

**Subject** Environment and Natural Resources Trust Fund

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## Overview

This bill would propose a constitutional amendment in the 2024 general election that would extend the dedication of lottery proceeds to the environment and natural resources trust fund (ENRTF) through December 31, 2050, and increase the amount available for appropriation each year.

If the constitutional amendment passes, the bill would also establish an ENRTF community grant program and an advisory council to provide recommendations to the Department of Natural Resources (DNR) on administration of the grant program.

The ENRTF is a constitutionally dedicated fund that may be spent only on the “protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources.” The fund currently receives 40 percent of the net proceeds from the state lottery which is the amount required to be dedicated to the fund under the constitution until 2025.

## Article 1: Constitutional Amendment

### Section Description – Article 1: Constitutional Amendment

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- 1 Constitutional amendment proposed.**

Proposes a constitutional amendment that would extend the dedication of 40 percent of the lottery proceeds to the ENRTF through December 31, 2050. The proposed amendment would also prohibit the assets in the fund from being used to pay the principal or interest of any bonds or from being used to pay any costs related to the construction, repair, improvement, or operation of wastewater facilities or systems. The amendment would also raise the amount of money that may be appropriated each year from 5.5 percent to 7 percent of the market value of the fund.

**Section Description – Article 1: Constitutional Amendment**

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**2 Submission to voters.**

States the question for the proposed environment and natural resources trust fund amendment that would be submitted to the voters in the 2024 general election.

## **Article 2: Statutory Changes**

**Section Description – Article 2: Statutory Changes**

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**1 Chapter does not apply to certain appropriations.**

States that chapter 116P (existing provisions governing the ENRTF) do not apply to appropriations from the ENRTF under the new provisions established in section 3 of this article.

The section would become effective January 1, 2025, if the constitutional amendment passes.

**2 Definitions.**

Defines terms for purposes of chapter 116X (new chapter governing the ENRTF community grant program and advisory council).

The section would become effective the day following passage of the constitutional amendment.

**3 Environment and natural resources trust fund community grant program.**

**Subd. 1. Establishment; grants.** Requires the DNR to establish an ENRTF community grant program to award grants for the constitutional purposes of the ENRTF that have not been traditionally funded. Requires the DNR to have at least two grant cycles each year.

**Subd. 2. Priority.** Requires the DNR to give priority to awarding grants that will be in census tracts that are overburdened or underserved and provide multiple public benefits.

**Subd. 3. Appropriation.** Statutorily appropriates 1.5 percent of the market value of the ENRTF each year to the DNR for purposes of the ENRTF community grant program. Requires the money appropriated to supplement traditional sources of funding and not be used as a substitute. Requires money not encumbered before it expires to be returned to the ENRTF.

**Subd. 4. Administrative expenses.** Allows the DNR to use up to 5 percent of the money appropriated for administering and monitoring the grants.

**Section Description – Article 2: Statutory Changes**

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**Subd. 5. Improper expenditure of funds.** Allows the DNR to require a grant recipient to return money awarded if the money is not used according to the applicable grant agreement.

**Subd. 6. Reporting.** Requires the DNR to submit a report to the legislature by February 1, each year on the administration of the ENRTF community grants program.

The section would become effective January 1, 2025, if the constitutional amendment passes.

**4 Environment and Natural Resources Trust Fund Community Grant Advisory Council; reporting.**

**Subd. 1. Establishment.** Requires the DNR to establish an ENRTF Community Grand Advisory Council.

**Subd. 2. Membership; terms.** Requires the appointment of 11 members to the council and specifies membership requirements and terms.

**Subd. 3. Duties.** Establishes duties of the council.

**Subd. 4. Per diem.** Makes members of the council entitled to the per diem and expense reimbursement provisions applicable to other advisory councils.

The section would become effective the day following passage of the constitutional amendment.

**5 Council organization; report.**

Requires the DNR to submit a report to the legislature by January 15, 2026, on the organizational structure and membership of the ENRTF Community Grant Advisory Council.

The section would become effective the day following passage of the constitutional amendment.

**6 Initial reporting dates.**

States that the DNR is not required to submit the annual report on the ENRTF community grant program until February 1, 2027.

The section would become effective the day following passage of the constitutional amendment.

**Section Description – Article 2: Statutory Changes**

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**7 Financial review of grant and business subsidy recipients.**

Requires a granting agency to provide additional oversight of competitive, legislatively named, single-source, and sole-source grants. Grantees must provide certain financial information to an agency prior to receiving a grant. Allows an agency to not award a competitive, single-source or sole-source grant, if the agency determines there is an appreciable risk that a grantee could not or would not perform its duties under the grant. Requires the agency to provide the grantee 45 days to address the agency's concern. For legislatively named grants, an agency may delay awarding a grant when the agency determines there is an appreciable risk a grantee would not or could not perform its grant duties. Requires the agency to notify the legislature and requires the agency to delay awarding the grant until adjournment of the next regular or special session of the legislature.



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