

Dedicated Funding for Natural Resources, Arts, and Cultural Purposes A Proposed Constitutional Amendment

A proposed constitutional amendment to raise the sales tax rate $\frac{3}{8}$ of 1 percent and dedicate the revenue for natural resources and the arts will be on the ballot at the November 2008 general election. Voters will decide whether or not to ratify the amendment.

The Amendment The 2008 Legislature proposed a constitutional amendment that would raise the state's sales tax rate by $\frac{3}{8}$ of 1 percent and dedicate the revenue for natural resources and the arts (Laws 2008, ch. 151). The question to be presented to the voters in the November 2008 general election is:

“Shall the Minnesota Constitution be amended to dedicate funding to protect our drinking water sources; to protect, enhance, and restore our wetlands, prairies, forests, and fish, game, and wildlife habitat; to preserve our arts and cultural heritage; to support our parks and trails; and to protect, enhance, and restore our lakes, rivers, streams, and groundwater by increasing the sales and use tax rate beginning July 1, 2009, by three-eighths of one percent on taxable sales until the year 2034?”

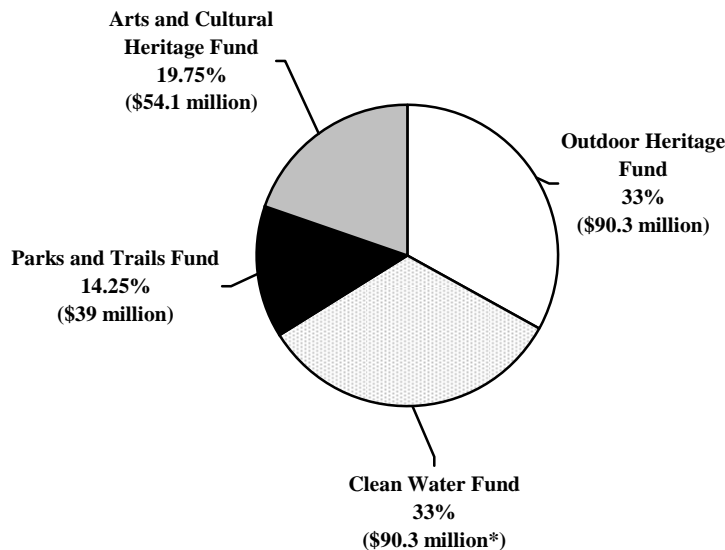
Allocation of Funds If passed the amendment would raise approximately \$274 million dollars in fiscal year 2011. (Fiscal year 2011 amounts are used because that is the first full year of receipts from the dedication.) The amendment specifies how the money shall be allocated among four funds and states that the funds must supplement traditional sources of funding and not substitute traditional funding sources. Below is a description of the four funds and how they are to be used.

- **Outdoor Heritage Fund.** This fund would receive 33 percent of the revenues, which must be used to “restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.” If the amendment passes, a council made up of four legislators and eight appointed citizens called the “Lessard Outdoor Heritage Council” would be established with the responsibility of providing annual recommendations to the legislature on how the funds should be used. (The legislation establishing the council was passed separately as part of the omnibus game and fish bill (Laws 2008, ch. 368, art. 2, §§ 1 and 14).) Four of the citizens would be appointed by the governor, two would be appointed by the speaker of the House, and two would be appointed by a subcommittee of the Senate.
- **Clean Water Fund.** This fund would also receive 33 percent of the revenues, which must be used to “protect, enhance, and restore water

quality in lakes, rivers, and streams and to protect groundwater from degradation.” An account within the fund would also be established (the sustainable drinking water account) that would receive at least 5 percent of the clean water fund. This account would only be used to protect drinking water sources.

- **Parks and Trails Fund.** This fund would receive 14.25 percent of the revenues, which must be used to support parks and trails that are of “regional or statewide significance.”
- **Arts and Cultural Heritage Fund.** This fund would receive 19.75 percent of the revenues, which must be used for “arts, arts education, and arts access and to preserve Minnesota’s history and cultural heritage.”

Allocation of Proposed Annual Dedicated Sales Tax Revenue (FY 2011 Revenue Estimate)



*Of the \$90.3 million, at least 5 percent (\$4.5 million) would go to the Sustainable Drinking Water Fund.
Source: Department of Finance, February 2008 forecast.

For more information: Contact legislative analyst Janelle Taylor at janelle.taylor@house.mn. Also see the House Research publication *A Chronology of Recent Legislation to Dedicate Funding for Natural Resources Purposes*, January 2007.

The Research Department of the Minnesota House of Representatives is a nonpartisan office providing legislative, legal, and information services to the entire House.