

Chapter 104

2026 Regular Session

Subject Environment and Natural Resources Trust Fund**Bill** H.F. 3426**Analyst** Janelle Taylor**Date** May 27, 2026

Overview

This act includes a number of provisions impacting the environment and natural resources trust fund (ENRTF), a constitutionally dedicated trust fund funded by proceeds from the Minnesota State Lottery. It includes the majority of the fiscal year 2027 recommendations of the Legislative-Citizen Commission on Minnesota Resources (LCCMR). The LCCMR is tasked with making recommendations on how money in the ENRTF is spent and is made up of 17 members with ten legislators and seven citizens. Additionally, the act includes new requirements of the LCCMR when approving expenditures from the ENRTF emerging issues account and eliminates a provision requiring interests in land acquired with the ENRTF to be approved by the Department of Natural Resources (DNR).

The act also appropriates money and establishes requirements for the ENRTF community grant program. The program was established upon passage of the constitutional amendment passed in November of 2024 that renewed the dedication of net lottery proceeds to the ENRTF and increased the amount of money that may be appropriated from the fund by 1.5 percent for purposes of a new ENRTF community grant program.

Summary

Section	Description
1	Appropriations. Technical.
2	Minnesota resources. Subd. 1. Total appropriation. Provides a total appropriation of \$102,036,000 in fiscal year 2027 from the ENRTF. Subd. 2. Definition. Technical.

Section	Description
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	Subd. 3. Resiliency. Provides a total appropriation for various projects building resiliency of \$10,641,000 in fiscal year 2027.
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	Subd. 4. Water. Provides a total appropriation for water related projects of \$17,014,000 in fiscal year 2027.
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	Subd. 5. Education and outdoor recreation. Provides a total appropriation for environmental education and outdoor recreation projects of \$36,554,000 in fiscal year 2027.
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	Subd. 6. Fish and wildlife. Provides a total appropriation for fish and wildlife projects of \$18,750,000 in fiscal year 2027.
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	Subd. 7. Energy. Provides a total appropriation for energy projects of \$773,000 in fiscal year 2027.
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	Subd. 8. Land. Provides a total appropriation for land restoration and other land related projects of \$17,964,000 in fiscal year 2027.
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	Subd. 9. Administration. Provides a total appropriation of \$340,000 in fiscal year 2027 for certain administrative expenses.
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	Subds. 10 to 16. Provide project requirements that apply to all recipients. The LCCMR recommends similar requirements each year, which include: specifying the availability of appropriations; data requirements; specific project requirements, including requiring ecological restoration and management plans; and requiring easements to be permanent and have a long-term monitoring and enforcement plan. Extends several previous appropriations set to expire.
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3	Legislative recommendations.
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	Technical change related to the next section.
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4	Emerging issues account.
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	Establishes requirements of the ENRTF emerging issues account, including what types of projects may be funded and requiring the approval of 12 members of the LCCMR (except in cases where a member is unable to vote due to a conflict of interest).
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5	Conflict of interest.
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	Technical change related to the previous section.
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Section	Description
6	Grant awards; maximum amounts. Prohibits ENRTF community grants from exceeding \$2,000,000 for trail maintenance or \$750,000 for all other purposes. The provision expires June 30, 2028.
7	Staff training requirements. Requires DNR staff assigned to ENRTF community grant management responsibilities to complete certain training.
8	Grants monitoring. Requires the DNR to conduct at least one in-person unannounced grant monitoring visit for ENRTF community grants of \$50,000 or more and for a sample of grants under \$50,000.
9	Small grant administration requirements. Requires the DNR to conduct a preaward risk assessment for ENRTF community grants under \$50,000 which is currently required for state grants of \$50,000 or more. Requires the DNR to conduct a financial reconciliation of expenditures for a sample of grants under \$50,000.
10	Advance payment. Allows the DNR to provide advanced payments under the ENRTF community grant program if certain conditions are met and allows the DNR to designate a fiscal agent for purposes of providing advanced payments.
11	Grant recipient reporting. Requires recipients of ENRTF community grants to submit quarterly reports to the DNR.
12	Environment and natural resources trust fund community grant program appropriation. Appropriates \$28,180,000 in fiscal year 2027 for the ENRTF community grant program.
13	Repealer. Repeals § 116P.17 which requires a recipient of money from the ENRTF to get written approval from the DNR prior to acquiring an interest in real property with money from the fund, as well as notify the LCCMR.



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