

Subject Environment and Natural Resources Trust Fund

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Overview

This bill appropriates money from the environment and natural resources trust fund (ENRTF), a constitutionally dedicated trust fund funded by 40 percent of the net proceeds from the Minnesota State Lottery. It also makes modifications to a new community grant program that became law upon passage of the constitutional amendment passed in November of 2024 that renewed the dedication of the net lottery proceeds to the ENRTF through 2050 and increased the amount of money that may be appropriated from the fund each year from 5.5 percent of the market value of the fund to seven percent.

Article 1: Environment and Natural Resources Trust Fund: LCCMR

This article includes the fiscal year 2026 ENRTF appropriation recommendations of the Legislative-Citizen Commission on Minnesota Resources (LCCMR).

The LCCMR is made up of 17 members with ten legislators and seven citizens (five legislative members from each body, five citizen members appointed by the Governor, one citizen member appointed by the House of Representatives, and one citizen member appointed by the Senate). The LCCMR is tasked with making recommendations for how 5.5 percent of the market value of the ENRTF is spent each year.

Section Article 1: Environment and Natural Resources Trust Fund: LCCMR

1 Appropriations.

Technical.

2 Minnesota resources.

Subd. 1. Total appropriation. Provides a total appropriation of \$103,326,000 in fiscal year 2026 from the ENRTF.

Subd. 2. Definition. Technical.

Section Article 1: Environment and Natural Resources Trust Fund: LCCMR

Subd. 3. Foundational natural resource data and information. Provides a total appropriation for natural resource data and information projects of \$22,084,000 in fiscal year 2026.

Subd. 4. Water resources. Provides a total appropriation for water resources projects of \$11,812,000 in fiscal year 2026.

Subd. 5. Environmental education. Provides a total appropriation for environmental education projects of \$11,965,000 in fiscal year 2026.

Subd. 6. Aquatic and terrestrial invasive species. Provides a total appropriation for invasive species projects of \$6,713,000 in fiscal year 2026.

Subd. 7. Air quality, climate change, and renewable energy. Provides a total appropriation for air quality and climate change projects of \$11,744,000 in fiscal year 2026.

Subd. 8. Methods to protect or restore land, water, and habitat. Provides a total appropriation for protection, restoration, and enhancement projects of \$12,188,000 in fiscal year 2026.

Subd. 9. Land acquisition, habitat, and recreation. Provides a total appropriation for land acquisition, habitat, and recreation projects of \$19,553,000 in fiscal year 2026.

Subd. 10. Administration, emerging issues, and contract agreement reimbursement. Provides a total appropriation of \$7,267,000 in fiscal year 2026 for certain administrative expenses and an emerging issues account.

Subds. 11 to 17. Provides project requirements that apply to all recipients of an appropriation in this article. 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.

3 Foundational natural resource data and information.

Modifies a previous appropriation for a grant to Monarch Joint Venture to allow net income generated as part of the project to be reinvested in the project if approved in the work plan.

Section Article 1: Environment and Natural Resources Trust Fund: LCCMR

4 Methods to protect or restore land, water, and habitat.

Modifies a previous appropriation for a grant to Hubbard County Soil and Water Conservation District to eliminate a requirement that prioritized areas only be within Hubbard County.

Article 2: Environment and Natural Resources Trust Fund: Grant Programs

This article modifies the new community grant program that became law upon passage of the constitutional amendment passed in November of 2024 that renewed the dedication of net lottery proceeds to the ENRTF through 2050 and increased the amount of money that may be appropriated from the fund each year from 5.5 percent of the market value of the fund to seven percent.

Under current law, the additional 1.5 percent increase is available for appropriation to the Department of Natural Resources (DNR) for purposes of a community grant program beginning in fiscal year 2026. The ENRTF Community Grant Advisory Council was established to advise the DNR on the administration of the community grant program.

This article would reduce the amount going to the community grant program, establish new grant programs to receive dedicated portions of the 1.5 percent available, delay implementation of all the grant programs until fiscal year 2027, eliminate the ENRTF Community Grant Advisory Council, and appropriate 1.5 percent of the ENRTF in fiscal year 2026 to various projects as specified in the bill.

Section Article 2: Environment and Natural Resources Trust Fund: Grant Programs

1 Keep It Clean program.

Requires the DNR, in consultation with the Pollution Control Agency (PCA) and Board of Water and Soil Resources (BWSR), to establish a Keep It Clean program to prevent water pollution from garbage and human waste left on the ice due to winter activities on state waters (ex. ice fishing). The program is listed as an eligible use for ENRTF appropriations under the new local government water quality grants program established in the next section.

2 Environment and natural resources trust fund grant programs.

Subd. 1. Grants. Delays, from fiscal year 2026 to fiscal year 2027, the implementation of the provision making 1.5 percent of the ENRTF available for appropriation to the DNR for grants. Strikes provisions governing the community grant program that are recodified under subdivision 1d. States that money

Section Article 2: Environment and Natural Resources Trust Fund: Grant Programs

appropriated to the DNR for purposes of the section must be distributed as follows:

- 1) 40 percent is for local government water quality grants (established under subdivision 1a);
- 2) 40 percent is for trail improvements, of which, 50 percent is for state trails and 50 percent is for a new local trail improvement grant program established under subdivision 1b;
- 3) 15 percent is for outdoor school for all Minnesota youth programs established under subdivision 1c; and
- 4) five percent is for the community grant program.

Subd. 1a. Local government water quality grants. Establishes a new local government water quality grant program to provide grants to local units of government, Tribal governments, and lake associations for aquatic invasive species (AIS) prevention, invasive aquatic plant management, and for the Keep It Clean program.

Subd. 1b. Local trail improvement grants. Establishes a local trail improvement grant program to provide grants to local units of government, Tribal governments, and other local, regional, state, and national organizations for restoration and enhancement of local and regional trails.

Subd. 1c. Outdoor school for all Minnesota youth program. Establishes an outdoor school for all Minnesota youth program. Allows the DNR to award grants to local units of government, Tribal governments, school districts, and environmental learning centers as part of the program for specified activities.

Subd. 1d. Community grants. Recodifies the community grant program.

Subd. 2. Capital projects and land acquisition. No change.

Subd. 3. Administrative expenses. Removes reference to administrative expenses due to the repeal of the advisory council in section 5.

Subd. 4. Return of grant money. No change.

Subd. 5. Reporting. No change.

3 Environment and natural resources trust fund grant programs; report.

Requires the DNR to submit a report to the legislature, by January 15, 2026, that details the DNR's plan to implement the grant programs established under the previous section.

Section Article 2: Environment and Natural Resources Trust Fund: Grant Programs

- 4 **Environment and natural resources trust fund appropriations.**
Appropriates 1.5 percent of the market value of the ENRTF in fiscal year 2026 (\$28,180,000) to the DNR for nine different projects specified in the bill.
- 5 **Repealer.**
Repeals Minn. Stat. § 116X.01, subd. 2 (definition of “advisory council”) and subd. 4 (definition of “grant program”); and § 116X.05 (the Environment and Natural Resources Trust Fund Community Grant Advisory Council).
- 6 **Effective date.**
States that sections 1 to 5 are effective the day following final enactment.



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