

SUPPORTING OUR GREAT OUTDOORS

Minnesota's Dedicated Conservation Funds

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Minnesotans have always valued the great outdoors and the conditions of the COVID-19 pandemic have pushed demand for outdoor recreation to record levels.



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The past year has seen expanded use of MN's natural resources, and demand to access natural spaces is expected to continue. Safe, affordable and accessible outdoor opportunities are more important than ever.

History

Minnesotans love our lakes, rivers, forests, and prairies and we value our abundant outdoor recreation opportunities like hiking, camping, hunting, and fishing. We rely on clean water for drinking, swimming, fishing, tourism, and industry. Ensuring our Great Outdoors are protected, maintained, and accessible to future generations is paramount to Minnesota voters.

Despite the importance Minnesotans place on conservation, budget pressures have made it difficult to maintain adequate levels of investment in our natural resources.

For over a decade, general fund conservation spending has been on the decline. Conservation bonding has also declined.

In addition to a trajectory of decreasing investments, Minnesota has faced startling realities with regard to habitat and clean water. For example:

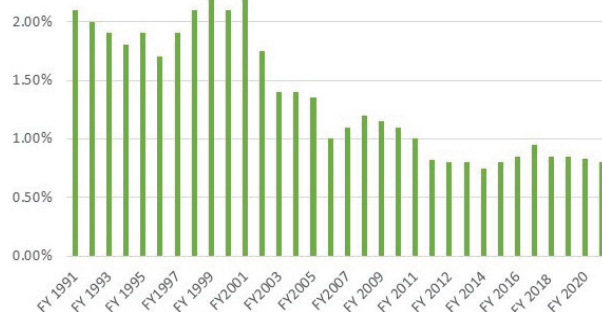
- By 2006, **Minnesota had lost 90% of its prairie wetlands** and the average breeding **duck populations were 35% below the level needed** for a stable population. (2006 Duck Recovery Plan)
- In the mid-2000s, 40% of Minnesota's waterways were listed as impaired, with a large portion of them deemed unswimmable and unfishable.

While funding has been on the decline, the needs of Minnesota's outdoors have only increased.

BY THE NUMBERS:

- Over 636,000 State Park permits were sold in 2020, up 41% from the prior year and park attendance in the state's Central Region increased by 70% (Source: MN DNR)
- State trails have seen a 48% increase in traffic compared to the prior year (Source: MN DNR)
- 1.07 million MN fishing licenses were sold, one of the highest numbers in 20 years (Source: MN DNR)
- Duck stamp sales were up by 8%, goose hunting permits were up 17%, and pheasant stamps were up 13% compared to the prior year (Source: MN DNR)
- Deer hunting license sales were up 14% (Source: MN DNR)

Conservation & Environment as Percentage of All State General Fund Spending, 1991-2021





Minnesota's Legacy Amendment

More than a decade ago, in the midst of a devastating economic recession, Minnesotans overwhelmingly approved the Clean Water, Land, & Legacy Amendment. The people voted to increase their own taxes to protect our lakes, rivers, wildlife, and cultural resources.

The push for the Legacy Amendment began in the late 1990s when the first bills for dedicated funding for wildlife habitat were introduced. Momentum grew as 40 percent of the state's lakes and rivers were found to be impaired and local governments became increasingly concerned about the lack of funding for clean water. In 2005 and 2006, thousands of citizens attended two **Ducks, Wetlands, and Clean Water** rallies at the state capitol urging lawmakers to address declining funding and preserve Minnesota's legacy of protecting our renowned natural resources for future generations.

In early 2008, after years of debate, hearings, and public input, the Legislature approved ballot language for new dedicated clean water and conservation funding, adding provisions for important parks and cultural resource needs. In November 2008, voters approved the Legacy Amendment to the State Constitution by an overwhelming 56-39% margin. Over 1.6 million Minnesotans voted for the Amendment which received a **majority of votes in every congressional district**.

How it Works

The amendment dedicates an **increase of 3/8ths of one percent** in the state sales tax — approximately 4 cents on a \$10 purchase. Because these are new dollars, the Amendment **does not impact the funding available for any other state priorities**. The revenues are divided between four separate funds in the state treasury, and legislative and citizen councils make recommendations on how the funds are spent.

% of Legacy	33%	33%	14.25%	19.75%
Fund Name	Outdoor Heritage Fund (OHF)	Clean Water Fund (CWF)	Parks & Trails Fund (PTF)	Arts & Cultural Heritage Fund
Council	Lessard-Sams Outdoor Heritage Council (LSOHC) per <i>Minn. Stat. 97A.056</i>	Clean Water Council (CWC) Per <i>MN Statute 114D.26</i>	Greater MN Regional Parks & Trails Commission (GMRPTC) per <i>Minn. Stat. 85.536</i> ; Parks & Trails Legacy Advisory Council	MN State Arts Board per <i>Minn. Stat. 129D.02</i> ; Historical Society, MN Zoo, MN Children's Museum, Humanities Commission

Funding Purposes

The Minnesota Constitution states all Legacy Funds *"must supplement traditional sources of funding for these purposes and may not be used as a substitute."* *Minn. Constitution, Art. XI, Sec. 15*. There are also specific restrictions by fund:

- **Outdoor Heritage** funds must go to **on-the-ground** habitat projects and cannot be used for research or studies. Council ensures compliance with accomplishment plans. Restoration projects are reviewed by a technical panel.
- **Clean Water** funds can only be used to "protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation" and at least 5% must be allocated to drinking water.
- **Parks and Trails** funds are limited to parks and trails of regional or statewide significance; funds are divided by statute between the State Park, Metro Park and Greater MN park systems; **non-profits do not receive PTF funds**.
- **Arts & Cultural Heritage** funds are limited to "arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage."

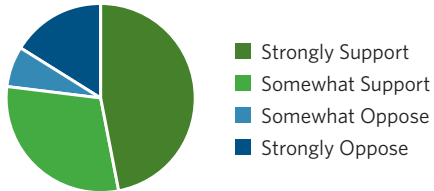
Who Receives Legacy Funds?

While many of the funds are initially appropriated to state agencies, much of the funding is ultimately passed through to local governments and nonprofit organizations. Between 2010 and 2017, **local governments** (including cities, counties, townships, watershed districts, SWCDs) received over **\$420 million**.

Leverage

From 2010 to 2017, Legacy Funds **leveraged over \$2.5 billion** in federal and private funds. (Source: LCC Website.)

75% of Voters Support Legacy Amendment



Citizens Overwhelmingly Support Legacy Funds

The success of the Legacy Amendment has earned strong citizen support. Since its initial passage, public support for the amendment has **increased**. In February 2017, a statewide poll found that **75% of Minnesotans support** the Legacy Amendment. Support is equally strong in rural Minnesota — 73% of Minnesotans in rural areas support the Amendment. *Public Opinion Strategies, Statewide Voter Survey, February 1-5, 2017*

Accomplishments and Benefits

The Outdoor Heritage Fund has been used to restore 61,000 acres of wetlands, 600,000 acres of grasslands, add over 40,000 acres of WMA habitat and public access and provide hundreds of local grant projects through the popular Conservation Partners Legacy Grant Program. (“10 years on, state habitat grant program quietly makes progress,” *Star Tribune*, March 28, 2018)

The Clean Water Fund has doubled the pace of testing and monitoring lakes and rivers across the state, identified impaired waterways and provided critical resources to clean up pollution in Minnesota’s waters. (“Minnesota’s big water ambitions yield benefits...” *Star Tribune*, May 24, 2018.)

The Parks & Trails Fund has increased state park attendance by 25%, introducing new and younger audiences to the outdoors. (“Minnesota’s state park attendance rises 25%: major investments reaping big rewards,” *Star Tribune*, August 26, 2018.)

The Arts & Cultural Heritage Fund has increased arts attendance across the state by 50%. The economic impact of non-profit arts organizations grew from \$840 million in 2006 to \$2 billion in 2017. (CreativeMN.org) (“Ten Years Later, Minnesota’s Legacy Amendment Fueling Small Town Arts,” *Star Tribune*, May, 26, 2018.)

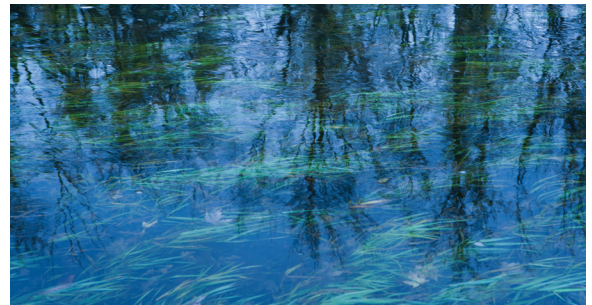
Needs Continue to Exceed Funds

- For 2021, the LSOHC received \$320 million in project requests—more than twice the available funds.
- The Greater MN Regional Parks & Trails Commission is unable to fund over 1/3 of the requests it receives, and State Parks & Trails have a total deferred maintenance backlog of \$250 million.
- Clean Water Funds are leveraging \$50 million every budget cycle in federal and local funds; meeting state goals will require these and additional funds.



Outdoor Heritage Fund

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Clean Water Fund

© Richard Hamilton Smith



Parks & Trails Fund

© Brett Feldman



Arts & Cultural Heritage Fund

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Environment and Natural Resources Trust Fund



The Environment & Natural Resources Trust Fund was created in 1988 when **77% of voters** overwhelmingly approved a constitutional amendment creating the Trust Fund to protect the state’s fish, wildlife and natural resources with funds from the newly created state lottery. In 1990, after the Legislature reduced the amount of lottery proceeds sent to the Trust Fund, voters again resoundingly passed an amendment to ensure no less than **40% of lottery funds** would be dedicated to the Trust Fund. In 1998, voters approved—again with **74% support**—a constitutional amendment extending dedication of lottery proceeds to the Fund.

How It Works

Per the Constitution, 40% of the net proceeds of the lottery are deposited into the Trust Fund and invested by the State Board of Investment. Investment returns are deposited into the Fund. *Minn. Stat. 116P.04*. Under the Constitution, **5½ percent of the market value of the assets in the trust fund** can be appropriated each year. *Minn. Constitution Art XI, Sec. 14*. The Legislative-Citizen Commission on Minnesota Resources (LCCMR) makes annual recommendations to the Legislature for allocations of Trust Fund proceeds. *Minn. Stat. 116.05 Subd. 2*.

Legislative Citizen Commission on Minnesota Resources

The LCCMR originated in 1963 as the Minnesota Outdoor Recreation Resources Commission. The current LCCMR is made up of **17 members**: 5 Senators, 5 Representatives, 5 citizens appointed by the governor, 1 citizen appointed by the Senate, and 1 citizen appointed by the House. Citizen members appointed by the Governor are approved by the Senate. Final allocation recommendations from the Commission require a supermajority of 12 council member votes per *Minn. Stat. 116P.05*.

LCCMR Process

By statute, the LCCMR approves a 6-year strategic plan for allocating funds. RFPs based on the strategic plan are issued in January. Research proposals are peer-reviewed prior to final approval. The need for ENRTF funding **far exceeds available funds**. Typically, only 25% of proposed projects receive funding. For LCCMR’s FY20 recommendations, the council received 273 proposals totaling \$191 million. Of those projects, they forwarded 67 proposals totaling \$53 million, 1/3 of all requests.

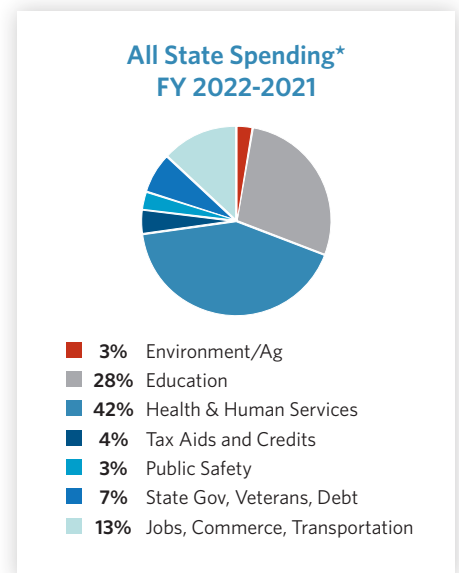
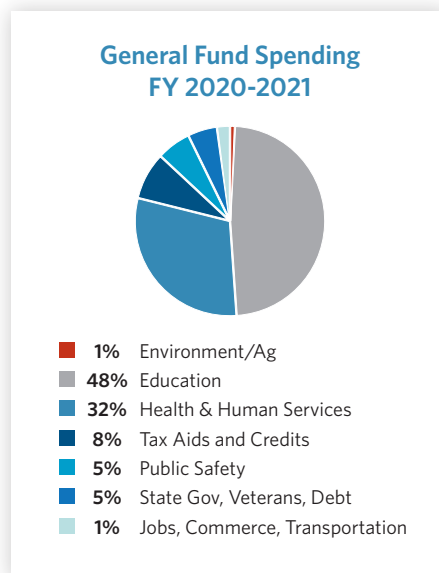
The Future of Conservation Funding

While Legacy funds and the Environment and Natural Resources Trust Fund have provided a critical infusion of conservation funding, general funds have remained at low levels, and dedicated funds have struggled to keep up with needs.

Even with Legacy Funds, spending on conservation and environment has never exceeded 3% of Minnesota’s total state budget.

To ensure that Minnesota’s Great Outdoors are preserved for future generations, it is critical that lawmakers:

1) protect the dedicated funds
2) ensure that they are used as intended
3) prevent further erosion of general funds for conservation and
4) support strong investments in conservation through bonding.



* “All State Spending” includes agency operating budgets and conservation investments from General Funds (most statewide taxes), statutorily dedicated funds (user fees and revenues that are specifically allocated such as park fees, hunting and fishing license revenues, forestry revenues, and the solid waste tax), federal funds, and constitutionally dedicated funds (e.g. Environmental Trust Fund and Legacy Funds). SOURCE: Minnesota Management and Budget.