

**HF3624 - 0 - Planting Corn on State Lands Prohibited**

Chief Author: **Rick Hansen**  
 Committee: **Environment and Natural Resources Finance And Policy**  
 Date Completed: **3/4/2024 12:37:42 PM**  
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
<b>General Fund</b>	-	-	3,205	3,205	3,205
<b>Restrict Misc. Special Revenue</b>	-	-	4	4	4
<b>Game And Fish (Operations)</b>	-	-	86	86	86
<b>Permanent School Fund</b>	-	-	10	10	10
<b>Total</b>	-	-	<b>3,305</b>	<b>3,305</b>	<b>3,305</b>
<b>Biennial Total</b>			<b>3,305</b>		<b>6,610</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	6.56	6.56	6.56
Restrict Misc. Special Revenue	-	-	-	-	-
Game And Fish (Operations)	-	-	-	-	-
Permanent School Fund	-	-	-	-	-
<b>Total</b>	-	-	<b>6.56</b>	<b>6.56</b>	<b>6.56</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	3,205	3,205	3,205	3,205
Restrict Misc. Special Revenue	-	-	4	4	4	4
Game And Fish (Operations)	-	-	86	86	86	86
Permanent School Fund	-	-	10	10	10	10
<b>Total</b>		-	-	<b>3,305</b>	<b>3,305</b>	<b>3,305</b>
<b>Biennial Total</b>				<b>3,305</b>		<b>6,610</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	3,149	3,149	3,149	3,149
Restrict Misc. Special Revenue	-	-	-	-	-	-
Game And Fish (Operations)	-	-	-	-	-	-
Permanent School Fund	-	-	-	-	-	-
<b>Total</b>		-	-	<b>3,149</b>	<b>3,149</b>	<b>3,149</b>
<b>Biennial Total</b>				<b>3,149</b>		<b>6,298</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	(56)	(56)	(56)	(56)
Restrict Misc. Special Revenue	-	-	(4)	(4)	(4)	(4)
Game And Fish (Operations)	-	-	(86)	(86)	(86)	(86)
Permanent School Fund	-	-	(10)	(10)	(10)	(10)
<b>Total</b>		-	-	<b>(156)</b>	<b>(156)</b>	<b>(156)</b>
<b>Biennial Total</b>				<b>(156)</b>		<b>(312)</b>

**Bill Description**

Prohibits the commercial production of corn on lands administered by the commissioner of natural resources. Requires transition of all existing corn plots to native vegetation.

**Assumptions**

Cooperative Farming Agreements (CFAs) and Agriculture (Ag) Leases serve as the tool to engage farming practices on DNR land.

The Division of Fish and Wildlife (FAW) uses these agreements to establish most (84%) of their food plots while Ecological and Water Resources (EWR) uses these agreements to manage fields until restoration can occur. Approximately 1,700 acres are planted by DNR staff mostly on major units that support substantial numbers of migratory birds and/or serve as core wintering areas for deer and/or elk herds, with no revenue attached.

Agricultural crops grown on most other state administered lands (e.g., Forestry and Office of School Trust Lands) operate under Agricultural Leases (MS 92.50 & 89.17). Agricultural leases differ from Cooperative Farming Agreements in that farmers pay the state a rental payment to farm the land and normally the entire crop is harvested. Approximately 1,412 acres are currently farmed under agricultural leases.

Most of these lands will need to be converted to diverse prairie reconstructions to meet pollinator guidelines and plant material standards. Scientific and Natural Areas (SNAs) have high standards when it comes to seed sourcing and diversity due to the ecological significance of the sites managed.

Current reporting methods cannot determine the exact amount of revenue DNR receives for corn, so DNR assumes

revenue reported in January-June is for crops based on seasonality of various types of farm crops. Revenues fluctuate based on winter severity and wildlife consumption. Revenue reported in July-December is typically for haying and is assumed to be excluded for these calculations.

While this bill authorizes the use of existing statutory appropriations, those accounts could not handle this level of investment. Additionally, we assume this bill does not instruct the agency to prioritize this spending over the original purpose, and therefore we are showing costs in the general fund.

**Expenditure and/or Revenue Formula**

Estimated impacts to crop revenues are based on an average of the previous completed four fiscal years. The table below includes revenue from Cooperative Farming Agreements and Agricultural Leases on all land managed by DNR.

**Estimated Loss in Crop Revenues**

Fund	FY25	FY26	FY27
1000-General	56,000	56,000	56,000
2000-Special Revenue	4,000	4,000	4,000
2200-Game & Fish	86,000	86,000	86,000
3800-School Trust	10,000	10,000	10,000
<b>Total</b>	<b>156,000</b>	<b>156,000</b>	<b>156,000</b>

Costs of transitioning corn crop lands to native vegetation could vary based on how much of DNR's land is planted with corn, the type of land, and intended use. For these estimates we assume 12,035 cultivated acres (including 10,623 in Cooperative Farming Agreements and 1,412 in Agricultural leases) are involved in potential corn-growing programs.

We expect over 90% of our cooperators will eventually elect to no longer renew farming agreements in a decline that will take place over 2-3 years as agreements expire. DNR staff farming will decline as well. Due to the requirement to transition current corn plots to native vegetation in addition to cooperative farming agreements that will no longer be renewed, we estimate 9,100 acres would have to be transitioned to native vegetation.

Costs can vary greatly by project: restoring a Scientific and Natural Area would cost more than a Wildlife Management Area due to the specific needs of local seed collection and planting. Analysis of projects across DNR divisions in prior years found that time spent on similar transition projects ranged from 2 to 9 hours per acre. For this analysis we used 4.5 staff hours per acre transitioned to native vegetation. Estimated impacts to expenditures include staff time for planning, administration, organizing volunteers, seed collection where necessary, and planting/habitat work.

Non-staff costs include seed purchasing, fleet use and travel, equipment, mowing/brushing, and other contracted services. These combined costs are typically \$500 to \$1,000 per acre, though specialized contracted seed harvesting can be up to \$4,000 per acre seeded.

**Estimated Cost of Transitioning to Native Vegetation**

Type	Cost per acre	Acres restored	Cost Total	FY25	FY26	FY27
Staff	\$288	9,100	<b>\$2,620,800</b>	\$873,600	\$873,600	\$873,600
Non-staff	\$750	9,100	<b>\$6,825,000</b>	\$2,275,000	\$2,275,000	\$2,275,000
<b>Total</b>			<b>\$9,445,800</b>	<b>\$3,148,600</b>	<b>\$3,148,600</b>	<b>\$3,148,600</b>

\*staff cost per acre: \$64 avg hourly staff cost x 4.5 hours per acre = \$288

We assume these plots would be transitioned over several years, and we show costs realized through FY25-FY27.

**Long-Term Fiscal Considerations**

Farm lease revenue will be impacted on an ongoing basis. Conversion to native vegetation could take several years to implement and costs will be realised beyond FY27.

Alternative forms of habitat management could be used in place of corn cover, with additional fiscal impacts likely.

**Local Fiscal Impact**

Local tax revenue could be impacted by changes in commercial crop production.

**References/Sources**

Isley, T. 1993. Farming on Wildlife Management Areas, MN Department of Natural Resources, St. Paul, Minnesota. 43 pp.

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