



April 12, 2021

Representative Rena Moran
Chair, House Ways and Means
Minnesota House of Representatives
State Office Building, Room 449
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Representative Rick Hansen
Chair, Environment and Natural Resources Finance and Policy
Minnesota House of Representatives
State Office Building, Room 407
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, MN 55155

Dear Chair Moran and Chair Hansen:

I am writing to supplement testimony given in the House Environment and Natural Resources Finance and Policy Committee and in lieu of public testimony in the Ways and Means Committee regarding the House Environment and Natural Resources Omnibus Bill, House File 1076 1st Engrossment. I would like to thank Chair Hansen and the Environment and Natural Resources Finance and Policy Committee for their work to assemble this bill, which reflects strong support for the Department of Natural Resources (DNR).

As you know, Minnesotans have been embracing outdoor activities and Minnesota's natural resources in record numbers to manage stress and anxiety during the pandemic, and to find solace in nature. Given the clear value the public places on Minnesota's natural resources and outdoor spaces, we believe now is a critical time to reinvest in our infrastructure and operations. We appreciate the key investments this bill makes to ensure that we can fulfill our mission, meet our legal obligations, and provide Minnesotans with the services they expect.

Using the Governor's top priorities for Minnesota's environment and natural resources as a framework, we summarize below our support for the strong actions included in this bill, as well as a few provisions that we hope the House can address prior to final passage.

Connect People to the Outdoors

Maintain High-Quality Park and Recreation Area Experiences

Like the Governor's proposed budget, HF1076 maintains current state park service levels through a modest increase in state park vehicle fees. The investment provided by this increase will allow DNR to continue to provide outdoor family time and health and wellness benefits for all Minnesotans at state parks and recreation areas. Specifically, we will be able to continue current camping seasons at state parks, maintain park trails and signage, and offer interpretive naturalist programs for school groups and the broader public. HF1076 delays the implementation of permit fee increases by one year and off-sets the delayed revenue via a one-time appropriation of lottery in lieu dollars to the state parks system. While we appreciate the proposed one-time investment of lottery in lieu dollars, we also support the fee schedule as included in the Governor's budget to more quickly provide a solution to the structural imbalance in the State Park Account.

Invest in Water Recreation

Consistent with the Governor's proposed budget, HF1076 makes needed investments in Minnesota's public water access infrastructure through modest boat registration fee increases. These increases will allow us to provide increased rehabilitation of existing public water accesses in collaboration with local government partners; maintain public water access sites and water trails; increase efforts to prevent the spread of aquatic invasive species by adding boat-cleaning stations; and upgrade facilities to meet current Americans with Disabilities standards.

The specific increases in the House bill match the Governor's recommendation, except that non-profit entities and a new designation of 'homestead resorts' are not subject to any increases. In the Governor's budget, non-profits and homesteads are subject to small increases. For example, fees to non-profits are raised by just \$1.00 for the three-year fee. We believe the small increase is appropriate given that non-profits and homestead resorts will benefit from the increased investments in our water recreation system just like all other users of that system.

Invest in State Forest Campgrounds

The DNR operates twenty-six state forest campgrounds on school trust lands. Currently, all camping fee revenues are deposited in the Permanent School Fund, and the DNR must subsidize the operation and maintenance of these campgrounds from other funds. The Governor recommended in his budget that DNR be authorized to capture 80 percent of the camping fees from those state forest campgrounds, with the remaining 20 percent of revenue continuing to go to the Permanent School Fund. HF1076 does not include this recommendation, effectively requiring the DNR to continue to subsidize the full cost of maintenance and operation of these campgrounds with other funding sources.

Mitigate Climate Change

Accelerated Tree Planting to Capture Carbon

HF1076 includes the Governor's recommended investment of \$2.6 million from the General Fund each biennium for expanding capacity at the state forest nursery to increase the number of seedlings available for planting, as an economical and common sense way to offset greenhouse gas emissions. We greatly appreciate the Committee's support of this important aspect of Minnesota's climate change mitigation strategy.

Proactively Manage Natural Resources

Modernize Minnesota's Forest Inventory

We appreciate that HF1076 includes a one-time investment from the Forest Management Investment Account (FMIA) within the Natural Resources Fund to modernize DNR's forest inventory work. This investment will significantly enhance the quality and extent of Minnesota's forest inventory through the purchase of high-density light detection and ranging ("LiDAR"). This provision is consistent with the Governor's recommendation and will lower annual forest inventory costs, allow for more frequent re-evaluation of forest stands, improve data accuracy, and facilitate better forest management decisions.

Addressing Chronic Wasting Disease

HF1076 funds a portion of the Governor's recommendation for a one-time General Fund investment in the ongoing response to chronic wasting disease (CWD). As part of this investment, HF1076 supports deer carcass disposal through Adopt a Dumpster. We strongly support General Fund investment in CWD surveillance and response, and in light of the additional work that will be necessary as a result of the CWD-positive captive deer in Beltrami County, we urge full funding for this initiative.

HF1076 also transfers responsibilities for administering and enforcing rules regarding farmed cervidae from the Board of Animal Health to the DNR. If these responsibilities do transfer, it is essential that the final bill adequately fund this additional work. We have identified additional programmatic investments in CWD surveillance and enforcement that would require \$6.5 million in FY22-23, and \$5.5 million in FY24-25. In its current version, HF1076 does not include appropriations for these activities.

Ensure Full-Use of Critical Habitat License Plate Contributions

The Governor recommended modifications to the popular Reinvest in Minnesota (RIM) Critical Habitat License Plate program to accelerate investments in land management and other activities to improve habitat for fish and wildlife, rare resources, and native plants. These modifications included changing the equal (1:1) matching requirement to \$2.00 license plate dollars for every \$1.00 in private donation (2:1); allowing for complete match of all non-game donations; letting some state appropriations act as RIM matching dollars; and providing a limited amount of funding for monitoring and evaluation to inform the management of critical habitat. We are grateful that HF1076 includes some of these proposed modifications, including the change in matching requirements and the increase in non-game funding. However, the bill also includes a provision that would create new spending restrictions based on the license plate image. We have concerns that these restrictions will

hinder our agency's cost-effectiveness in acquiring and improving critical habitat due to the additional boundaries and restrictions placed on license plate dollars.

Simplify the Aquatic Invasive Species (AIS) Surcharge

The Governor proposed a small increase in the aquatic invasive species (AIS) surcharge from the current three-year fee of \$10.60 to \$11.00, to make watercraft registration easier and more efficient for deputy registrars and boat owners in Minnesota. HF1076 goes beyond the Governor's recommend and proposes \$25.00 for a three-year fee. Of this proposed \$25.00 surcharge, \$4 would be allocated to the University of Minnesota for AIS research, \$2 would be allocated for grants to lake associations, and the remaining \$19.00 would go to the DNR for AIS prevention programs. The DNR would use the additional funding to enhance our aquatic invasive species programing, including increased inspections, training, research, and response to new detections.

Address Operational Needs

Ensure Public Safety

The Governor recommended General Fund appropriations of \$3.3 million in FY21 and \$2.2 million in FY22 to cover the cost of conservation officers' response to demonstrations and civil disturbance throughout 2020 and 2021. The State is calling upon our conservation officers with unprecedented frequency and intensity, and it is essential for the General Fund to reimburse this work, particularly as the DNR cannot use dedicated funding such as the Game and Fish Fund to pay for these general public safety activities. HF1076 provides \$2 million in FY21 for this purpose, which will likely be insufficient given current and projected activity. We support the Governor's recommended funding level.

Related to public safety costs, we appreciate that HF1076 includes funding for pay increases to conservation officers. This will ensure that all licensed peace officers in the state of Minnesota receive consistent treatment in their compensation.

Legal Costs

The Governor recommended a onetime General Fund appropriation of \$4 million in FY22-23 to cover the cost of on-going litigation cases at DNR and MPCA. The House bill appropriates \$2 million for this purpose. The costs of current legal cases involving PolyMet, White Bear Lake, and related contested case hearings are significant, and the bill's lower appropriation is unlikely to cover these unpredictable and unavoidable costs. Since the DNR and MPCA's operating budgets cannot absorb such costs, both agencies will need to return to the legislature with additional requests for General Fund dollars if these appropriations are spent before the end of FY23.

Protecting Digital Assets against Cyber Attack

HF1076 includes a portion of the Governor's recommendation to provide \$1.1 million annually from the General Fund to establish an information technology (IT) security and modernization program to protect DNR IT systems from cyberattack and migrate to a more secure and efficient cloud-based infrastructure. We appreciate the inclusion of this item in the bill, and encourage full funding for this initiative.

Operating Adjustment

We appreciate that the House's proposed budget provides funding for our anticipated General Fund cost growth at the same level as the Governor's budget. This represents a 0.3 percent increase in the DNR's budget across all funds and will not address the inflationary pressures these funds and programs experience. However, the increase will play an important role in helping us maintain our service levels in FY22-23.

Additional Comments

We are pleased that in addition to the fiscal items mentioned above, the bill includes the 2020 and 2021 lands bills, DNR's DUI uniformity bill, DNR's 2020 and 2021 policy bills, as well as other important policy language. While much of this language is technical, it is programmatically important. There are a few policy areas such as setting sustainability standards for groundwater, new public hearing requirements, and other small language issues where we would appreciate an opportunity to continue to work with the House on issues identified during bill hearings. DNR is committed to working with the House to address those items, in addition to the budget differences raised in this letter.

Thank you for your time and consideration. Please contact me or Assistant Commissioner Bob Meier at any time if we can be of assistance during the next several critical weeks.

Sincerely,



Sarah Strommen
Commissioner

CC:

Vice Chair Ami Wazlawik, Environment and Natural Resources Finance and Policy

Minority Lead Josh Heintzman, Environment and Natural Resources Finance and Policy

Vice Chair Liz Olson, House Ways and Means

Minority Lead Pat Garofalo, House Ways and Means

Alexis Donath, Policy Advisor, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan