

Chair Rick Hansen
Environment and Natural Resources Finance and Policy Committee
State Office Building
100 Rev. Dr. Martin Luther King Jr. Blvd.
St. Paul, Minnesota 55155

March 17, 2023

Re: Support of HF 1900 /SF 2404– Environment & Natural Resources Trust Fund

Dear Chair Hansen and Members of the Committee,

Since its first appropriations in 1991, the Environment and Natural Resources Trust Fund (ENRTF) has provided more than \$900 million in stable, long-term funding for innovative projects in natural resource management. The ENRTF currently offers over \$70 million annually to protect, conserve, and restore Minnesota's air, land, and water.

Over the past few years, a group of BIPOC environmental leaders and environmental nonprofit staff¹ have been working collaboratively to propose changes that will increase the equitable distribution and use of ENRTF funds to benefit all Minnesotans. The proposed legislative language reflects the intent of our work, and we look forward to helping shape refinements as it moves through the legislative process.

The case for community grants

Securing ENRTF funding through the Legislative Citizen Commission on Minnesota Resources (LCCMR) is a lengthy, complex, time-consuming, and resource-intensive process. As a threshold barrier, applicants must have the financial reserves to engage in a reimbursement-based grant process. Organizations must also have the staff capacity to respond to LCCMR's request for proposals and engage with LCCMR members, staff, and legislators to advocate for their proposal. These systemic barriers mean many impactful projects are never proposed to LCCMR.

Nonprofits that traditionally secure funding are mainly large, well-established organizations. Tribes, smaller nonprofits, and BIPOC-led organizations are infrequent LCCMR grant recipients.

For example, over the past five funding cycles, nearly 70% of available LCCMR funds were distributed to state agencies and universities. No Tribes were funded during that time, and nonprofit organizations and community groups received approximately 10% of available LCCMR funding. Local and regional units of government received the remaining 20%.

Community grant program goals

We strongly support the creation of a community grants program as part of this legislation. New community grant program goals include:

- To increase distribution and use of ENRTF funds across Minnesota by directing resources to communities and organizations that experience insurmountable barriers in the current LCCMR process.
- To support and strengthen the capacity of smaller nonprofits, community-based organizations, and Tribes to further deploy their specialized skills and local knowledge for the benefit of our natural resources and all Minnesotans.

¹ BIPOC environmental leaders and environmental nonprofit signatories of this letter have worked collaboratively on community grant program design. Minnesota regional foundation staff have also provided counsel and strategic leadership to support this effort.

- To complement and enhance LCCMR's stable and long-term funding to protect, conserve, and restore Minnesota's air, land, and water.

The new community grants program will not replace or compete with LCCMR's current funding process. Funding for the new community grant program would come from a 10% increased draw on the trust fund and by capturing unclaimed prizes. This would generate an estimated \$20 million per year for the community grants program.

The ENRTF plays a critical role in addressing emerging challenges to our natural resources. It is vital that we work to renew the constitutional dedication and expand access to all Minnesotans.

As constituents across Minnesota, we urge you to **support the creation of a new community grants program and the constitutional amendment reauthorizing the dedication of state lottery proceeds to the Environment and Natural Resources Trust Fund.**

Sincerely,

Paul Austin, Executive Director
Conservation Minnesota

Rob Schultz, Vice President
Lindsay J. Brice, Policy Director
Audubon Minnesota Iowa Missouri

Bill Droessler, Executive Lead – Partnership
Development
Environmental Initiative

Rachel Geissinger, Senior Administrative
Coordinator
Environmental Initiative

Sam Grant, Executive Director
Rainbow Research

Mike Harley, Executive Director
Environmental Initiative

Kathryn Hoffman, CEO
Minnesota Center for Environmental Advocacy

Francisco Segovia, Executive Director
COPAL MN

James Trice, Founder and CEO
Public Policy Project

Kris Larson, CEO
Minnesota Land Trust

Joe Morales,
Indigenous Action Research Director
Rainbow Research

Steve Morse, Executive Director
Minnesota Environmental Partnership

Ann Mulholland, Chapter Director
Stephanie Pinkalla, Government Relations
Director
The Nature Conservancy in Minnesota

Sharon Nordrum,
Artist and Culture Bearer
Red Lake Band Member

Bob McGillivray, Acting State Director
Trust for Public Land

Support the Reauthorization of the Constitutional Lottery Dedication to the Environment and Natural Resources Trust Fund

Members of the Minnesota State Legislature,

We, the undersigned organizations, ask that Minnesotans be given the opportunity to extend and enhance the dedication of state lottery proceeds to the Environment and Natural Resources Trust Fund through a constitutional amendment, allowing voters to pass on a tradition of conservation to the next generation.

In 1988, Minnesota voters overwhelmingly passed constitutional amendments to establish a state lottery and to create the Environment and Natural Resources Trust Fund (ENRTF), a permanent trust with principal funding provided by a portion of net lottery proceeds. Proving popular with Minnesotans, the ENRTF has been reapproved by two additional constitutional amendments. In 1990, 75.31% of voters upgraded the use of lottery proceeds from a statutory dedication to a constitutional dedication expiring in 2001. And in 1998, 73.95% of voters extended this dedication until 2025. Today, support for the ENRTF remains strong, with 73% of survey respondents favoring the rededication of lottery proceeds to the Trust Fund.

For over three decades, the ENRTF has offered a stable, long-term funding source for unique, innovative projects conducted by local and Tribal governments, non-profit and community organizations, colleges and universities, and federal and state agencies. Using funding recommendations from the Legislative-Citizen Commission on Minnesota Resources (LCCMR), the Legislature has appropriated over \$900 million from the Trust Fund for the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. This crucial investment has protected ecosystems, aided local communities, promoted outdoor recreation, improved health outcomes, pursued environmental equity, bolstered agricultural resiliency, and supported strong businesses and good-paying jobs across the state.

We believe that Minnesotans deserve the opportunity to vote to renew the constitutional dedication of lottery proceeds to the ENRTF while dedicating additional lottery proceeds to the environment and reducing barriers for local organizations and communities to receive funding. The ENRTF will play a critical role in addressing emerging challenges to our natural resources. It's vital that we protect this funding for the years to come.

We have a rare chance to continue a tradition of stewardship in Minnesota and to improve and extend the effective use of our state lottery proceeds. We respectfully urge the Legislature to support placing the constitutional rededication of lottery proceeds on the ballot in 2024.

Sincerely...



AMERICAN
SPORTFISHING
ASSOCIATION



Audubon

MINNESOTA,
IOWA, MISSOURI



Association of
Minnesota
Counties



bell museum



CLEAN
WATER
ACTION



CLIMATEGENERATION



THE
CONSERVATION FUND



CONSERVATION
MINNESOTA



COPAL
COMUNIDADES ORGANIZANDO
EL PODER Y LA ACCION LATINA



DAKOTA COUNTY



Environmental
INITIATIVE



Fiwygin
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FRESHWATER



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Minnesota





To add your organization to this list of supporters,
please contact Conservation Minnesota at david@conservationminnesota.org

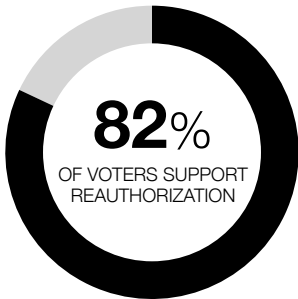
CONTINUING THE TRADITION

Reauthorizing the constitutional dedication of lottery proceeds to the Environment and Natural Resources Trust Fund (HF1900/SF2404)



For three decades, the Environment and Natural Resources Trust Fund (ENRTF) has helped Minnesotans carry on a tradition of conservation, protecting land, air, water, and wildlife across the state. Thanks to the constitutional dedication of net lottery proceeds, the ENRTF has funded over \$900 million in local projects for the public purpose of protection, preservation, conservation, and enhancement of Minnesota's natural resources.

In 1988, the Minnesota Legislature passed constitutional amendment legislation to create a state lottery and to establish the Environment and Natural Resources Trust Fund, with a *statutory* dedication of 50 percent of lottery proceeds allocated to the ENRTF. That November, 77 percent of voters overwhelmingly approved the ENRTF amendment. After a budget shortfall led the Legislature to reduce the Trust Fund's allocation to 40 percent of lottery proceeds, a new amendment was introduced in 1990 to *constitutionally* protect the ENRTF's lottery dedication for the next decade, which was quickly approved by 75 percent of voters. And in 1998, 74 percent of voters approved a third amendment to reauthorize the constitutional lottery dedication until the end of 2024.



At the end of 2024, the constitutional dedication of lottery proceeds to the ENRTF will expire, unless reauthorized by a voter-approved amendment.

Without a constitutional amendment in 2024, Minnesota's Environment and Natural Resources Trust Fund will risk losing its only funding source. Fortunately, Minnesotans still overwhelmingly support the ENRTF and the reauthorization of its lottery proceeds. In February 2023, a survey of Minnesota voters found that **82% of voters support** increasing and continuing to dedicate lottery profits to the ENRTF. This survey found sizable majority support among DFL, Republican, and independent respondents.

WE NEED TO ACT NOW...

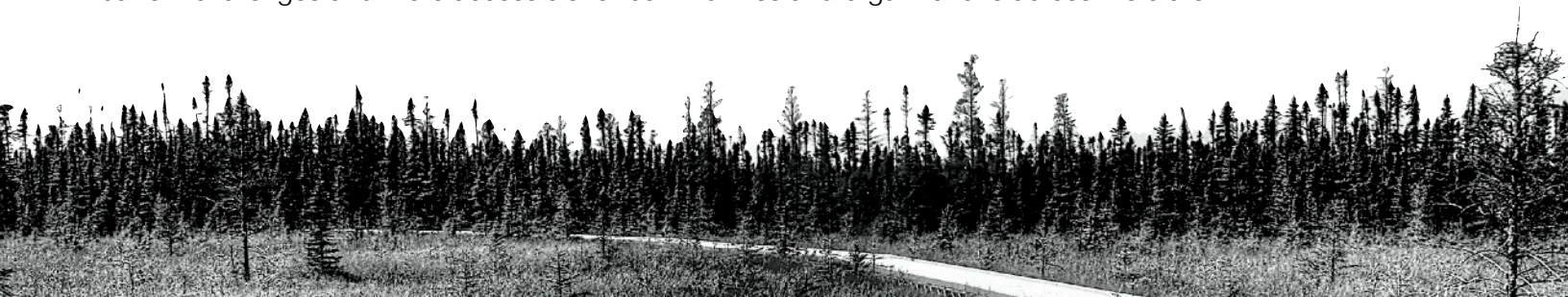
We need to ensure this funding source remains constitutionally dedicated toward environmental projects. Environmental spending in the state has been inconsistent. Net lottery proceeds provide a reliable source of revenue for Minnesota's outdoors in good times and bad times. We must pass legislation to put reauthorization on the ballot.



AND IMPROVE THE PROCESS

Minnesota's outdoor recreation, heritage, clean waters, and habitats are popular and supported across the political spectrum. Despite this popularity, the ENRTF struggles to meet changing natural resource challenges, particularly in disadvantaged communities across the state. Small improvements now can have a big impact toward ensuring these dollars can be effectively and equitably accessed for years to come. These changes include:

- Restoring the ENRTF's original 50 percent allocation of net lottery proceeds
- Allocating unclaimed prizes from the state lottery to the ENRTF
- Using additional revenues to establish a community grants program, allowing the ENRTF to be more responsive to current challenges and more accessible for communities and organizations across the state.



REAUTHORIZE THE CONSTITUTIONAL DEDICATION OF LOTTERY PROCEEDS TO MINNESOTA'S ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

CONTACT INFORMATION

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WORKING COALITION



ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

COMMUNITY GRANTS PROGRAM

The impact of the Environment and Natural Resources Trust Fund (ENRTF) has been far-reaching in its 35-year history. While the fund and the critical work of the Legislative Citizen Commission on Minnesota Resources (LCCMR) have advanced outdoor recreation in the state, there are projects and constituencies which could advance projects but aren't able to access resources through the current process. The chance to renew and continue the dedication of funds to the ENRTF also provides an opportunity to create a process that does serve those projects. Increased public investment in environment and natural resources work carried out by organizations across the state is facilitative of increasing philanthropic and private sector investment and increasing community engagement in environmental quality and stewardship.

CURRENT BARRIERS

The existing LCCMR process operates on a reimbursement basis, which prevents smaller or younger organizations and entities which are unable to front project expenses from being reimbursed by the state. The complexity and length of the application process are often beyond what many important contributors to environmental and natural resources work can reasonably do. Therefore, investments in LCCMR, when complemented by this community grants strategy, allow us to significantly increase the diversity, range, connection and impacts of environment and natural resources protection, conservation, regeneration, and engagement work across the state.



POTENTIAL COMMUNITY GRANTS USES

- Local energy conservation projects, such as weatherization assistance or education
 - *Example: Smaller organizations that participate in Re-AMP and the Midwest Building Decarbonization Coalition could receive grants to achieve energy conservation goals.*
- Local emission reduction and air quality improvement projects, such as air quality monitoring or air exchangers
 - *Example: Minneapolis' Green Zones could expand projects to implement environmental justice work plans.*
- Environmental education, such as traditional Indigenous natural resource knowledge initiatives
 - *Example: Organizations like the Niiibi Center on the White Earth Nation could extend education program capacity.*
- Carbon sequestration projects, via forest easements, marginal croplands, etc.
 - *Example: Smaller, community-based organizations could access funds to carry out local conservation projects.*

HOW IT'S FUNDED

- No change to existing LCCMR process or funding levels
- 1.5% of the market value of the ENRTF will be directed to this program each year
 - Financed by restoring the original 50% allocation of net lottery proceeds to the ENRTF and transferring unclaimed lottery prize revenues to the ENRTF. Added revenue will fund the Community Grants Program.

HOW IT WORKS

1.5% of the ENRTF value is transferred to the DNR



Advisory council advises DNR on funding process and potential projects



DNR makes grants to local organizations to implement projects



ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

COMMUNITY GRANTS PROGRAM

(Continued from Page 1)

ACCOUNTABILITY AND OVERSIGHT

- The program works through established grant-making staff at DNR to ensure there is direct support and technical assistance to realize projects in local communities.
- Grant recipients will be required to report to DNR about funded projects, and DNR will be required to provide an annual report to the Legislature.
- The Advisory Council will also annually review projects administered to ensure adherence to program goals.

COMMUNITY VOICES

"The community grants program provides a way for the ENTRF to significantly extend its reach and impact by engaging the leadership of people who are doing important environment and natural resources work in Minnesota. We need a complement to LCCMR funding to engage more of Minnesota's great leaders and organizations doing important work in the field. This offers an excellent way to make that happen."

Dr. Sam Grant

Executive Director at Rainbow Research

"This program provides the ENTRF the opportunity to support smaller organizations, communities and individuals in their important environmental work that impacts those in their communities most affected by the environmental issues we all face today."

Joe Morales/Nape' Wast'e (Good Hands)

Indigenous Action Research Director at Rainbow Research; Anishnaabe Agricultural Institute Board; Traditional Knowledge Keeper

"Those most impacted by environmental injustice can benefit greatly from the ENTRF community grants program. Organizations and leaders in these communities will be able to more effectively address the environmental issues that impact them with this funding support."

James Trice

CEO Public Policy Project; Environmental Justice Coordinating Council

"The ENTRF community grants program is long overdue. Establishing a community advisory council with representation from not only Tribal communities but from other underserved communities we can be assured that the monies from the lottery trust will benefit all walks of life in MN. This has not been the case in the past but we have that chance to make a change for the future. Speaking as a member of the Red Lake Nation I am looking forward to our voice being heard in a cultural and ecological way by the passing of this bill."

Sharon Nordrum

Red Lake Nation, Anishinaabe artist

