2020-21 Governor’s Recommendation Overview

House Environment and Natural Resources Finance Division
The mission of the Minnesota Department of Natural Resources is to work with residents to conserve and manage the state’s natural resources, to provide outdoor recreation opportunities, and to provide for commercial uses of natural resources in a way that creates a sustainable way of life.
DNR’s One Minnesota Budget Initiatives

Protecting our Natural Resources

Making Smart Decisions with Good Information

Connecting People with the Outdoors

Addressing Operational Needs to ensure high-quality services for all Minnesotans
FY18-19 Budget by Fund

- FY18-19 budget $1.2 billion in 50 funds
- Primary operating funds:
  - Natural Resources Funds (18%)
  - Game and Fish Funds (20%)
  - General Fund (19%)
- DNR is < 1% of MN general fund spend
- One-time Legacy funding and Environmental Trust = 32% of our budget
- 13% of budget is passed through to non-state entities
## Governor’s Recommendation Overview

*dollars in millions*

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2020-21</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base Budget</strong></td>
<td>1,113</td>
<td>1,049</td>
<td>1,036</td>
</tr>
<tr>
<td><strong>Change Requests</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>24</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>Game and Fish Fund</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Natural Resources Fund</td>
<td>22</td>
<td>24</td>
<td></td>
</tr>
<tr>
<td>Other Funds</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td>change from base</td>
<td>5%</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Legacy</td>
<td>84</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total Change</strong></td>
<td></td>
<td>142</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total Expenditures (all funds)</strong></td>
<td><strong>1,191</strong></td>
<td><strong>1,089</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2018-19</th>
<th>2020-21</th>
<th>2022-23</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
</tbody>
</table>
### Gas Tax Increase

$16.1M Revenue to DNR’s Motorized Accounts – MS 296A.18

<table>
<thead>
<tr>
<th>Account</th>
<th>Fund</th>
<th>Percent of Unrefunded Gasoline Tax Proceeds</th>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Recreation</td>
<td>Natural Resources</td>
<td>1.500%</td>
<td>2,035</td>
<td>5,704</td>
<td>7,263</td>
<td>7,616</td>
</tr>
<tr>
<td>Snowmobile</td>
<td>Natural Resources</td>
<td>1.000%</td>
<td>1,356</td>
<td>3,803</td>
<td>4,842</td>
<td>5,077</td>
</tr>
<tr>
<td>All-terrain Vehicle</td>
<td>Natural Resources</td>
<td>0.270%</td>
<td>366</td>
<td>1,027</td>
<td>1,307</td>
<td>1,371</td>
</tr>
<tr>
<td>Off-highway Motorcycle</td>
<td>Natural Resources</td>
<td>0.046%</td>
<td>62</td>
<td>175</td>
<td>223</td>
<td>234</td>
</tr>
<tr>
<td>Off-road Vehicle</td>
<td>Natural Resources</td>
<td>0.164%</td>
<td>222</td>
<td>624</td>
<td>794</td>
<td>833</td>
</tr>
<tr>
<td>Forest Roads</td>
<td>Special Revenue</td>
<td>0.116%</td>
<td>196</td>
<td>550</td>
<td>700</td>
<td>734</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>3.096%</strong></td>
<td><strong>4,237</strong></td>
<td><strong>11,883</strong></td>
<td><strong>15,129</strong></td>
<td><strong>15,865</strong></td>
</tr>
</tbody>
</table>
• Operates state parks & recreation areas, conserves natural and cultural resources, offers interpretive programs
• Maintains statewide network of recreational trails
• Provides public access to Minnesota’s lakes and rivers
• Provide grants for regional and community recreation opportunities
Increase Boating Registration Fees
$12.1M Water Recreation Account; Fee Revenue $5.9M; Gas Tax $7.8M

ISSUE:
• Boat registration fee increases are needed to maintain Minnesota’s high-quality boating infrastructure – water access sites and state water trails.

PROPOSAL:
• $5.9M in additional fee revenues & $7.8M from gas tax
• $9.4M for operations, maintenance, and rehabilitation
• $1.7M for water-based enforcement and training by DNR and local sheriff offices
• $1.0M for increased public water protection and land use programs

OUTCOMES:
• Connects people to the outdoors through water-based recreation
ISSUE:
• State trail operations and maintenance funding has not kept pace with a growing system and rising costs.

PROPOSAL:
• $2M to address immediate maintenance needs on state trails

OUTCOMES:
• Better maintained state trails that protect the state’s investment
• Unforgettable trail-based experiences
• Prosperous and healthier communities
Cross-Country Ski Pass Fee Increase
$140K Cross Country Ski Account; Revenue $140K

ISSUE:
• Ski pass revenues insufficient to provide level of grooming expected by cross-country skiers.

PROPOSAL:
• Increases ski pass fees by $4 (daily) to $15 (three year)
• Supports grooming at state parks and trails and grant-in-aid funding for local ski trails

OUTCOMES:
• Improved conditions on cross-country trails
ISSUE:
• Funding is needed to address critical ATV/ORV trail priorities such as advanced trails and touring routes.

PROPOSAL:
• $600k for increased ATV grant-in-aid funding
• $1M for ATV trail management
• $250k for ATV enforcement
• $800k for ORV trails, touring routes, and maintenance
• $250k for ORV enforcement

OUTCOMES:
• Improved quality of state forest trails for ATV riding and ORV touring routes
• Increased enforcement activities
ISSUE:
• DNR has the authority to deposit funds from trail-related special use permits, but spending authority was inadvertently not provided.

PROPOSAL:
• Adds statutory spending authority to the existing state trail special event account
• Funds will pay for activities related to special events

OUTCOMES:
• Supports the maintenance of state trails to remediate impacts from special events
ISSUE:
• Need to continue to enhance Minnesota’s parks and trails experiences with Legacy funding

PROPOSAL:
• Addresses 25-Year Parks and Trails Legacy plan priorities:
  • Connect people to the outdoors
  • Acquire land, create opportunities
  • Care for current infrastructure
  • Coordinate with partners

OUTCOMES:
• Increased health and wellness benefits of outdoor recreation
• New opportunities exist at state parks and trails
• Better restoration of native landscapes and aging structures
ISSUE:
• Need to continue to enhance Minnesota’s parks and trails experiences with Legacy funding

PROPOSAL:
• Provides a competitive outdoor recreation grant program across the state
• Achieves the goals of the 25-year Parks and Trails Legacy Plan in greater Minnesota
• Allows Greater Minnesota Regional Parks and Trails Commission to lead grant program while DNR provides fiscal management of the grants

OUTCOMES:
• Increased number of trail miles developed or rehabilitated in greater Minnesota
• Increased acquisition for regional parks to provide new recreational opportunities
ISSUE:
• Need to continue to enhance Minnesota’s parks and trails experiences with Legacy funding

PROPOSAL:
• Advances coordinated approach for a seamless system of parks and trails in Minnesota
• Continues work of integrating research and planning
• Develops, manages, and markets web-based systems
• Supports Legacy Advisory Committee, which advises on implementation of the Legacy Plan

OUTCOMES:
• Increased effectiveness and efficiency of the Parks and Trails Legacy Funds
• Progress toward the goals of the 25-year Parks and Trails Legacy Plan
Ecological and Water Resources Division
Steve Colvin, Director

• Focuses on healthy lands and waters throughout Minnesota

• Provides critical information and regulatory support to maintain Minnesota’s sustainable use of its unique biodiversity, public waters and other natural resources
Increase Aquatic Invasive Species (AIS) Surcharge
$200K Invasive Species Account; Revenue $1.3M Invasive Species Account

ISSUE:
• Inadequate funding to stop spread and reduce negative impacts of AIS

PROPOSAL:
• Increases AIS surcharge from $5 to $7.25
• Reinstates aquatic plant management grants
• Funds emergency response to new infestations of starry stonewort and zebra mussels

OUTCOMES:
• Improved recreation on lakes with existing infestations of AIS
• Reduced financial burden on lakeshore property owners
• Reduced spread and impact of starry stonewort and zebra mussels into new waters
ISSUE:
• Need to ensure a balance between conservation and use for public waters

PROPOSAL:
• $716K in increased public water permit fees (Natural Resources Fund)
• $1.6M to enhance technical assistance to individuals, businesses, and LGUs (General Fund)

OUTCOMES:
• Increased protection of Minnesota’s public waters
• Enhanced public safety through flood risk reductions
• Increased property values through better shoreline management
ISSUE:
• DNR needs additional funding to ensure permitting decisions for Pineland Sands area are well informed with good data.

PROPOSAL:
• Funds a study of effects of forest conversion on water resources and plant and animal species

OUTCOMES:
• Critical information to local and regional decision makers
• Options to avoid or mitigate negative effects
ISSUE:
• Continued need to protect and restore waters to maintain vibrant economy, livable communities, and the natural environment.

PROPOSAL:
• $22.3M for:
  • Data gathering and analysis
  • Technical support for project implementation
  • Helping local partners with water sustainability, restoration and improvement efforts

OUTCOMES:
• Minnesotans have water of sufficient quality and quantity to meet their needs.
• Conserves, manages, enhances habitat for state’s fish and wildlife populations through regulation, restoration, research, monitoring, and education

• Helps preserve MN’s fishing, hunting, and trapping heritage
ISSUE:
• Chronic Wasting Disease (CWD) has been found in several counties, requiring an urgent and aggressive response.
• Additional research efforts are needed to better manage deer.

PROPOSAL:
• $4.6M for surveillance/response related to CWD detections in wild and captive deer
• $1.8M for research to better estimate deer populations

OUTCOMES:
• Protects deer herd with aggressive CWD response
• Secures Minnesota’s deer hunting tradition
• Reduces reliance on license fees to address larger public issue
ISSUE:
• Stakeholders desire that a greater portion of deer license fees are dedicated to the Deer Management Account.

PROPOSAL:
• Dedicates $16 per deer hunting license ($14.3M total) to deer management activities

OUTCOMES:
• Improved transparency for use of deer license dollars
ISSUE:
• Data is needed to track trends and monitor the effectiveness of special statewide angling regulations, including new northern pike zones.

PROPOSAL:
• Funds an additional eight surveys per year

OUTCOMES:
• Doubles current number of surveys completed annually
• Improved information for management decisions
Enforcement Division
Col. Rodmen Smith, Director

- Enforces natural resource laws including those related to game and fish, wetlands, aquatic plants, and the operation of recreational vehicles
- Regulates natural resource commercial operations
- Provides conservation and safety education programs
- Provides disaster and emergency response
ISSUE:
- Past five ice seasons have seen multiple ice-related fatalities per year.
- Many are not familiar with ice or ice safety and live in communities where there may be a risk.

PROPOSAL:
- Creates comprehensive outreach and education program focused on ice safety
- Targets both traditional users of ice as well as people unfamiliar with frozen water

OUTCOMES:
- Increased understanding of ice safety
- Removed barriers to participation by sharing ways to safely recreate on ice
• Manages 4.2 million acres of State Forest and School Trust lands to provide clean water, wildlife habitat, biodiversity, recreation opportunities, and forest products
• Protects citizens, property, and natural resources from wildfire
• Provides technical forest management assistance to communities, private landowners
Minnesota Forestry Management
$2M Forest Management Investment Account (FMIA)

ISSUE:
• Meeting new sustainable timber target requires additional funding

PROPOSAL:
• $2M to support new sustainable timber target
• Funds 9 new foresters to appraise and sell timber, monitor harvests, and oversee reforestation

OUTCOMES:
• Reach new timber target
• Support clean water and air, wildlife, biodiversity, and recreation
• Provide reliable source wood for forest products industry
ISSUE:
• More use of forest products for special event decorations coincides with increase of illegal birch pole and spruce top harvest.

PROPOSAL:
• Expands existing balsam bough buyer’s license to include spruce tops and birch poles

OUTCOMES:
• Reduced illegal harvest of spruce tops and birch poles
• Manages agency real estate transactions and real estate portfolio
• Promotes, regulates, provides expertise on mineral exploration, mining, and mine land reclamation
• Manages state-owned mineral assets and School Trust mineral resources
Authorize Strategic Land Sales
($16) Land Acquisition Account; Revenue $174k

ISSUE:
• Legislative approval is needed for certain land management transactions that aid the DNR in meeting its conservation agenda and goals.

PROPOSAL:
• Allows public sale of riparian lands in Cass, Kanabec, Otter Tail, and Wabasha Counties
• Authorizes private sale of riparian lands in Carlton County
• Eliminates the requirement for newspaper publication for public land sales (-$16K)

OUTCOMES:
• Increased efficiency in DNR land management
• Private sale of riparian land in Carlton County
• Provides administrative leadership and support to the department
• Supports staff through human resources
• Manages safety, emergency preparedness, and disaster response
• Maintains fleet, buildings, and infrastructure
• Manages pass-through funds directed to non-state entities by statute, law or agreement
ISSUE:
- IT applications are vulnerable to outside organizations and store non-public data on individuals.

PROPOSAL:
- Establishes continuous improvement program to keep business systems secure and protected from cyberattack by updating software infrastructure
- Develops and maintain business application security plans
- Migrates applications to a cloud based infrastructure

OUTCOMES:
- Protects citizens’ non-public and sensitive data from cyberattack
- Avoids significant data breach and associated consequences
ISSUE:
• Operational costs increase annually, especially for compensation and information technology.
• Without additional resources, the DNR can’t maintain current service levels.

PROPOSAL:
• $13.7M for current projected compensation growth
• $2.2M for increased MNIT costs due to proposed rate increases

OUTCOMES:
• Maintained critical services
• Prevented significant reductions
ISSUE:
• DNR is facing a number of legal challenges.
• Without special funding, DNR would need to reduce other work to pay for legal costs.

PROPOSAL:
• $6.065M for:
  • Attorney General fees
  • Outside counsel for the PolyMet case (DNR and MPCA)
  • DNR Staff attorney

OUTCOME:
• Allows DNR and MPCA to defend environmental and natural resource decisions
• Avoids significant impact to other DNR work
ISSUE:
• The administrative management of the Office of School Trust Lands (OSTL) is inefficient.

PROPOSAL:
• Moves the base appropriations for OSTL from the Department of Administration to the DNR

OUTCOMES:
• Increases administrative efficiencies to the OSTL, ADM, and the DNR
Budget Questions?

Mary Robison, Chief Financial Officer
Office: 651-259-5561
Email: mary.robison@state.mn.us

Emily Engel, Budget Director
Office: 651-259-5548
Email: emily.engel@state.mn.us