdoors Colorado Trust Fund (GOCO). In fiscal

year 2000-2001, GOCO is projected to receive approximately \$40 million. Under the 1992 amendment, the lottery proceeds are distributed as follows: 40 percent of proceeds go to the Conservation Trust Fund for allocation to local governments and park and recreation districts for parks, recreation, and open space purposes; 10 percent of proceeds are distributed directly to Colorado State Parks for state parks and outdoor recreation projects; 50 percent of proceeds are deposited in the GOCO Trust Fund.

GOCO offers grant opportunities in the four major categories outlined in the Colorado Constitution, which are **outdoor recreation, wildlife, open space, and local government**. There are five competitive grant cycles:

- Open space and natural areas – projects in urban, suburban, and rural areas.
- Local government – awarded to local governments to acquire, establish, expand, and enhance park and outdoor recreation facilities including environmental education.
- Legacy – these major regional or statewide projects combine two or more of the board's four funding categories.
- Trails – includes construction of new trails, trail renovations, acquisition of land or permanent easements essential to trail access, and trailhead development.
- Planning and capacity – seed grants to local governments and nonprofit organizations primarily for land conservation planning.

Grants are also awarded through the Division of Wildlife and Colorado State Parks.

The board is composed of 15 members. The State Board of the Great Outdoors Colorado Trust Fund is appointed by the governor and subject to confirmation by the Colorado State Senate. There must be two members from each congressional district (six total districts) and these two members must each be associated with a different political party. The Executive Director of the Colorado Department of Natural Resources, a representative from the Colorado State Parks Board, and a representative from the Wildlife Commission are also members of the board, in addition to the 12 citizen members.

The board organizes its grant activities into three core programs:

- Land, water, and wildlife protection – 71.5 percent of total funds, composed of five initiatives:
 1. Protecting important river corridors
 2. Protecting Colorado's unique natural areas and wildlife habitats
 3. Protecting community separators
 4. Protecting land for future parks and outdoor recreation
 5. Protecting strategic agricultural lands
- Outdoor recreation facilities – 23 percent of total funds: to target the establishment of new facilities for parks and the establishment and development of trails.
- Youth, environmental education, and interpretation – 5.5 percent of total fund. Will focus on engaging youth through youth corps programs.

A project subcommittee of the GOCO board reviews the ranking of the grant applicants based on the scores and recommendations and selects the projects that will receive funding. **The entire board gives final approval to the selected grants.**

Michigan

Fund Establishment and Revenue

The Michigan Natural Resources Trust Fund (MNRTF) began as the Michigan Land Trust Fund in 1976 by P.A. 204 of 1976. The act created the trust fund to provide funding for the public acquisition of lands for resource protection and public outdoor recreation. Funding was derived from royalties on the sale and lease of state-owned mineral rights. In 1984, voters approved Proposal B, which amended the state constitution and created the MNRTF. The amendment required that oil, gas, and other mineral lease and royalty payments be placed in the trust fund and used to acquire and develop public recreation lands. The legislature passed the MNRTF Act of 1985 to implement the amendment (P.A. 101 of 1985, act 101). The act required that in a fiscal year, up to one-third of all mineral lease revenues plus the interest and earnings of the trust fund could be used to both purchase land for resource protection and public outdoor recreation *and* develop outdoor recreation facilities. In 1994, voters approved Proposal P, which further amended the constitution to disallow diversion of the trust fund revenue to the Michigan Strategic Fund and established the State Park Endowment Fund. The proposal provided for \$10 million annually to the endowment fund from the trust fund. This amendment also raised the maximum amount that can accumulate in the trust fund to \$400 million.

Fund Expenditures

Legislative Act 101 specifies that no less than 25 percent of total expenditures in a fiscal year shall be expended for land acquisition and rights in land and that no more than 25 percent shall be expended for development of public recreation facilities. Act 101 also authorizes use of the trust fund to make annual payments to local units of government when the state acquires property with trust fund assistance. These local payments help offset the loss in tax revenue when the property becomes public.

Board Members and the Decision-Making Process

The board is composed of five members, including the Director of the Department of Natural Resources or a member of the Natural Resources Commission, and four state residents appointed by the governor.

According to section 1907(1) of Part 19, P.A. 451 of 1994, each January the board submits to the legislature a priority list of lands recommended for acquisition and/or development. One criterion requires that a grant applicant get public input regarding the project through public meetings prior to granting of funds.

The five goals identified by the board are:

- Resource protection – To protect Michigan’s natural resources, and provide for their access, public use, and enjoyment.
- Water access – To provide public access to Michigan’s water bodies, particularly the Great Lakes, and to facilitate their recreational use.
- Community recreation – To meet regional, county, and community needs for outdoor recreation opportunities.
- Urban recreation – To improve the opportunity for outdoor recreation in Michigan’s urban areas.
- Economic development – To stimulate Michigan’s economy through recreation-related tourism and community revitalization.

The board makes final grant recommendations based on the staff scores and recommendations and other appropriate factors, and submits its recommendations to the legislature for approval and appropriation of funds and signature by the governor.

Nebraska

Fund Establishment and Revenue

The Nebraska Environmental Trust Fund receives 49.5 percent of lottery proceeds.

Fund Expenditures

The entire fund is spent each year and is not subject to legislative approval. The trust fund is currently focusing on four priorities:

- The preservation and restoration of critical habitat areas
- Surface and ground water quality
- Development of recycling markets and reduction of solid waste volume and toxicity
- Carbon management

To address these priorities the trust fund will assist in the:

- Preservation and restoration of wetlands and other areas critical to rare or endangered species
- Protection of Nebraska lakes and streams from deterioration due to pollution
- Fostering of good management practices and action to preserve ground water from degradation, and clean-up of soils and ground water
- Development of recycling markets and reduction of the volume and toxicity of solid waste
- Strategies to manage carbon in the atmosphere, and sequester carbon in the soil

Board and the Decision-Making Process

The 14-member board is composed of nine Nebraska citizens (three from each of three congressional districts) appointed by the governor and approved by the majority of the legislature, and five members of state agencies. The citizen members shall represent the general public and shall have demonstrated competence, experience, and interest in the environment of the state, according to the Nebraska Trust Act, section 81-15, 170. Two of the citizen appointees shall also have experience with private financing of public-purpose projects. The board elects a chairperson annually from among the citizen members.

The proposed projects for the trust fund grants must meet criteria for eligibility and must fit the trust fund's priorities (established pursuant to section 81-15, 176 of the Nebraska Trust Act). The trust fund board uses a rating system to select projects for grant awards. Some of the criteria used for evaluation are required by the act, but the results of the rating system serve only as a guide for the board's fund allocation. The act also requires that the priorities that the board sets be those environmental goals which most affect the natural physical and biological environment in Nebraska, and that the board allow opportunity for public comment regarding the priorities. The priorities are set for five-year periods (the initial priorities were set by the act itself), and the process must include public meetings in each of the three congressional districts.

The evaluation of projects is performed by the Eligibility and Rating/Ranking Subcommittee Board appointed by the chairperson of the board, as well as any technical advisory committee(s) established by the board. The subcommittee makes the following recommendations to the trust board: a recommendation of approval or rejection of the project; a recommended degree of assistance for the project if it is found eligible and receives a sufficient ranking; and any conditions the subcommittee recommends to be placed on the project. In addition, the subcommittee provides the trust board with a preliminary ranking of the projects. After receiving the subcommittee report and conducting a board meeting regarding the report, the chairperson shall schedule a public hearing on the proposed funding list. **After this meeting the trust board may take action on actual funding and the board makes the final decision regarding funding.**

New Jersey

Fund Establishment and Revenue

On June 30, 1999, the governor signed the Garden State Preservation Trust Act into law, which allowed New Jersey to preserve one million acres over the next ten years and established a stable source of funding for preservation efforts. The plan was approved by a margin of two-to-one by New Jersey citizens in 1998. The vote amended the constitution to provide a source of funding to acquire and preserve open space, farmland, and historic sites around the state. The amendment dedicates \$98 million annually for ten years to preservation efforts and authorizes the issuance of up to \$1 billion in revenue bonds.

Fund Expenditures and Revenue

The Garden State Preservation Trust (GSPT) is distributed to three major areas, **Green Acres**, **Historic Preservation**, and **Farmland Preservation**.

- The Historic Preservation Trust Fund will receive \$6 million annually for ten years to fund historic preservation projects including matching grant awards.
- Sixty percent of the remaining annual funds, after the \$6 million is deposited with the Historic Preservation Trust Fund, will be used for Green Acres and Green Trust projects in cooperation with the Department of Environmental Protection.
 - Half of this funding (30 percent of remaining funds) will be used for state acquisition and development projects. Of this portion, 20 percent is designated for highly populated counties.
 - Forty percent of these funds will be allocated for local acquisition and development projects (to municipal and county governments).
 - Ten percent of these funds will be allocated for nonprofit acquisition.
 - In addition, payment in lieu of taxes (PILOT) will provide money for municipalities out of the general fund to reimburse them for lost taxes on state acquired lands.
- The Garden State Farmland Preservation Trust Program will work with the State Agriculture Development Committee to provide grants for local government units to fund acquisition and development easements or fee simple titles.

Board Members and the Decision-Making Process

The legislation established a nine-member board that receives and approves projects submitted by the Department of Environmental Protection and the State Agriculture Development Committee. **Twice a year the board reviews projects and submits at least two appropriation bills each year to fund the projects. The board is appointed by the governor and the legislature.**

The trust seeks to protect one million additional acres of open space and farmland and is charged with reviewing and recommending to the legislature and the governor preservation projects submitted to each of the three trust fund programs. The policy objectives that guide the GSPT include protection of the state's water supplies, preservation of the state's agricultural land base, protection of contiguous and diverse wildlife habitats and greenways, and provision of a broad array of recreational opportunities for all New Jersey residents in all regions of the state. The GSPT has additional historic preservation policy goals.

The Green Acres program comprises four program areas:

- State park and open space acquisition – State acquisition program (land preservation initiated by the state). Green Acres works with the Department of Environmental Protection's divisions of Parks and Forestry, Fish and Wildlife, and the New Jersey Natural Lands Trust to determine which lands should be preserved. Green Acres also distributes other funds that are not part of the Garden State Preservation Trust.

- Local governments and nonprofit funding – Grants/loans to municipal and county governments (to assist in specific land preservation and outdoor recreational development projects) and nonprofit matching grants program (Green Acres provides nonprofit organizations with a matching grant to help fund fee simple, easement purchases, or recreational development). The Planning Incentive Program provides grant and loan funding to local governments that have enacted an open space tax and have adopted an open space and recreation plan.
- Planning and technical assistance – Planning Incentive Grants program to provide open space and recreation planning and technical assistance for county, municipal, nonprofit, and state open space acquisition and recreation development efforts.
- Stewardship – Keeping It Green Program. The Bureau of Legal Services and Stewardship monitors municipal, county, and nonprofit sites acquired and developed with Green Acres funds and ensures that they are used solely for recreation and conservation purposes.

Grant applications are ranked according to points based on criteria that reflect open space values, such as public access, suitability for wildlife habitat, recreational opportunities, and protection of environmental resources. **The legislature reviews the project recommendations from the GSPT and forwards its recommendations to the governor for consideration in his or her biennial budget.**

North Carolina

Fund Establishment and Revenue

North Carolina has several conservation trust funds, including an income tax credit. **Legislators are on all the fund boards described here and assist in making expenditure recommendations.** The following funds are related to conservation or natural resources:

- *Conservation Income Tax Credit* – Established in 1983. Managed by the Department of Environment and Natural Resources and provides a 25 percent income tax credit for donations of land or easements for conservation purposes.
- *Natural Heritage Trust Fund* – Established in 1987 by the General Assembly (Statute 113, Article 5A (113-77.6.9)). It was provided with a continuing funding source by the General Assembly in 1989 and an additional source in 1991. Funded by 25 percent of state deed excise stamp revenues and a portion of vanity license plate sales and managed by the Board of Trustees and the Natural Heritage Program in the Division of Parks and Recreation in the Department of Environment and Natural Resources (DENR). Approximately \$10 million was available to the fund in fiscal year 2000-2001.
- *Parks and Recreation Trust Fund* – Established in 1993. Funded by 75 percent of state deed excise stamp tax revenues and managed by the Board of the Parks and Recreation Authority and the Division of Parks and Recreation in DENR.
- *Public Beach and Coastal Waterfront Fund* – Established in 1981. Funded by state deed excise stamp tax revenues and managed by the Division of Coastal Management in

DENR. This fund was initially funded by appropriations and is now funded by 5 percent of the Parks and Recreation Trust.

- *Clean Water Management Trust Fund* – Established in 1996. Funded by appropriations from the General Assembly and managed by an 18-member board of trustees and staff.

Fund Expenditures and Programs

- *Conservation Income Tax Credit* – As of August 15, 2000 (end of 1999 tax year), about 300 individual and corporate property owners had donated 68,500 acres of land or conservation easements worth an estimated \$121.2 million at a cost to the state of \$16.7 million.
- *Natural Heritage Trust Fund* – \$80.6 million has been awarded for 231 projects to help protect 145,000 acres of land since 1987. In the last cycle, the Natural Heritage Fund funded six applications for a total of \$4.6 million. NHTF grants have leveraged at least \$40 million in private and other public funds.
- *Parks and Recreation Trust Fund* – Since 1995, the Parks and Recreation Authority has approved 210 projects for a total of \$31.8 million. Over 1,300 acres have been added to local parks. The Parks and Recreation Authority has approved 138 state park land acquisition and facility projects for a total of \$71.4 million. PARTF has funded the addition of 7861 acres to the State Park System.
- *Clean Water Management Trust Fund* – The board of trustees has approved 258 grants for a total of \$220.4 million as of June 1, 2001. CWMTF grants have leveraged at least \$60 million in private and other public funds. The 2000 General Assembly committed to increase appropriations to CWMTF to \$40 million in fiscal year 2001-02, \$70 million in fiscal year 2002-03, and \$100 million per year in fiscal year 2003-04 and future fiscal years.

Board Members and the Decision-Making Process

- *Conservation Income Tax Credit* – Managed by the Department of Environment and Natural Resources. Not run by a citizen board.
- *Natural Heritage Trust Fund*
 - Managed by the board of trustees and the Natural Heritage Program in the Division of Parks & Recreation in the Department of Environment & Natural Resources. The nine-member board of trustees is appointed by the General Assembly at the recommendation of the Speaker of the House and President Pro-Tempore of the Senate (three from each) and by the governor (three more). Persons appointed shall be knowledgeable in the acquisition and management of natural areas.
 - Grant applications are accepted from state agencies, including the Department of Environment and Natural Resources, Wildlife Resources Commission, Department of Cultural Resources, and Department of Agriculture and Consumer Services). The grants applications are for acquiring natural lands in three main areas, according to statute:
 - land that represents the ecological diversity of North Carolina,
 - land as additions to the system of state parks and other natural areas for public use, and

- land that contributes to the development of historic properties.

Funding priorities are given to projects which will protect areas of state or national ecological significance or outstanding cultural significance. Trustees may also fund inventories by the Natural Heritage Program, conservation and protection planning, and information programs for owners of natural areas. The trustees are also guided by priorities established by the state agencies listed in this paragraph.

- *Parks and Recreation Trust Fund*

- The 11-member Parks and Recreation Authority, meeting quarterly, makes decisions about the allocation of the trust fund. The governor appoints the chairperson of the authority, the General Assembly upon recommendation of the President Pro-Tempore of the Senate appoints four members, and the General Assembly upon recommendation by the Speaker of the House appoints four members.
- The trust fund is allocated in three ways:
 - 65 percent to the state parks through the North Carolina Division of Parks and Recreation.
 - 30 percent as matching grants to local governments for park and recreation purposes.
 - 5 percent for the Coastal and Estuarine Water Access Program.

- *Clean Water Management Trust Fund*

- Managed by an 18-member board of trustees and staff. Six members shall be appointed by the governor, six by the General Assembly at the recommendation of the Speaker of the House, and six by the General Assembly at the recommendation of the President Pro Tempore of the Senate. Persons appointed shall be knowledgeable in one of the following areas
 - Acquisition and management of natural areas
 - Conservation and restoration of water quality
 - Wildlife and fisheries habitats and resources
 - Environmental management

The advisory council advises the trustees regarding allocations from the fund and includes the Commissioner of Agriculture, the Chair of the Wildlife Resources Commission, the Secretary of the Department of Environment and Natural Resources, and the Secretary of the Department of Commerce.

- Grants go to help projects that specifically address water pollution problems. CWMTF will fund projects that:
 - Enhance or restore degraded waters,
 - Protect unpolluted waters, and/or
 - Contribute toward a network of riparian buffers and greenways for environmental, educational, and recreational benefits.

Grants are distributed to state agencies, local governments, or nonprofit conservation corporations. The board of trustees may require a 20 percent matching requirement from recipients.

Virginia

Fund Establishment

Virginia Land Conservation Foundation – In 1999, the General Assembly and Governor Gilmore established the foundation to fund the protection of Virginia’s natural resources. These acts and recent amendments are codified at sections 10.1-1017 through 10.1-1026 of the Code of Virginia.

Fund Expenditures and Programs

Virginia Land Conservation Foundation – Used to establish permanent conservation easements and to purchase open spaces and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas. State agencies, local governments, public bodies, and registered (tax-exempt) nonprofit groups are eligible to receive matching grants from the foundation.

Board Members and the Decision-Making Process

Virginia Land Conservation Foundation – The purpose of the foundation is to provide state funding used to conserve certain categories of special land, including **open spaces and parks, natural areas, historic areas, and farmland and forest preservation**. The foundation manages the funds and the Department of Conservation and Recreation provides staff and administrative support. An Interagency Taskforce reviews and recommends grant applications to the Virginia Land Conservation Foundation. Grant awards are based on applications for 50 percent or less of total project costs pursuant to specific criteria defined in each category. The criteria are different for each of the four categories. The Secretary of Natural Resources is the Chairman of the VLCF Board of Trustees. The Director of the Department of Conservation and Recreation is the Secretary of the Board. The governor appoints one board member from each of the 11 congressional districts. The Senate Committee on Privileges and Elections appoints four more Board members. **No legislative approval is required.**

For more information about natural resources, visit the environment and natural resources area of our web site, www.house.mn/hrd/issinfo/environ.htm.