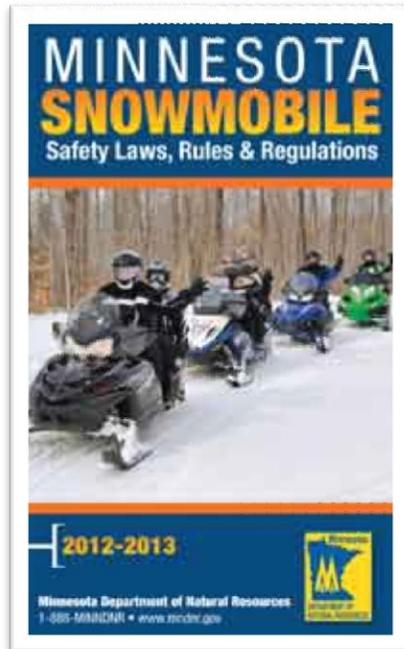
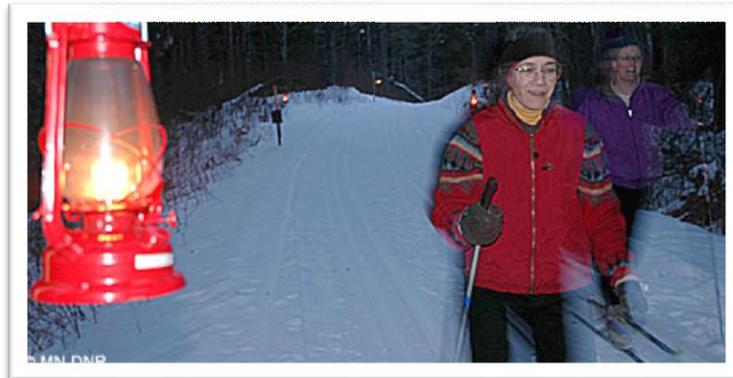


# Natural Resources Fund

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## *Fiscal Year 2013 Annual Report*



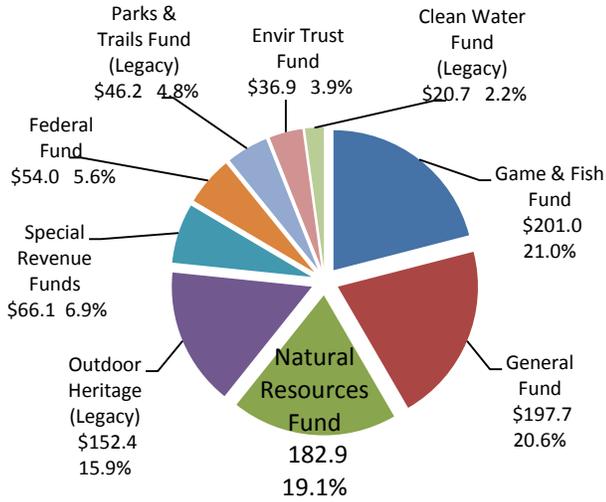
## **Creation and Purpose of the Fund**

The Legislature created the Natural Resources Fund in the state treasury in 1989 as a Special Revenue Fund for deposit of certain receipts from fees and services associated with natural resource management by the state. (M.S. 16A.53, subd. 2) Special revenue funds are dedicated to a variety of purposes specified in the legislation. In general, fees collected for certain activities are used by the Department of Natural Resources (DNR) to fund development, maintenance, operations, and enforcement of the laws with respect to those activities.

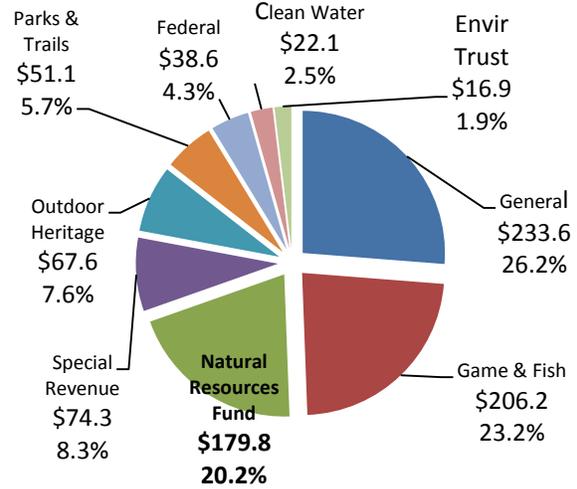
## **Natural Resources Fund within the DNR's funding structure**

For Fiscal Years 2012-2013, the Natural Resources Fund comprised 19.1 percent (\$182.9 million) of budgeted expenditures. For Fiscal Years 2014-2015, the Natural Resources Fund will comprise 20.2 percent (\$179.8 million) of the total DNR budgeted expenditures.

**FY2012-13 Budgeted Expenditures by Fund**  
\$957.9 Million



**FY2014-15 Budgeted Expenditures by Fund**  
\$890.2 Million



### Accounts in the Natural Resources Fund

For Fiscal Year 2013, the Natural Resources Fund is made up of accounts dedicated for a specific purpose. These accounts include:

| Account Name                                       | Sources and Uses of the Account Funding   |
|--|---|
| <b>All-Terrain Vehicle Account (ATV)</b>           | <ul style="list-style-type: none"> <li>Revenues include fees from registration of all-terrain vehicles, non-resident state trail passes, unrefunded gasoline taxes, and ATV safety training fees.</li> <li>Funds pay for acquisition, maintenance, and development of ATV trails and enforcement activities. (M.S. 84.927).</li> </ul>                                |
| <b>Off-Highway Motorcycle Account</b>              | <ul style="list-style-type: none"> <li>Revenues include fees for registration of off-highway motorcycles and unrefunded gasoline tax attributable to off-highway motorcycle use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-highway motorcycle trails. (M.S. 84.794).</li> </ul>                         |
| <b>Off-Road Vehicle Account</b>                    | <ul style="list-style-type: none"> <li>Revenues include fees for the registration of off-road vehicles, non-resident state trail passes and the unrefunded gasoline tax attributable to off-road vehicles use.</li> <li>Funds pay for administration, enforcement, and acquisition, maintenance and development of off-road vehicle trails. (M.S. 84.803).</li> </ul> |
| <b>Cross-Country Ski Account</b>                   | <ul style="list-style-type: none"> <li>Revenues include fees from cross-country ski passes.</li> <li>Funds pay for grants-in-aid for cross-country ski trails sponsored by local units of government and special park districts. (M.S. 85.43)</li> </ul>  |
| <b>Forest Management Investment Account (FMIA)</b> | <ul style="list-style-type: none"> <li>Revenues include timber sales from consolidated conservation area lands and state forest lands.</li> <li>Funds pay for reforestation and timber stand improvement including forest pest management, timber sales administration and costs, and state forest road maintenance. (M.S. 89.039, 89.035)</li> </ul>                 |

| Account Name  | Sources and Uses of the Account Funding   |
|---|---|
| <b>Invasive Species Account</b>   | <ul style="list-style-type: none"> <li>• Revenues include surcharges on watercraft licenses, non-resident fishing licenses, and civil penalties for violations, and service provider permits.</li> <li>• Funds pay for management of invasive species programs including control, public awareness, law enforcement, assessment, monitoring, management planning, and research. (M.S. 84D.15)</li> </ul>  |
| <b>Land Acquisition Account</b>   | <ul style="list-style-type: none"> <li>• Revenues include easements on DNR lands, sale of land, sale of standing timber, leases on wild rice farming and interest.</li> <li>• Account is used for the acquisition of natural resource lands within the outdoor recreation system. (M.S. 94.165)</li> </ul>  |
| <b>Lottery in Lieu (Local Trails Grants Account)</b>                          | <ul style="list-style-type: none"> <li>• Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>• Funds are used for local trail grants. (M.S. 297A.65, 297A.94 (e)(4))</li> </ul>   |
| <b>Lottery in Lieu (Metro Parks and Trails Account)</b>                       | <ul style="list-style-type: none"> <li>• Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>• Funds are used for metropolitan park and trail grants. (M.S. 297A.65, 297A.94(e)(3))</li> </ul>  |
| <b>Lottery in Lieu (State Parks and Trails Account)</b>                       | <ul style="list-style-type: none"> <li>• Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>• Funds are used for state parks and trails. (M. S. 297A.65, 297A.94 (e) (2))</li> </ul>   |
| <b>Lottery in Lieu (Zoos Account)</b>   | <ul style="list-style-type: none"> <li>• Revenues include lottery payments in lieu of sales tax on lottery tickets.</li> <li>• Funds are used by the Minnesota Zoological Garden, Como Zoo and Conservatory, and Duluth Zoo. (M.S. 297A.65, 297A.94 (e) (5))</li> </ul>   |
| <b>Minerals Management Account</b>  | <ul style="list-style-type: none"> <li>• Revenues include mineral lease income related to management of the state's mineral assets.</li> <li>• Funds are spent for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities. (M.S. 93.2236, 93.22)</li> </ul>   |
| <b>Mining Administration Account</b>  | <ul style="list-style-type: none"> <li>• Revenues consist of mining administrative fees charged to owners, operators, or managers of mines.</li> <li>• Funds pay for costs of providing and monitoring permits to mine. (M.S. 93.481, subd 7)</li> </ul>  |
| <b>Natural Resources Misc. Statutory Account (Dedicated Receipts Account)</b> | <ul style="list-style-type: none"> <li>• Account includes various dedicated revenues within the Natural Resource Fund for which the appropriations are statutory – burning permits account, forest bough account, forest resource assessment products and services account, and land management account.</li> <li>• Sources and uses of the funds are specified in the individual statutes for the component accounts. (M.S. 88.17, 88.6435, 89.421, 92.685, 103G.301)</li> </ul> |
| <b>Nongame Wildlife Management Account</b>                                    | <ul style="list-style-type: none"> <li>• Revenues are from the check-off on income tax and property tax refund claim forms.</li> <li>• Funds pay for non-game wildlife programs. (M. S. 290.431)</li> </ul>   |
| <b>Snowmobile Trails and Enforcement Account</b>                              | <ul style="list-style-type: none"> <li>• Revenues include fees for registration of snowmobiles, issuance of snowmobile state trail stickers, unrefunded gasoline tax, and training fees.</li> <li>• Funds pay for snowmobile programs and acquisition, maintenance and development of trails, training, and enforcement. (M. S. 84.83)</li> </ul>   |
| <b>State Land and Water Conservation (LAWCON) Account</b>                     | <ul style="list-style-type: none"> <li>• Federal grant reimbursement funds that are received under the Land and Water Conservation Fund Act.</li> <li>• Half is distributed for projects of local units of government and half is distributed to the state for land acquisition and development of the state outdoor recreation system and for administrative expenses necessary to maintain the state's eligibility for the program. (M. S. 84.0264)</li> </ul>                  |
| <b>State Parks Account</b>  | <ul style="list-style-type: none"> <li>• Revenues include fees for camping, state park permits, and facility rentals.</li> <li>• Funds pay for operation and maintenance of the state park system. (M. S. 85.055)</li> </ul>  |

| Account Name                    | Sources and Uses of the Account Funding   |
|---------------------------------|---|
| <b>Water Recreation Account</b> | <ul style="list-style-type: none"> <li>• Revenues include fees for titling and licensing watercraft, mooring, and sale of marine gas at state-operated small craft harbors and mooring facilities, unrefunded gasoline tax attributable to boating, fees for permits to control or harvest aquatic plants.</li> <li>• Funds pay for water recreation programs such as acquisition, development and maintenance of public water access and boating facilities on public waters, lake and river improvements; maintenance, operation, replacement, and expansion of small craft harbors and mooring facilities, water safety programs, management of aquatic invasive species and aquatic plants. (M.S. 86B.706)</li> </ul> |
| <b>Water Management Account</b> | <ul style="list-style-type: none"> <li>• Revenues include fees from permit application fees, water use fees, field inspection fees, penalties, and other receipts according to sections 103G.271 and 103G.301.</li> <li>• Funds in the water management account may be spent only for the costs associated with administering M.S. 103G.27.</li> </ul>  |

## **Cross functional programs and activities**

Some DNR activities or programs are supported by multiple accounts within the Natural Resources Fund. Some of these activities include:

### **Land Records Management System**

The DNR manages 5.6 million acres of state-owned land and 12 million acres of state mineral rights. Effective management of the state's land and mineral resources requires that DNR staff have access to accurate land records and related financial records for specific state-owned parcels of land.

Expenditures in 2013 supported continued development of a new information system that replaced the department's aging land records system. Conversion to the new system occurred in September, 2013.

Funding for the Land Records Management System comes from the Game and Fish Fund and from the Minerals Management, Forest Management Investment, Snowmobile, and Water Recreation accounts in the Natural Resources Fund. FY2013 expenditures for the Land Records Management System were \$1,070,560 from the Natural Resources Fund.

### **Electronic Licensing System (ELS)**

The DNR Division of Fish & Wildlife maintains the Electronic Licensing System (ELS). Issuing fees charged on the sales of licenses, permits, and registrations are used to support licensing activities and maintain the system.

The money collected is deposited in the account within the Natural Resources Fund that issues the license, permit, or registration. The accounts using ELS and collecting issuing fees include: Water Recreation, Snowmobile, All-Terrain Vehicle (ATV), Off-Highway Motorcycle (OHM), Off-Road Vehicle (ORV), State Parks, Cross Country Ski, and Natural Resource Misc Statutory. The total ELS expenditures for FY2013 from the Natural Resources Fund account were \$816,639, and the total revenues were \$959,790.

### **Conservation Corps Minnesota**

The DNR has worked with Conservation Corps Minnesota (formerly Minnesota Conservation Corps) for 25 years to preserve and improve the natural resources of the State of Minnesota. This organization, which began in 1981, restores natural resources, conserves energy, responds to emergencies, and offers programs for youth and young adults.

In FY2013, Conservation Corps Minnesota received \$490,000 in funds from various Natural Resources Fund accounts to support the following DNR activities:

- Expended 9,463 hours developing and maintaining public access and boating facilities on public waters, lake and river improvements, watercraft safety, and exotic species inspections and control; (Water Recreation Account, \$175,000)
- Expended 4,614.5 hours developing, constructing and maintaining state trail, education and technical skills training; (ATV Account, \$75,000)
- Expended 7,338.5 hours developing water access sites within state parks, exotic and invasive species management, and non-motorized trail improvement and maintenance; (State Parks Account \$125,000)
- Expended 5,720.5 hours designing, constructing, maintaining, training and grooming state trails (Snowmobile Trails Account \$115,000)

## Revenues that Support Multiple Accounts

### Unrefunded Gasoline Tax Revenue

The Minnesota Department of Transportation transfers to the DNR, twice annually, the estimated portion of the unrefunded gasoline tax that was used by boaters, snowmobiles, and all-terrain vehicles. The amounts are transferred to several accounts in the Natural Resources Fund based on a formula written in statute (296A.18). As the table shows, approximately 3.1 percent of unrefunded gasoline tax revenues – the portion attributed to use by boaters, snowmobile, and ATVs – are transferred into natural resources accounts and are appropriated annually for the purposes described in law.

|                        | Portion of unrefunded gasoline tax transferred to the account | To be used for  |
|------------------------|---|---|
| Water Recreation       | 1.50%   | Acquisition, development, maintenance, and rehabilitation of sites for public access and boating facilities on public waters; lake and river improvement; and boat and water safety |
| Snowmobile             | 1.00%   | To fund snowmobile programs and the maintenance and development of snowmobile trails  |
| All-Terrain Vehicle    | 0.27%   | Maintenance and development of ATV trails   |
| Off-Highway Motorcycle | 0.046%  | Maintenance and development of OHM trails   |
| Off-Road Vehicle       | 0.164%  | Maintenance and development of ORV trails   |
| Special Revenue Fund   | 0.116%<br>including<br>0.0555%                                | Maintenance of state forest roads<br><br>Maintenance of county forest roads (transfer to counties)  |

### Police State Aid Revenue

The DNR receives police state aid to apply to the employer's contribution to law enforcement (conservation officers) pensions. Tax receipts from a surcharge on auto insurance gross premiums determine the amount of the aid.

In FY2013, the accounts in the Natural Resource Fund that received an apportionment of \$243,946 (based on the amount of conservation officer salaries paid from each account) were Water Recreation, Snowmobile, All-Terrain Vehicle, Off-Highway Motorcycle, and Off-Road Vehicle.

### Interest Earnings (M.S. 16A.72)

Minnesota statutes allow interest earnings to be earned on balances in several DNR funds and accounts. Interest is credited to the fund or account and available for appropriation for the purpose for which it was received. The Natural Resources fund earns interest on donations, gifts, snowmobile receipts, and receipts deposited in the minerals management account, mining administration account, and forest management investment account. The interest earned for 2013 was \$87,397.

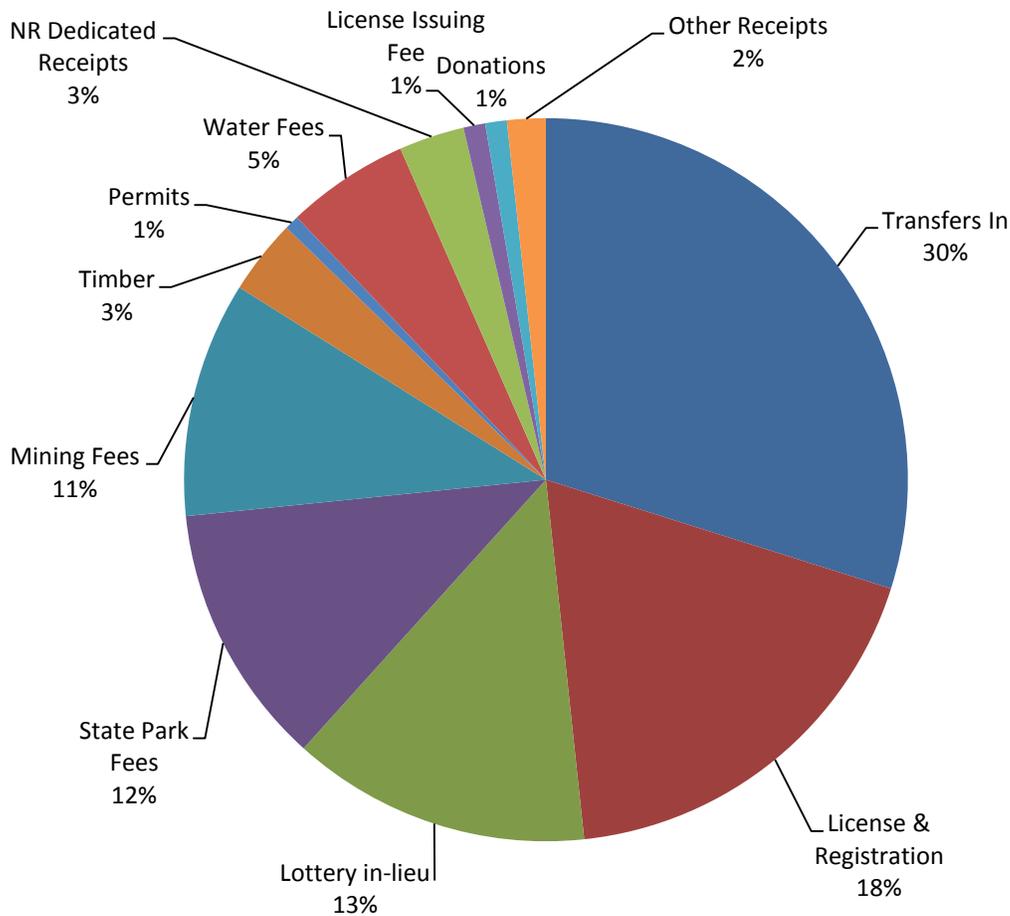
|   | FY 2012<br>Actual  | FY 2013<br>Actual  | FY 2014<br>Planning Est | FY 2015<br>Planning Est | FY 2016<br>Planning Est | FY 2017<br>Planning Est |
|---|--------------------|--------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Consolidated Natural Resources Fund</b>  |                    |                    |                         |                         |                         |                         |
| M.S. 16A.531, Subd. 2                       |                    |                    |                         |                         |                         |                         |
| Balance Forward In                          | 32,525,251         | 31,931,495         | 30,921,567              | 25,471,816              | 22,801,684              | 20,436,310              |
| Prior Year Adjustment                       | 838,546            | 1,869,342          | 0                       | 0                       | 0                       | 0                       |
| Adjusted B                                  | 33,363,798         | 33,800,837         | 30,921,567              | 25,471,816              | 22,801,684              | 20,436,310              |
| <b>Receipts</b>                             |                    |                    |                         |                         |                         |                         |
| Department Earnings                         | 47,215,287         | 52,732,453         | 52,990,944              | 53,019,944              | 53,139,944              | 53,159,944              |
| Taxes                                       | 12,192,918         | 13,304,475         | 13,033,000              | 13,357,000              | 13,357,000              | 13,357,000              |
| Federal Grants                              | 1,005,974          | 696,279            | 501,000                 | 501,000                 | 501,000                 | 501,000                 |
| Investment Income                           | 92,984             | 87,397             | 88,600                  | 88,600                  | 88,600                  | 88,600                  |
| Fines and Surcharges                        | 4,059              | 1,394              | 10,200                  | 10,200                  | 10,200                  | 10,200                  |
| All Other                                   | 2,757,771          | 3,004,191          | 2,813,300               | 2,812,900               | 2,812,900               | 2,812,900               |
| Total Rece                                  | 63,268,993         | 69,826,190         | 69,437,044              | 69,789,644              | 69,909,644              | 69,929,644              |
| <b>Transfer In</b>                          |                    |                    |                         |                         |                         |                         |
| From Fund 1000, Polic                       | 287,918            | 243,946            | 243,926                 | 243,926                 | 243,926                 | 243,926                 |
| From Fund 1000, Gen                         | 0                  | 3,060              | 0                       | 0                       | 0                       | 0                       |
| From Fund 2000, Fore                        | 2,144,055          | 2,037,152          | 2,148,000               | 2,220,000               | 2,280,000               | 2,280,000               |
| From Fund 2000, Fore                        | 0                  | 62,135             | 50,000                  | 50,000                  | 50,000                  | 50,000                  |
| From Fund 2001, Fore                        | 0                  | 172,089            | 100,000                 | 25,000                  | 25,000                  | 25,000                  |
| From Fund 2200, Fore                        | 0                  | 294,260            | 300,000                 | 300,000                 | 300,000                 | 300,000                 |
| From Fund 2200, Inva                        | 402,672            | 680,055            | 1,099,000               | 1,099,000               | 1,099,000               | 1,099,000               |
| From Fund 2200, Inva                        | 0                  | 500,000            | 0                       | 0                       | 0                       | 0                       |
| From Fund 2710, Unre                        | 20,200,153         | 20,812,127         | 21,110,405              | 20,893,773              | 20,825,156              | 20,713,286              |
| From Fund 6000, Fore                        | 38,191             | 38,163             | 38,000                  | 38,000                  | 38,000                  | 38,000                  |
| From Fund 3800, Fore                        | 4,896,031          | 4,892,504          | 4,800,000               | 5,000,000               | 5,000,000               | 5,000,000               |
| Total Tran:                                 | 27,969,019         | 29,735,491         | 29,889,331              | 29,869,699              | 29,861,082              | 29,749,212              |
| <b>TOTAL RESOURCES AVAILABLE:</b>           | <b>124,601,810</b> | <b>133,362,517</b> | <b>130,247,942</b>      | <b>125,131,159</b>      | <b>122,572,410</b>      | <b>120,115,166</b>      |
| <b>Expenditures</b>                         |                    |                    |                         |                         |                         |                         |
| Land and Minerals                           | 4,206,479          | 5,201,609          | 4,729,000               | 4,329,000               | 4,329,000               | 4,329,000               |
| Ecological and Water                        | 9,052,322          | 10,926,070         | 10,437,000              | 10,137,000              | 10,137,000              | 10,137,000              |
| Forest Management                           | 14,257,828         | 12,791,536         | 12,995,000              | 12,995,000              | 12,995,000              | 12,995,000              |
| Parks and Trails Mgmt                       | 42,781,492         | 46,044,772         | 48,776,970              | 47,477,375              | 47,284,000              | 47,702,618              |
| Fish & Wildlife Mgmt                        | 741,517            | 792,506            | 758,000                 | 758,000                 | 758,000                 | 758,000                 |
| Fish & Wildlife Mgmt,                       | 2,011,652          | 1,994,405          | 2,456,000               | 2,456,000               | 2,456,000               | 2,456,000               |
| Enforcement                                 | 8,319,587          | 9,334,065          | 10,055,000              | 10,055,000              | 10,055,000              | 10,055,000              |
| Operations Support                          | 429,997            | 323,800            | 320,000                 | 320,000                 | 320,000                 | 320,000                 |
| Met Council                                 | 5,670,000          | 5,670,000          | 5,670,000               | 5,670,000               | 5,670,000               | 5,670,000               |
| Minnesota Zoo                               | 160,000            | 160,000            | 160,000                 | 160,000                 | 160,000                 | 160,000                 |
| Conservation Corps IV                       | 490,000            | 490,000            | 490,000                 | 490,000                 | 490,000                 | 490,000                 |
| Statewide Indirect Co:                      | 502,844            | 548,346            | 509,000                 | 509,000                 | 509,000                 | 509,000                 |
| Total Expe                                  | 88,623,718         | 94,277,109         | 97,355,970              | 95,356,375              | 95,163,000              | 95,581,618              |
| <b>Transfer Out</b>                         |                    |                    |                         |                         |                         |                         |
| To Fund 1000, SEGIP (                       | 0                  | 31,101             | 0                       | 0                       | 0                       | 0                       |
| To Fund 2000, Tax For                       | 0                  | 234,417            | 624,867                 | 198,277                 | 198,277                 | 198,277                 |
| To Fund 2401, Reinv:                        | 0                  | 655,000            | 655,000                 | 655,000                 | 655,000                 | 655,000                 |
| To Fund 3700, Debt S                        | 8,438              | 8,063              | 7,688                   | 0                       | 0                       | 0                       |
| To Fund 6000, Permar                        | 1,285,875          | 2,303,931          | 1,674,891               | 1,948,741               | 1,948,741               | 1,948,741               |
| To Fund 3800, Permar                        | 2,752,285          | 4,931,329          | 4,457,711               | 4,171,082               | 4,171,082               | 4,171,082               |
| Total Tran:                                 | 4,046,598          | 8,163,841          | 7,420,157               | 6,973,100               | 6,973,100               | 6,973,100               |
| <b>TOTAL EXPENDITURES AND TRANSFERS OUT</b> | <b>92,670,316</b>  | <b>102,440,950</b> | <b>104,776,127</b>      | <b>102,329,475</b>      | <b>102,136,100</b>      | <b>102,554,718</b>      |
| <b>FUND BALANCE</b>                         | <b>31,931,495</b>  | <b>30,921,567</b>  | <b>25,471,816</b>       | <b>22,801,684</b>       | <b>20,436,310</b>       | <b>17,560,448</b>       |
| Less ELS Appropid R296231 to R296239 (043   | 399,332            | 95,718             | 95,718                  | 95,718                  | 95,718                  | 95,718                  |
| Less designated balance Damage Account, A   | 0                  | 186,967            | 0                       | 0                       | 0                       | 0                       |
| <b>Fund Balance less ELS appropriation</b>  | <b>31,532,163</b>  | <b>30,638,882</b>  | <b>25,376,098</b>       | <b>22,705,966</b>       | <b>20,340,592</b>       | <b>17,464,730</b>       |

## Revenues for Fiscal Year 2013

The sources of revenues in the Natural Resources Fund principally include receipts from operations and transfers in to the accounts from other sources.

In FY2013, DNR collected \$ 99,561,681 in total receipts and transfers in. The largest sources of operating revenues are licenses and registrations, state park fees, mining fees, and timber sales. Unrefunded gasoline tax revenues attributable to certain types of vehicles used in recreation activities comprise the largest amount of transfers in. For details see individual funds.

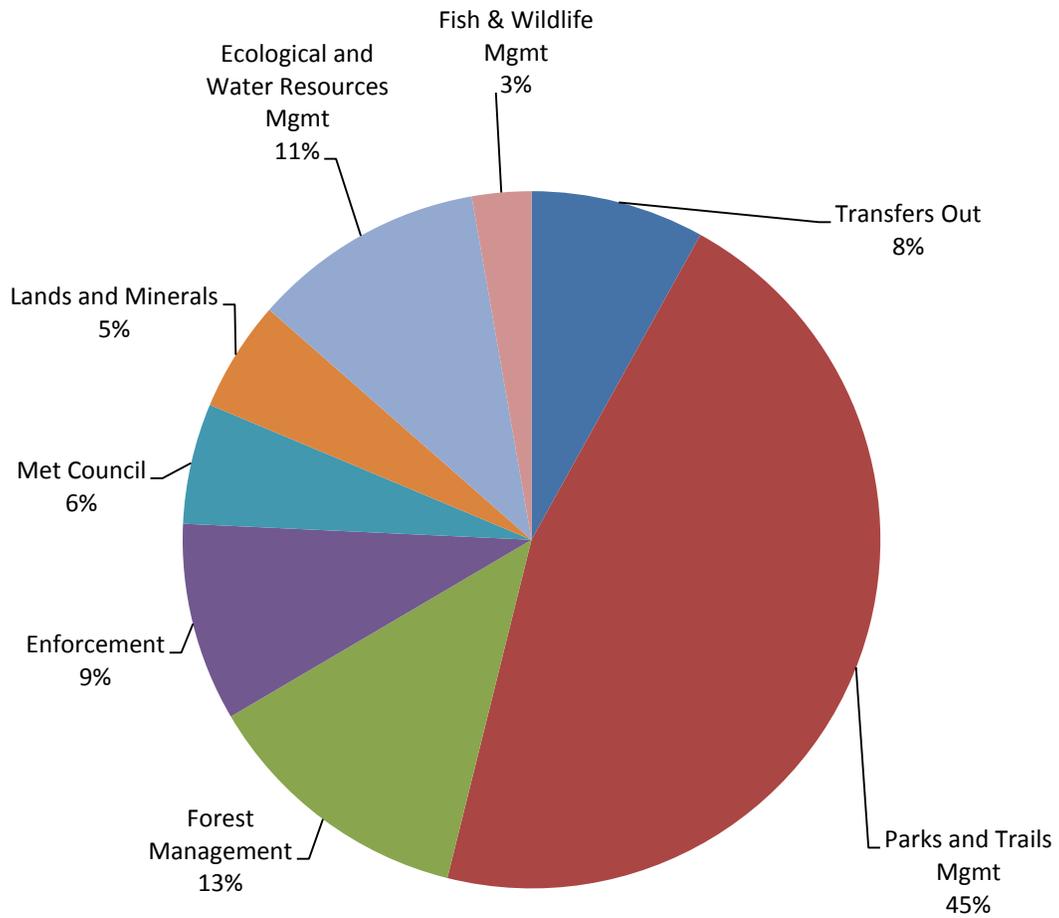
**FY2013 Receipts and Transfers In**



## Expenditures for Fiscal Year 2013

In FY2013, DNR spent \$ 102,440,950 in total expenditures and transfers out. The Division of Parks and Trails spent the majority of these funds.

### FY 2013 Actual Expenditures and Transfers Out



## **Additional Resources/Links**

### DNR Reports

[Strategic Conservation Agenda 2009-2013](#)

[State Comprehensive Outdoor Recreation Plan](#)

[Minnesota State Parks Strategic Plan 2006-2011](#)

[Long range conservation plans and strategies – all DNR](#)

[DNR Budget](#)

[DNR divisions and offices:](#)

## **Contacts**

For additional information about the Natural Resources Fund, contact the DNR:

[Email DNR](#)

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(651) 296-6157

(888) 646-6367

TTY: (651) 296-5484

TTY: (800) 657-3929

Location:

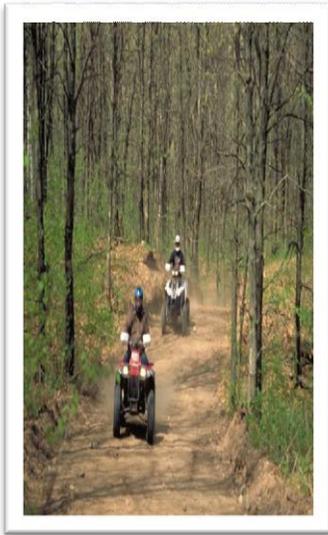
500 Lafayette Road

St. Paul, MN 55155-4040

# All-Terrain Vehicle Account (ATV) Off-Highway Motorcycle Account (OHM) Off-Road Vehicle Account (ORV)

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## Natural Resources Fund Fiscal Year 2013 Annual Report



### Creation and Purpose of the Account

Three types of recreational vehicles are classified under statutes as Off-Highway Vehicles. Each has its own separate account in the Natural Resources Fund. They have common requirements for permitting and safe operations under M.S. 84.773 to 84.781.

### All-Terrain Vehicle Account:

#### Sources and uses of Funds

The ATV Account was established in 1984. Sources of funding for this account include fees from the registration of all-terrain vehicles and non-resident state trails passes, the unrefunded gasoline tax attributable to ATV use, and the net proceeds from the sale of ATVs forfeited for certain violations of statutes under M.S.84.927 and M.S. 169A.63. Funds in the ATV Account may be used, within guidelines of the Statewide Comprehensive Outdoor Recreation Plan, only for:

- Acquisition, maintenance, and development of trails and use areas;
- Administration, enforcement, and implementation of applicable statutes;
- Grant-in-aid programs to counties and municipalities to construct and maintain ATV trails and use areas; see [Grants Outcomes website](#)
- Education and training program;
- Grants to local safety programs; see [Grants Outcomes website](#)
- Enforcement and public education grants to local law enforcement agencies; and
- Maintenance of certain forest roads and county forest roads that are part of a designated trail system.

| <b>Financial Review</b>              |                           |
|--------------------------------------|---------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$2,254,888</b>        |
| Prior year adjustment                | \$593,429                 |
| <b>Receipts</b>                      |                           |
| ATV registrations                    | \$4,034,554               |
| License issuing fee                  | 193,222                   |
| ATV safety training                  | 33,945                    |
| Non res ATV trail pass               | 20,290                    |
| Citations                            | 1,194                     |
| Interest earnings                    | 797                       |
| Other receipts <sup>1</sup>          | 2,461                     |
| Transfer in: Unrefunded gas tax      | 1,885,663                 |
| Transfer in: OHV Damage Account      | 0                         |
| Transfer in: Police State Aid        | <u>76,641</u>             |
| Total receipts and transfers in      | \$6,248,768               |
| <b>Expenditures</b>                  |                           |
| Parks and Trails                     | \$2,252,569               |
| Grants in aid to local government    | 1,460,413                 |
| Enforcement                          | 2,278,036                 |
| Enforcement grants                   | 633,042                   |
| Fish & Wildlife (ELS)                | 287,486                   |
| Ecological & Water Resources         | 0                         |
| Conservations Corps Minnesota        | 75,000                    |
| Transfer Out: To fund 1000 SEGIP     | <u>2,250</u>              |
| Total expenditures                   | <u>\$ 6,988,796</u>       |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$2,108,289</u></b> |
| Net change for FY2013                | (\$146,599)               |

**Notes**

<sup>1</sup> Other receipts: License credit card service charges, credit agreement rebate, Refunds of prior year expd., forfeited property and cash overage/shortage..

### **FY2013 Accomplishment**

The Enforcement Division, provide ATV law enforcement, safety training and trail monitoring activities around the state. In addition, the Division provides grants to local law enforcement agencies for ATV law enforcement and educational activities relating to ATV use. The Division provided approximately 20,275 hours of enforcement, education and safety training activities around the state. Safety Training Section recruited and trained additional volunteers for the ATV Safety and Trail Ambassador programs. This brought the total number of ATV Instructors to 838 and Trail Ambassadors to 208. The ATV Safety Training program certified 3,420 students. Trail Ambassadors expended 5,050 hours monitoring trails and logged 14,348 miles on the OHV trails around the state. In addition Trail Ambassadors logged over 3,808 contacts out on the trails. Information gathered by Trail Ambassadors was forwarded to the appropriate division for action. The result is faster and measured response from the affected division.

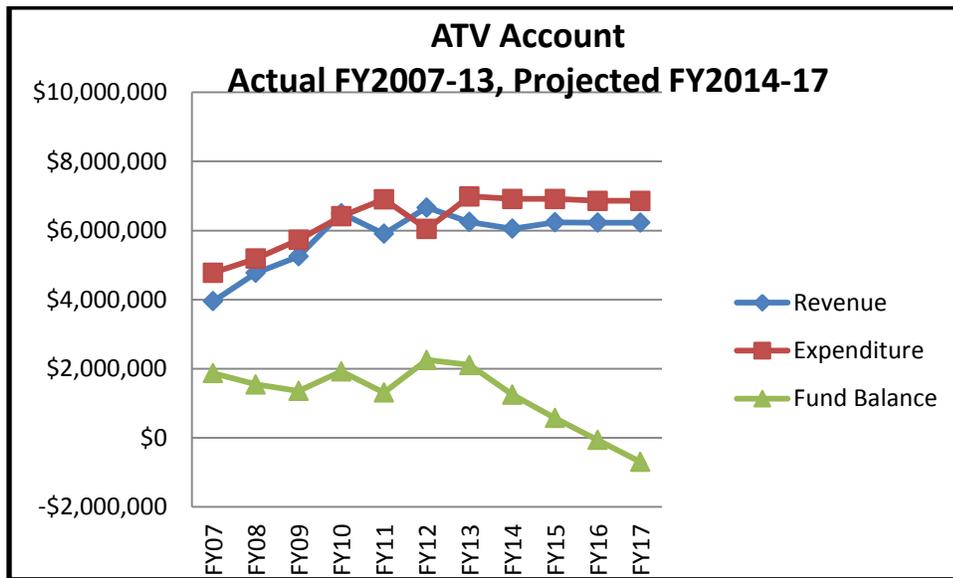
The DNR Division of Parks and Trails developed, monitored, and maintained approximately 1,091 miles of ATV/OHM trails in state forests and the Iron Range OHV State Recreation Area. Existing trail systems are monitored each season to ensure trail maintenance issues were dealt with in a timely manner. DNR also completed several significant ATV trail projects, including expanded use, connections and loop systems related to the Matthew Lourey State Trail.

In addition, \$1,460,413 in grants were administered by Parks and Trails and awarded to 49 counties, cities, and townships. These grants support local clubs for maintenance, development, and acquisition of approximately 660 miles of public, locally controlled ATV trails. DNR staff continued to work with local clubs and sponsors on 24 new trail projects.

**Financial Summary FY2007 to FY2017**

ATV registrations account for 65 percent of the revenues in the ATV account. Unrefunded gasoline taxes on ATV's (transfer in to the account) were 30 percent of the revenues. The fund balance has been declining with slight increases in FY2010 and FY2012 due to reductions in spending. Revenues are expected to remain steady.

Expenditures continue to exceed expected revenue resulting in a negative fund balance through 2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Off-Highway Motorcycle Account:

### Sources and uses of Funds

The OHM Account was established in 1993. (M.S. 84.794) The sources of funding for the account include registration fees for OHMs and the unrefunded gasoline taxes attributable to OHM use. Money in the account may only be spent for:

- Administration, enforcement, and implementation of OHM sections of statutes (M.S. 84.787 to 84.795);
- Acquisition, maintenance, and development of OHM trails and use areas; and
- Grants-in-aid to counties and municipalities to construct and maintain OHM trails and use areas. Grants must be guided by the Statewide Comprehensive Outdoor Recreation Plan.

| <b>Financial Review</b>              |                  |
|--------------------------------------|------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$479,660</b> |
| Prior year adjustment                | \$28,680         |
| <b>Receipts</b>                      |                  |
| Off highway motorcycle registration  | \$113,501        |
| License issuing fee                  | 7,513            |
| OHM safety training                  | 699              |
| Interest earnings                    | 198              |
| Other receipts <sup>1</sup>          | 211              |
| Transfer in: Unrefunded gas tax      | 321,261          |
| Transfer in: Police state aid        | 3,493            |
| Total receipts and transfers in      | \$446,876        |
| <b>Expenditures</b>                  |                  |
| Parks and Trails                     | \$164,192        |
| Grants in aid to local government    | 207,280          |
| Fish & Wildlife (ELS)                | 13,734           |
| Enforcement                          | 110,773          |
| Enforcement grants                   | 11,000           |
| Total expenditures                   | \$506,979        |
| <b>FY2013 Ending fund balance</b>    | <b>\$448,236</b> |
| Net change for FY2013                | (\$31,424)       |

#### Notes

<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate and agency direct cost reimb.

### FY2013 Accomplishments

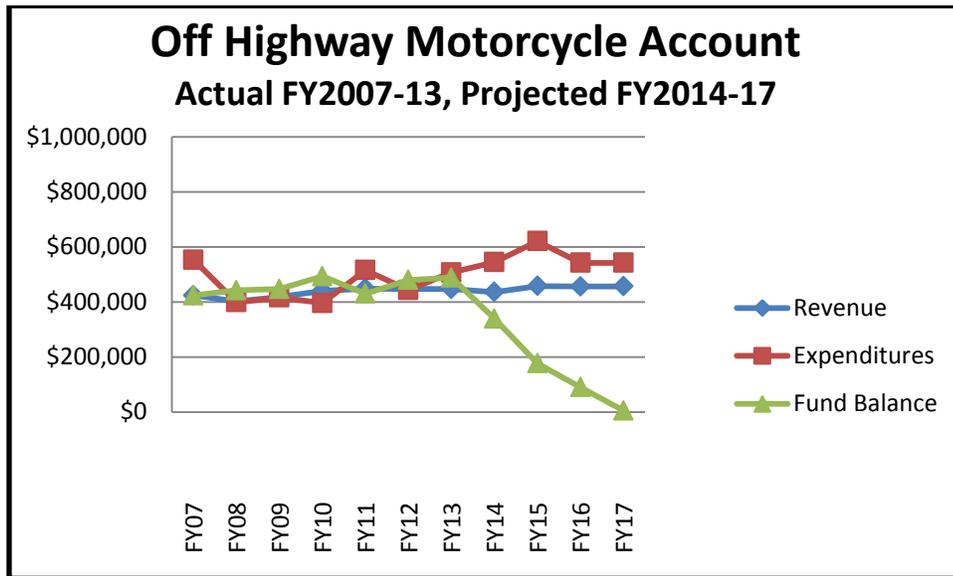
The Division of Enforcement provided OHM law enforcement; safety training, trail monitoring and grants (54 combined grants were issued to OHV and ORV) issued to local law enforcement agencies to provide for enforcement and education activities relating to OHM use around the state. During FY2013 approximately 1,200 hours were utilized by division staff relating to OHM law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,050 hour monitoring OHM use on multi-use trails around the state and observed over 783 motorcycles using the trail system. Safety training for OHM users continued through use of the Divisions OHM Safety Training CD.

The Division of Parks and Trails during FY2013 developed, monitored, and maintained OHM trails that were open to the public including the Iron Range OHV Recreation Area. More than 858 motorized miles of ATV/OHM trails and 143 single-track OHM miles are open for public use on state forest lands. Parks and Trails staff monitor trail systems each season and address maintenance needs as they arise. In addition, \$207,280 was awarded as 6 grants to counties, cities, and townships, working with local clubs

for the maintenance, development, and acquisition on approximately 200 miles of public, locally controlled OHM trails. Regional Parks and Trails Acquisition and Development staff continued to work on 8 new projects with the clubs and local government sponsors. NOTE: Some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

**Financial Summary FY2007 to FY2017**

OHM registrations account for 25 percent of the revenues in this account. Unrefunded gasoline tax revenue on off highway motorcycles (transfer in to the account) were 72 percent of the revenues. The fund balance has been declining with a slight increase in FY2010 and FY2012 due to a reduction in expenditures. The fund balance is expected to continue to decline due to expenditures exceeding revenue resulting in a negative fund balance through 2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Off-Road Vehicle Account:

### Sources and uses of Funds

The ORV Account was established in 1993. Fees from the registration of off-road vehicles and revenues from unrefunded gasoline tax attributable to off-road vehicle use are the principal revenue sources. Money in the ORV Account may only be spent for:

- Administration, enforcement, and implementation of M.S. 84.773 to 84.805;
- Acquisition, maintenance, and development of off-road vehicle trails and use areas;
- Grant-in-aid programs to counties and municipalities to construct and maintain off-road vehicle trails and use areas;
- Grants-in-aid to local safety programs; and
- Enforcement and public education grants to local law enforcement agencies.

| <b>Financial Review</b>              |                           |
|--------------------------------------|---------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$1,672,487</b>        |
| Prior year adjustment                | \$13,144                  |
| <b>Receipts</b>                      |                           |
| Off road vehicle registration        | \$34,020                  |
| License issuing fee                  | 3,135                     |
| Interest earnings                    | 129                       |
| Nonresident ORV Trail Pass           | 7,756                     |
| Other receipts <sup>1</sup>          | 123                       |
| Transfer in: Unrefunded gas tax      | 1,145,365                 |
| Transfer in: Police state aid        | <u>3,060</u>              |
| Total receipts and transfers in      | \$1,193,589               |
| <b>Expenditures</b>                  |                           |
| Parks and Trails                     | \$524,874                 |
| Grants in Aid to local governments   | \$188,280                 |
| Fish & Wildlife (ELS)                | \$16,615                  |
| Enforcement                          | 239,390                   |
| Enforcement grants                   | 1,000                     |
| Transfer Out To Fund 1000 SEGIP      | <u>2,250</u>              |
| Total expenditures                   | \$972,409                 |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$1,906,811</u></b> |
| Net change for FY2013                | \$234,324                 |

#### Notes

<sup>1</sup> Other receipts: license credit card service charge, citations and credit agreement rebate, and ORV Safety Training.

### FY2013 Accomplishments

The Division of Enforcement provided ORV law enforcement, safety training, trail monitoring and grants (54 combined grants were issued to ORV and OHV) to local law enforcement agencies to provide law enforcement and education activities relating to ORV use around the state. During FY13 approximately 1,000 hours were utilized by division staff relating to ORV law enforcement and safety training activities. Volunteer Trail Ambassadors provided over 5,050 hours monitoring ORV use on multi-use trails around the state. Safety training for ORV users continued through use of the Division's ORV Safety Training CD.

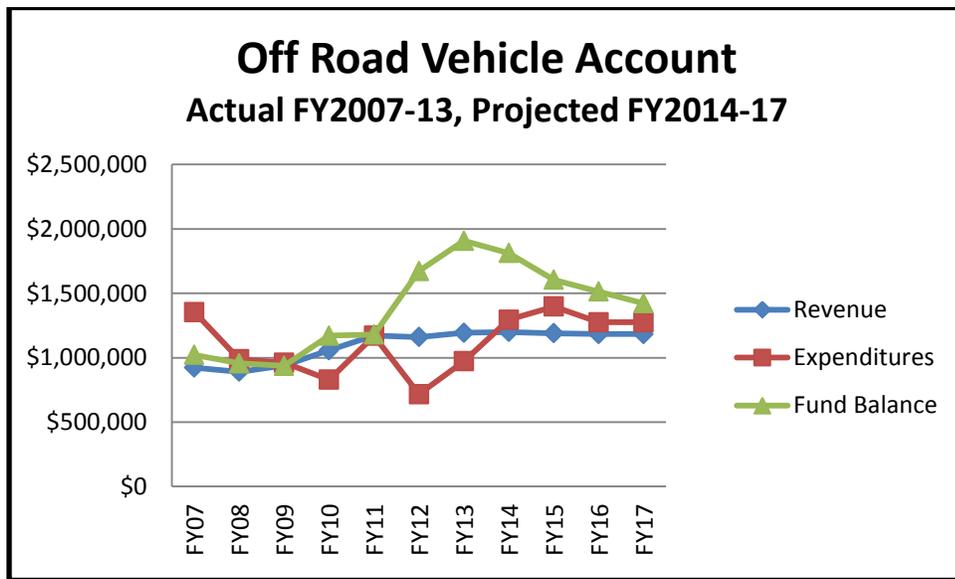
The Division of Parks and Trails developed, monitored, administered and maintained ORV recreational trails that were open to the public including 36 miles at the Iron Range OHV Recreation Area. In FY2013, 27 motorized miles of ORV trails in state forests were open for public use. \$188,280 was spent in grants

to counties and cities, administered by Parks and Trails, for the maintenance, development, and acquisition of public, locally controlled ORV trails and areas. Regional Parks and Trails Acquisition and Development staff continued to work on 3 new projects with the clubs and local government sponsors. NOTE: some trail miles are not open to public use and are in the planning, acquisition, development and/or construction phase.

**Financial Summary FY2007 to FY2017**

ORV registrations accounted for three percent of the revenue in this account. Revenues from unrefunded gasoline taxes attributable to off road vehicle use are the principal revenue source, 96 percent.

The fund balance has been declining with a slight increase in FY2010 and FY2012 due to reductions in spending. The fund balance is expected to continue to be decline slightly through FY2017 due to expenditures exceeding revenues.



## **Additional Resources**

Off-Highway Vehicles Regulations 2010-11

ATV safety training

[Welcome to the Grants Outcomes website](#)

ATV grants-in-aid

OHM safety training

[OHM grants-in-aid](#)

ORV safety training

ORV grants-in-aid

## **Contacts**

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Division of Parks & Trails

Enforcement

Division of Enforcement

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# Cross-Country Ski Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## **Creation and Purpose of the Account**

The cross-country ski program was established in 1983 and moved to the Natural Resources Fund in 2004. Receipts from cross-country ski trail passes are deposited into this account and used for maintenance and grooming of cross country ski trails. Changes during the 2010 legislative session now allow some of these funds to be used for administration of the program and maintenance of the state cross-country ski systems. Any funds for this purpose must be appropriated by the legislature.

## **Sources and Uses of the Funds**

M.S. 85.43 provides that money deposited in the Cross-Country Ski Account is to be used for grants-in-aid (GIA) for cross-country ski trails sponsored by local units of government and special park districts.

The Minnesota Department of Natural Resources (DNR) administers 1,400 miles of state-operated and grant-in-aid cross-country ski trails statewide. By purchasing a ski pass, cross-country skiers support the maintenance and grooming of these cross-country ski trails. Most grant-in-aid cross-country ski trails are maintained by local ski club volunteers.

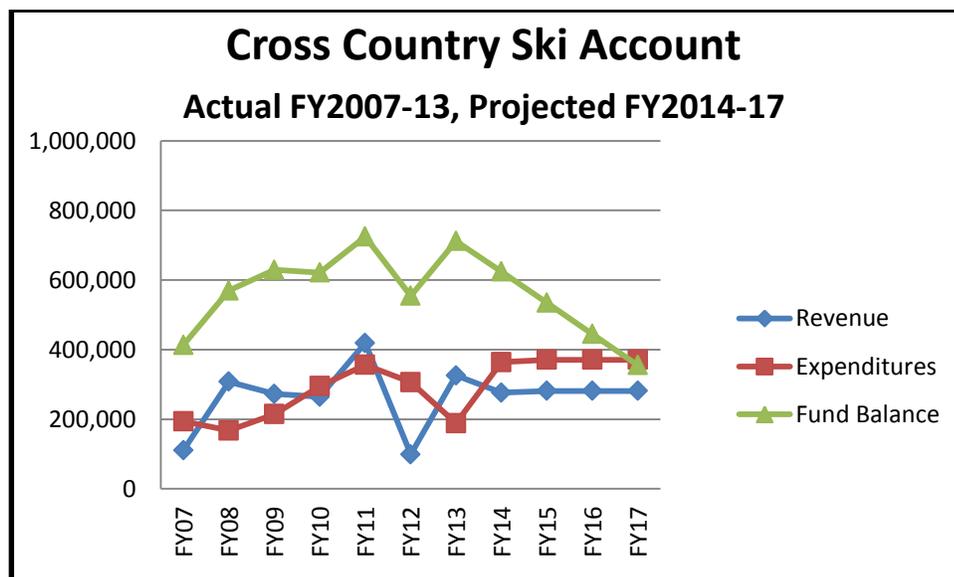
| Financial Review  |                  |
|---|------------------|
| <b>FY2013 Beginning fund balance</b>                        | <b>\$554,911</b> |
| Prior Year Adjustments                                      | 20,007           |
| <b>Receipts</b>   |                  |
| Cross-Country Ski permits                                   | \$299,798        |
| License issuing fee   | 26,627           |
| Interest earnings   | 124              |
| Other receipts  | (853)            |
| Total receipts  | \$325,696        |
| <b>Expenditures</b>   |                  |
| Parks and Trails  | \$171,029        |
| Fish & Wildlife (ELS)                                       | 17,731           |
| Total expenditures  | \$188,760        |
| <b>FY2013 Ending fund balance</b>                           | <b>\$711,854</b> |
| Net change for FY2013                                       | \$156,943        |
| <b>Notes</b>  |                  |
| 1 Other receipts: License Center Credit Card Service Charge |                  |

### FY2013 Accomplishments

In FY2013, the department awarded 40 Cross-Country Ski Grants-in-aid (GIA) to local units of government, many partnering with local ski clubs. The grants helped provide 712 miles of GIA cross-country ski trails statewide.

### Financial Summary FY2007 to FY2017

Revenues & expenditures vary considerably from year to year due to snow fall. Revenues increased by 70 percent this year and were more consistent with a regular cross-country ski season. Revenues remain steady, forecasted over a three year average. The fund balance increased by 28 percent this year, but is expected to decline slightly due to expenditures exceeding projected revenues.



## **Additional Resources**

[Minnesota DNR Cross-Country Ski](#)

[Purchase a cross-country ski pass online](#)

[Cross Country Ski Trail Grants-in-Aid \(GIA\)](#)

## **Contacts**

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[DNR Home Page](#)

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# Forest Management Investment Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## Creation and Purpose of the Account

The Forest Management Investment Account (FMIA) was established in 2004 in M.S. 89.039 to create a direct connection between state timber program revenues and expenditures. Prior to the establishment of FMIA, state timber receipts were deposited in the state general fund and the Division of Forestry's timber program was supported entirely from the general fund.

## Sources and Uses of the Funds

Primary sources of funding to the FMIA are revenues earned from state land timber sales and related activities. State administered lands subject to management total 5 million acres including about 2.8 million acres of unreserved commercial timberland. Approximately 800,000 cord equivalents "new" volume are offered for sale annually with forest management objectives focused on maintaining and improving forest health and productivity. On average, some 30,000 acres of timberland are regeneration harvested and 20,000 acres are thinned or selectively harvested each year supplying the state's \$16.2 billion forest industry with quality wood fiber used for the manufacture of paper, lumber, structural panels, and specialty products. Timber sales and related activities generate direct revenues for the Division of Forestry, Division of Fish & Wildlife, Division of Parks & Trails, School/University Trust, Minnesota counties, and the General Fund.

FMIA dollars can be spent, subject to appropriation by the Legislature, in accordance with the forest management policy and plan, for these purposes:

- State timber sales planning, layout, and administration, contract marking of commercial thinning sales, forest inventory, cultural resource reviews, and other forest management-related costs;
- State land reforestation and timber stand improvement, including forest pest management;
- State forest road maintenance costs; and
- Real estate services provided and land records systems maintenance.

## FY2013 Accomplishments

The Division of Forestry offered a total 907,790 cord equivalents for sale with 731,541 cord equivalents sold

| <b>Financial Review</b>                         |                    |
|---|--------------------|
| <b>FY2013 Beginning fund balance</b>            | <b>\$2,297,192</b> |
| Prior year adjustment                           | (\$13,123)         |
| <b>Receipts</b>                                 |                    |
| Timber sales, interest & penalty                | \$3,297,782        |
| Interest earnings                               | 1,897              |
| Other receipts <sup>1</sup>                     | 3,645              |
| Transfer in: General Fund                       | 3,060              |
| Transfer in: CON CON areas account              | 2,037,152          |
| Transfer in: Spec. Revenue (Beltrami Isl.)      | 62,135             |
| Transfer in: Spec. Revenue (Parks working cap.) | 172,089            |
| Transfer in: Game & Fish                        | 294,260            |
| Transfer in: University susp account            | 38,163             |
| Transfer in: School suspense account            | <u>4,892,504</u>   |
| Total receipts and transfers in                 | \$10,802,688       |
| <b>Expenditures</b>                             |                    |
| Forest Management                               | \$10,857,353       |
| Lands & Minerals                                | 791,031            |
| Statewide Indirect Costs (FOR)                  | 50,903             |
| Transfer in: Fund 1000 SEGIP                    | <u>6,947</u>       |
| Total expenditures                              | \$11,706,233       |
| <b>FY2013 Ending fund balance</b>               | <b>\$1,380,524</b> |
| Net change for FY2013                           | (\$916,670)        |

### Notes

<sup>1</sup> Other receipts: credit agreement rebate and refunds of prior year expenditures.

and 862,388 cord equivalents harvested. In addition to timber sales, the FMIA supports salary expenditures for the award and administration of silviculture and road maintenance contracts. In FY2013, all harvested lands were reforested including 3,965 acres planted and 4,368 acres direct seeded. Site preparation for reforestation was completed on 3,582 acres, stand improvement was conducted on 2,284 acres, and 4,572 acres were protected from animal browse damage, insects, and disease. Some 1,200 miles (60 percent) of the state's 2,000 miles of system roads were graded at least once with an estimated 5,250 total graded miles. In addition, 14 miles were graveled and 91 miles were spot graveled. Forest (timber) inventory was updated by area staff on about 56,500 acres.

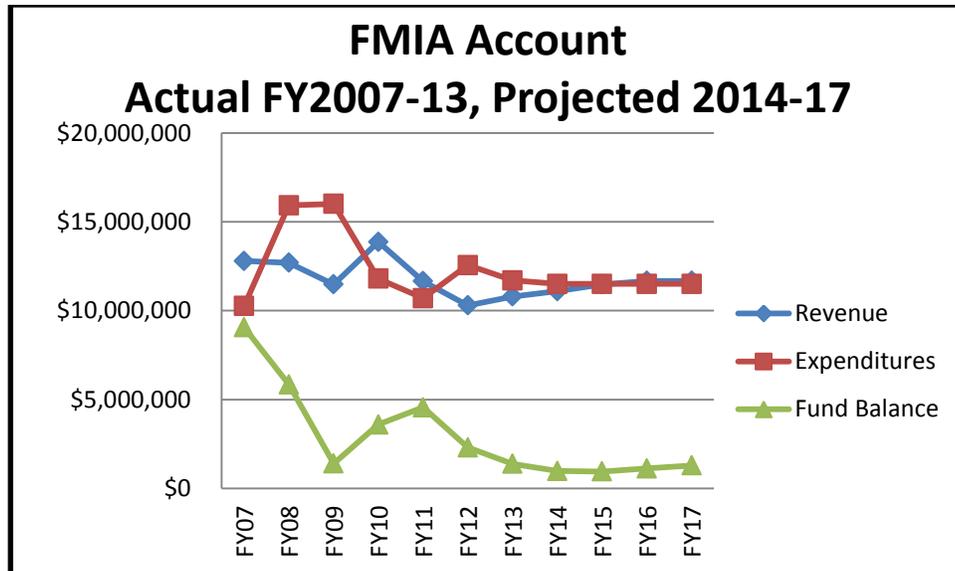
## Financial Summary FY2007 to FY2017

The FMIA was fully implemented in 2005, when state timber revenues were spiking upward as a result of the U.S. housing boom and general economic prosperity. As a direct result of the 2009 economic recession, FMIA revenue declined from a peak \$15 million in FY2006 to \$10.3 million in FY2012. The added burden of large-scale salvage operations due to major blow-down events that occurred in FY2012 and FY2013 further impacted FMIA revenue because salvage timber stumpage values received were approximately one-third of normal timber values.

In FY2012, the Division of Forestry implemented a new cost recovery policy, authorized under M.S. §89.0385, allowing cost recovery for forestry services provided on lands administered by other DNR divisions and other state departments. In FY2013, this new cost recovery opportunity transferred \$531,500 to compensate for forestry expenditures incurred in FY12 and is expected to continue to add about \$500,000 per year to the FMIA revenue stream. For the FY2014-15 biennium, the FMIA expenditure appropriation was reduced from \$13.6 million per year to \$11.5 million per year in order to maintain fund solvency. To ensure the Division would maintain the capacity to manage state forest lands for health, productivity, wildlife habitat, and to meet timber

offer targets at an acceptable level, the Legislature increased the division's general fund appropriation by \$10.1 million or \$5 million per year to offset the structural imbalance in the FMIA account created by the correction in timber markets and appraising and selling storm damaged timber at reduced value.

For FY2014, FMIA revenue is forecast at \$11.1 million (November 2013 forecast) with legislatively authorized expenditures of \$11.5 million indicating (\$400,000) further depletion of the account balance if the full appropriation is spent with a year-end balance estimate of \$970,000. Considering forecast risk, a minimum \$1 million year-end account balance is highly desirable for planning purposes. For FY2015-17, FMIA revenues are expected to fully fund the \$11.5 million expenditure appropriation contingent upon the 800,000-cord offer target being met each fiscal year of the planning period (FY2014-17) and at least partial implementation of the proposed planted red pine rotation age policy starting with the FY2015 May/June timber auctions.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage spending to ensure the account balance remains positive.

### Additional Resources

- [DNR M.S. 16A.123 Transfer Certification Report - FY2012](#) (FY13 Certification not available as of 11-12-13)
- [DNR FY2012-13 Biennial Operating Budget – Where Funds Come From](#)
- [DNR FY2012-13 Biennial Operating Budget – Where Funds are Spent](#)

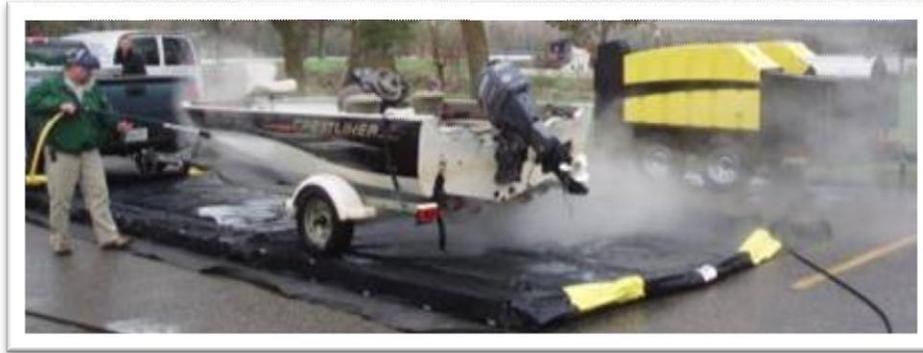
### Contacts

- [Minnesota Department of Natural Resources Website](#)
- Phone: (651) 296-6157 (General Information)
- [Office of Management and Budget Services Website](#)
- Phone: (651) 259-5550
- [Division of Forestry Website](#)
- Phone: (651) 259-5300

# Invasive Species Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## Creation and Purpose of the Account

The 1991 Legislature directed the Department of Natural Resources (DNR) to establish the Invasive Species Program and to implement actions to prevent the spread and manage invasive species of aquatic plants and wild animals. Invasive (non-native) species threaten the state's natural resources and the local economies that depend on natural resources. The Invasive Species Account was established in 2007 to help fund the program (M.S. 84D.15). The first funding in the account was received in FY2008.

## Sources and Uses of the Funds

Money received from a \$5 surcharge on watercraft licenses under M.S. 86B.415, subd. 7, and civil penalties for violations of the law related to prohibited invasive species under M.S. 84D.13 are deposited into the account. Receipts from an annual \$2 surcharge on nonresident fishing licenses under M.S. 97A.475, subd. 7 are transferred each year from the Game & Fish Fund to the Invasive Species Account. In addition to the funds from the Invasive Species Account, in FY2012 the Invasive Species Program also received funding from the state general fund, the Environment and Natural Resources Trust Fund, and local contributions.

Funds from the Invasive Species Account are used for management of invasive species and implementation of Chapter 84D as it pertains to invasive species. Major activities include control of invasive species, watercraft inspection, public awareness, law enforcement, assessment and monitoring, management planning, and research.

| <b>Financial Review</b>                        |                    |
|--|--------------------|
| <b>FY2013 Beginning fund balance</b>           | <b>\$1,588,189</b> |
| Prior year adjustment                          | \$69,531           |
| <b>Receipts</b>                                |                    |
| Watercraft surcharge                           | \$1,271,105        |
| Fines  | 43,299             |
| Serv Provider App & Test Fee                   | 10,652             |
| Other receipts <sup>1</sup>                    | 999                |
| Transfer in: Fish & wildlife license surcharge | 680,055            |
| Transfer in: Water Recreation                  | <u>1,250,000</u>   |
| Total receipts and transfers in                | \$3,256,110        |
| <b>Expenditures</b>                            |                    |
| Ecological & Water Resources                   | \$3,559,028        |
| Statewide Indirect (EWR)                       | \$12,528           |
| Transfer Out to Fund 1000 SEGIP                | <u>1,259</u>       |
| Total expenditures                             | \$3,572,815        |
| <b>FY2013 Ending fund balance</b>              | <b>\$1,341,016</b> |
| Net change for FY2013                          | (\$247,173)        |

**Notes**

<sup>1</sup> Other receipts: credit agreement rebate, agency direct cost reimbursement and restitution.

## **FY2013 Accomplishments**

The main program goals were:

- Prevent introductions of new invasive species,
- Prevent and curb the spread of invasive species, and
- Reduce the impacts caused by invasive species.

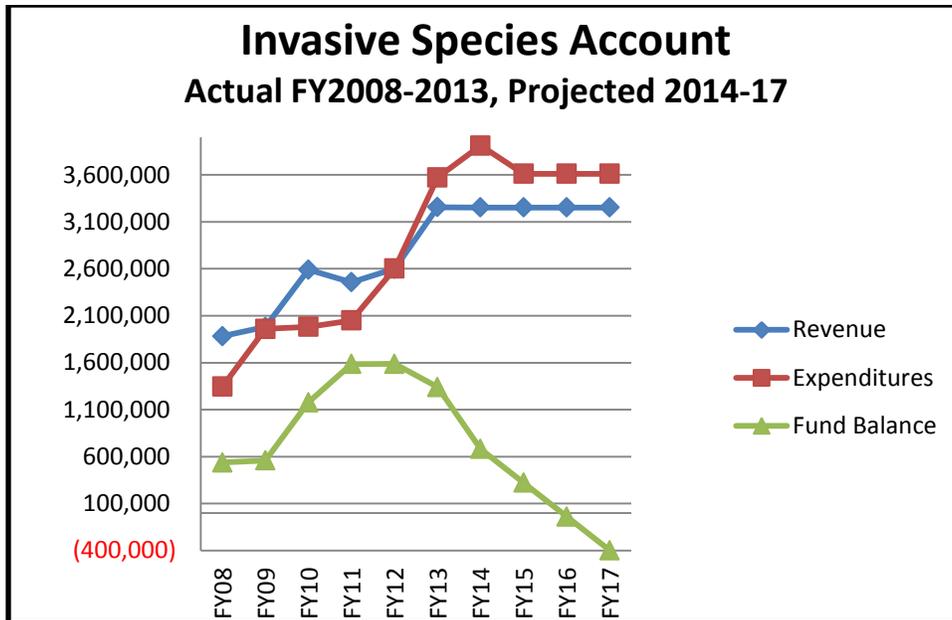
This fund supports approximately 44 percent of the Invasive Species program. Staff conducted field surveys and monitoring, provided technical assistance to lake associations and citizens, enhanced public awareness to prevent the spread of invasive species, implemented control, and managed contracts for control that were funded with other sources of funds.

Pre- and post-treatment surveys for curly leaf pondweed and Eurasian water milfoil were conducted and over 8,000 lake acres were treated to control these aquatic invasive plants. Zebra mussel infestations were monitored statewide and control strategies implemented where feasible. In addition, more than 120,000 watercrafts were inspected statewide to prevent the spread of invasive species.

## **Financial Summary FY2008 to FY2017**

The \$5 watercraft surcharge is the largest source of revenue for this account, 39 percent in FY2013. The \$5 surcharge on nonresident fishing licenses deposited in the Game & Fish Fund and transferred to the Invasive Species Account increased by 59 percent from last year. The transfer-in from the Water Recreation account that was done incorrectly for FY11 and FY12 was corrected in FY13.

Major expenditures were 49 percent for watercraft inspections and enforcement, 28 percent for management/control activities for specific invasive species, and 13 percent for state/regional coordination. Administration and education/public awareness comprised the remaining 10 percent of FY2013 expenditures. The fund balance is projected to decrease due to expenditures exceeding revenues.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resources

[Invasive species program](#)

[Minnesota State Management Plan for Invasive Species](#)

[Aquatic invasive species grants and partnerships](#)

[Invasive Species of Aquatic Plants and Wild Animals in Minnesota, Annual Report 2010 Summary Report](#)

## Contacts

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# Land Acquisition Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## Creation and Purpose of the Account

The Department of Natural Resources (DNR) administers 5.5 million acres of land within state forests, state parks, wildlife management areas, scientific and natural areas, aquatic management areas, and other recreation and access sites. The Minnesota Legislature established the Land Acquisition Account in 1984 under Minnesota Statutes 94.16 and 94.165 for the acquisition of natural resource lands or interests in land within the Outdoor Recreation System established in Minnesota Statutes, Chapter 86A.

## Sources and Uses of the Funds

Receipts from the sale of acquired state natural resource land administered by the DNR are credited to the Land Acquisition Account (the "Account"). These credits provide funding to acquire additional state natural resource land in the Outdoor Recreation System and to cover the costs of sale of surplus state land. The Account helps the DNR reach the goals of: (1) consolidating state forest land into large contiguous blocks to increase forest management efficiencies and protect critical forest habitat; (2) acquiring privately owned "in-holdings" within state parks; (3) acquiring recreation access; and (4) acquiring lands with significant natural resource characteristics.

| <b>Financial Review</b>              |                         |
|--------------------------------------|-------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$623,451</b>        |
| Prior year adjustment                | \$0                     |
| <b>Receipts</b>                      |                         |
| Sale of land                         | \$327,532               |
| Land sale costs                      | 44,632                  |
| Sale of standing timber              | 39,183                  |
| Other receipts <sup>1</sup>          | <u>33,736</u>           |
| Total receipts                       | \$445,083               |
| <b>Expenditures</b>                  |                         |
| Parks and Trails                     | \$37,219                |
| Forestry                             | 10,523                  |
| Fish & Wildlife                      | 95,332                  |
| Ecological & Water Resources         | <u>0</u>                |
| Total expenditures                   | <u>\$143,075</u>        |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$925,459</u></b> |
| Net change for FY2013                | \$302,008               |

**Notes**

<sup>1</sup> Other receipts: Leasing of DNR lands, other agency deposits, lease wild rice farming, late charges and loan interest.

## **FY2013 Accomplishments**

Forestry spent approximately 7 percent of the funds in FY 2013, Fish and Wildlife spent 67 percent, and Parks and Trails spent 26 percent. Divisions also utilize the Land Acquisition Account to pay for professional costs related to land acquisitions and the sale of surplus state owned lands (e.g. appraisals, legal notifications, and professional / technical services). There is a direct correlation to the percentage of the account spent by a particular Division to the real estate management activities; surplus land sales, acquisitions and exchanges, provided to each division.

Approximately 53 percent of Forestry's expenditures were spent on land sale service charges with the remainder spent on professional technical services charges for five acquisition projects, and option costs resulting in the completion in fiscal year 2013 of the acquisition of three fee acquisitions totaling 2,911 acres consolidating state forest land. Approximately 38% of Parks and Trails expenditures and 34% of Fish and Wildlife expenditures were also spent on professional technical services for land acquisitions.

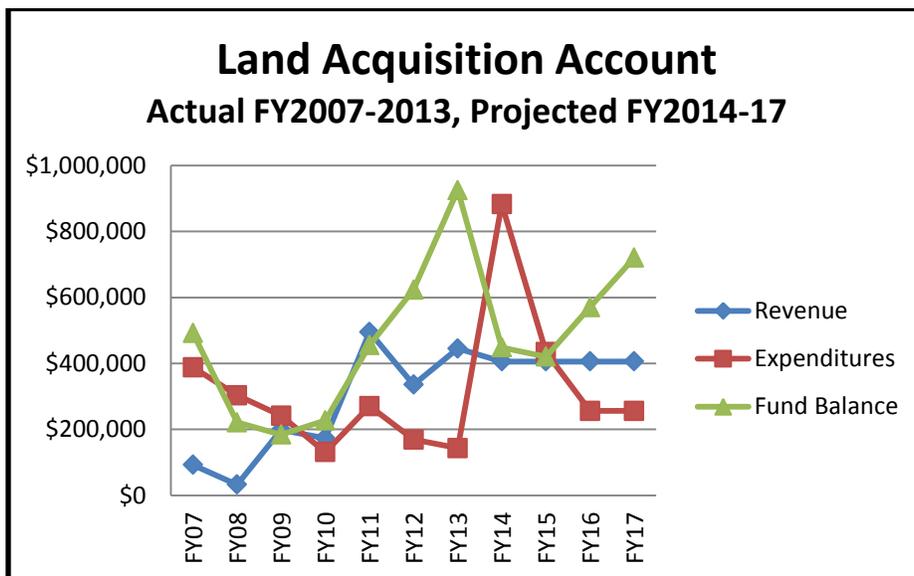
The DNR sold five acquired parcels within Crow Wing, Marshall, Roseau, St. Louis, and Washington counties, and credited proceeds to the Land Acquisition Account. The DNR also transferred seven parcels within Becker, Cook, Washington, and Watonwan counties to a governmental entity. The parcels sold covered a total of 27 acres and the parcels transferred totaled 266 acres. The largest transfer was 160 acres in Hovland Woods, Cook County, from the administration of the Parks and Trails Division to the Ecological and Water Resources Division, DNR, for the establishment of a SNA, with payment made for the land. Another transfer was the Watline WMA to Watonwan County.

The land sale service charges credited to the Land Acquisition Account reflect the reimbursement of funds utilized from the Land Acquisition Account to pay for appraisals and professional services. Land Acquisition Account revenue was used to pay (in full or part) for the land in the purchase of three properties: the Sunrise Lake AMA of 15 acres in Chisago County, the Zumbro River AMA of 5 acres in Wabasha County, and the Yaeger Lake WMA of 257 acres in Wadena County.

The 2013 Legislature enacted an amendment to Minn. Stat., sec. 94.165, so that the proceeds in the Land Acquisition Account may also be used to pay for expenses incurred by the DNR for land exchanges as well as land sales starting on July 1, 2013.

## Financial Summary FY2007 to FY2017

Land Acquisition Account revenues vary from year to year. Due to both the downturn in the real estate market that started in 2008, and due to a law that sunset on June 30, 2013 that required state agencies to sell land to meet the 2005 budget balancing bill as to the general fund, the DNR has had very few opportunities to sell surplus state land that would provide receipts for the Land Acquisition Account. The sale opportunities started to change in 2013. The modest increase in FY2013 in revenue from land sales is expected to continue in the near future. It is projected that there will be an increase in the use of proceeds in the account for land acquisitions and the costs of land sales and land exchanges.



## Additional Resources

### [Land Acquisitions](#)

[FY2009 report to the Legislature – land purchases and sales for the Land Acquisition Account](#)

[DNR Acquisitions Informational Brochure](#)

[Land Sale](#)

[State Forests](#)

[State Parks](#)

[Wildlife Management Areas](#)

[Scientific and Natural Areas\]](#)

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# State Land & Water Conservation (LAWCON) Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## **Creation and Purpose of the Account**

The State Land and Water Conservation (LAWCON) Account was established in 2001 under M.S. 116P.14 which was repealed in 2011 and replaced with M.S. 84.0264. The law designates the Department of Natural Resources (DNR) as the state agency to apply for, accept, receive, and disburse federal reimbursement funds granted to Minnesota from the federal Land and Water Conservation Fund Act. The DNR's Division of Parks and Trails oversees the program and is the main liaison between the state and the National Park Service. To be eligible for funding, Minnesota prepares a Statewide Comprehensive Outdoor Recreation Plan (SCORP) that is updated every five years. The current plan covers 2014-2018.

## **Sources and Uses of the Funds**

From 1965 to 2013, Minnesota has received \$73 million from the federal Land & Water Conservation Fund. M.S. 84.0624 distributes 50 percent of each annual apportionment to projects developed, acquired, or maintained by local units of government. The State distributes these funds through the Outdoor Recreation, Regional Park, and Natural and Scenic Areas grant programs. The other 50 percent is allocated to state acquisition and development projects of the state outdoor recreation system as defined in M.S. 86A, and for administrative expenses necessary to maintain the state's eligibility for the federal Land & Water Conservation Fund grant program. Most of the state projects have been sponsored by the Department of Natural Resources, although some projects have been sponsored by the MN Historical Society, the University of Minnesota, and the MN Department of Transportation.

Each year, the State identifies the specific acquisition and development projects to which its annual federal LAWCON apportionment will be obligated. As the projects are completed, the federal LAWCON funds are reimbursed to the State. All money received by the State for local units of government is appropriated annually and reimbursed to the project sponsor. All money received for state agency projects is deposited in the State LAWCON account.

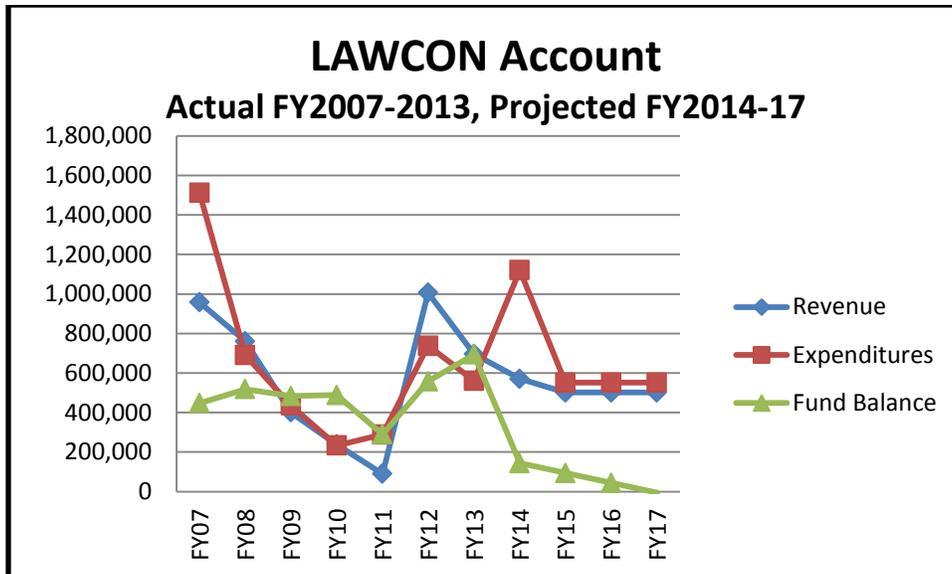
| <b>Financial Review</b>              |                  |
|--------------------------------------|------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$557,525</b> |
| Prior year adjustment                | 17               |
| <b>Receipts</b>                      |                  |
| Reimbursements for state projects    | \$489,662        |
| Reimbursements for local projects    | 206,617          |
| Other receipts                       | 5                |
| Total receipts                       | \$696,284        |
| <b>Expenditures</b>                  |                  |
| Local Parks and Trails Projects      | \$327,224        |
| State Parks and Trails & Admin       | 227,876          |
| Statewide Indirect                   | 5,389            |
| Total expenditures                   | \$560,489        |
| <b>FY2013 Ending fund balance</b>    | <b>\$693,337</b> |
| Net change for FY2013                | \$135,812        |

### **FY2013 Accomplishments**

- Implemented a monitoring system for LAWCON-funded scenic easements along Minnesota's Wild & Scenic River System.
- Awarded a grant to the City of Monticello to acquire 40 acres of land for active recreation use.
- Completed grants to the cities of Blue Earth, Inver Grove Heights and Winona to expand close to home recreation opportunities.
- Completed the acquisition of two parcels totaling 50 acres along MN River for the MN State Trail System.
- Administered the grant program to continue the State's eligibility to received future LAWCON apportionments from the National Park Service.

### **Financial Summary FY2007 to FY2017**

This account is a reimbursement program and can fluctuate depending upon the timing of expenditures and when revenues are collected. The fund balance increased by 24 percent this year, but is expected to decline due to an increase in expenditures.



### Additional Resources

[Land and Water Conservation Fund \(LAWCON\) information page](#)

[National Park Service, Land & Water Conservation Fund](#)

[Statewide Comprehensive Outdoor Recreation Plan 2014-2018 \(SCORP\)](#)

[Parks and Natural Areas Funded by the Land & Water Conservation Fund \(LAWCON\)](#)

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State Parks & Trails Account  
Metro Parks & Trails Grants Account  
Local Trails Grants Account  
Zoos Account

# Lottery in Lieu Accounts

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## Creation and Purpose of the Account

Legislation enacted in 2000 provided that sales of state lottery tickets would be exempt from sales tax. The legislation also provided that the lottery would make payments to the state treasury in lieu of the sales tax equal in amount to what the sales tax would have been on the gross proceeds of lottery ticket sales. These revenues are credited to various funds and accounts, among them the accounts listed above. These are the four “lottery in lieu” (LIL) accounts in M.S. 297A.65.

## Sources and Uses of the Funds

Under M.S. 297A.94 (e), 50 percent of the “lottery in lieu” receipts are credited to these four accounts. State Parks & Trails Account receives 22.5 percent; Metro Parks & Trails Account receives 22.5 percent; Local Trails Grants Account receives 3 percent; and the Zoos Account receives 2 percent. The funds must be used for specified purposes:

- State Parks and Trails Account (LIL) – money is spent only for state parks and trails
- Metropolitan Parks and Trails Account (LIL) – money is spent only for metro park and trails grants
- Local Trails Grants Account (LIL) – money is spent only for local trail grants and
- Zoos Account (LIL) – money is spent only by:
  - the Minnesota Zoological Garden,
  - the Como Zoo and Conservatory, and
  - the Duluth Zoo.

## 1. State Parks and Trails Lottery in Lieu (LIL)

The State Parks & Trails LIL account provides funds to maintain and operate state parks and trails.

| Financial Review                         |                         |
|--|-------------------------|
| <b>FY2013 Beginning fund balance</b>     | <b>\$286,890</b>        |
| Prior year adjustment                    | \$45,723                |
| <b>Receipts</b>                          |                         |
| State Parks and Trails - Lottery in lieu | \$5,987,014             |
| Other receipts <sup>1</sup>              | <u>2,314</u>            |
| Total receipts                           | \$5,989,328             |
| <b>Expenditures</b>                      |                         |
| Parks and Trails Management              | \$5,784,982             |
| Enforcement                              | 69,006                  |
| Transfer Out to Fund 1000 SEGIP          | <u>9,414</u>            |
| Total expenditures                       | \$5,863,402             |
| <b>FY2013 Ending fund balance</b>        | <b><u>\$458,538</u></b> |
| Net change for FY2013                    | \$171,648               |

### Notes

<sup>1</sup> Other receipts: credit agreement rebate and agency direct cost reimb.

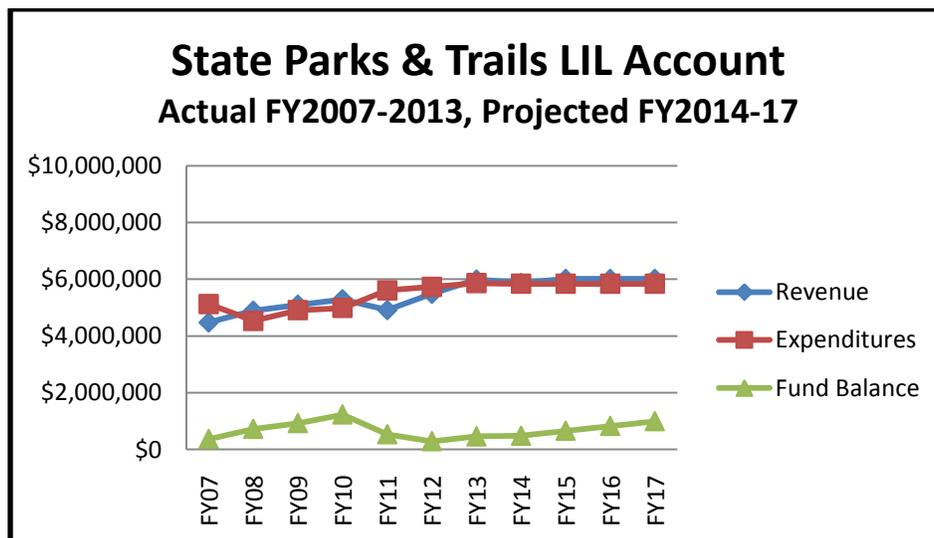
## FY2013 Accomplishments

Total expenditures of over \$5.8 million from this account are used to manage state parks and trails by maintaining the buildings and grounds for day and overnight use, maintaining state non-motorized trails, paying labor costs and purchase supplies for these activities; providing a safe environment for visitors, orientation and visitor services, environmental education, resource management, interpretive services, and emergency maintenance when needed (i.e. broken water and sewer lines, power failures, downed trees, etc.)

These activities and accomplishments are carried out with a combination of funds from the State Parks, Lottery in Lieu, General Fund and State Parks Working Capital accounts.

## Financial Summary FY2007 to FY2017

Revenues have been steady and are expected to increase slightly through 2017 due to changes in the lottery program. The fund balance is expected to remain steady as the department seeks authority to spend the increased revenue.



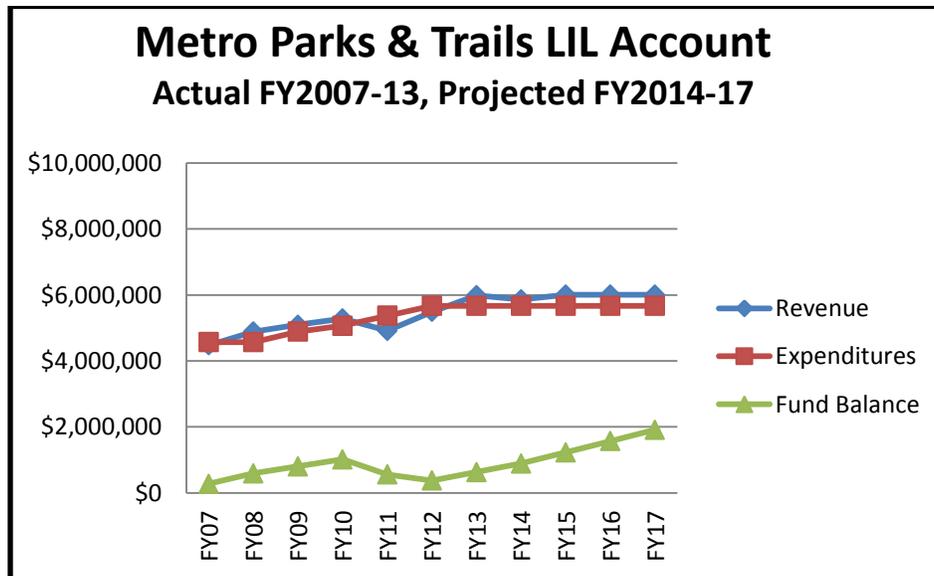
## 2. Metro Parks and Trails Lottery in Lieu (LIL)

The Metro Parks and Trails LIL funds are used by the Metropolitan Council to support the seven-county regional park system. This parks system includes 49 parks and park reserves and 6 special recreation features totaling about 53,000 acres open for public use. The system also has 29 regional trails totaling 177 miles. The funding pays for operational and maintenance costs on a cost reimbursement basis.

| Financial Review                     |                         |
|--------------------------------------|-------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$375,916</b>        |
| Prior year adjustment                | 0                       |
| <b>Receipts</b>                      |                         |
| Metro Parks - Lottery in lieu        | <u>\$5,987,014</u>      |
| Total receipts                       | \$5,987,014             |
| <b>Expenditures</b>                  |                         |
| Met Council                          | <u>\$5,670,000</u>      |
| Total expenditures                   | \$5,670,000             |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$692,930</u></b> |
| Net change for FY2013                | \$317,014               |

### Financial Summary FY2007 to FY2017

Revenues have been increasing slightly and are expected to continue through FY 2017 due to changes in the lottery program. The Met Council allocates the Metro Parks & Trails funds to the metro region park boards. Recipients include the counties of Anoka, Washington, Ramsey, Scott, Carver, and Dakota; cities of St. Paul and Bloomington; the Minneapolis Park and Recreation Board; and the Three Rivers Park District.



### Additional Resources

[Metropolitan Council – Regional Parks](#)

[Park Maps](#)

### Contacts:

[Metropolitan Council](#)

### 3. Local Trail Grants Lottery in Lieu (LIL)

This LIL grant funding is made through the Local Trail Connections Program and the Regional Trail Grant Program, established in MN Statutes 85.019. Funded grant projects include acquisition and betterment of public land and improvements needed for trails. Counties, cities, and towns are eligible for the grants.

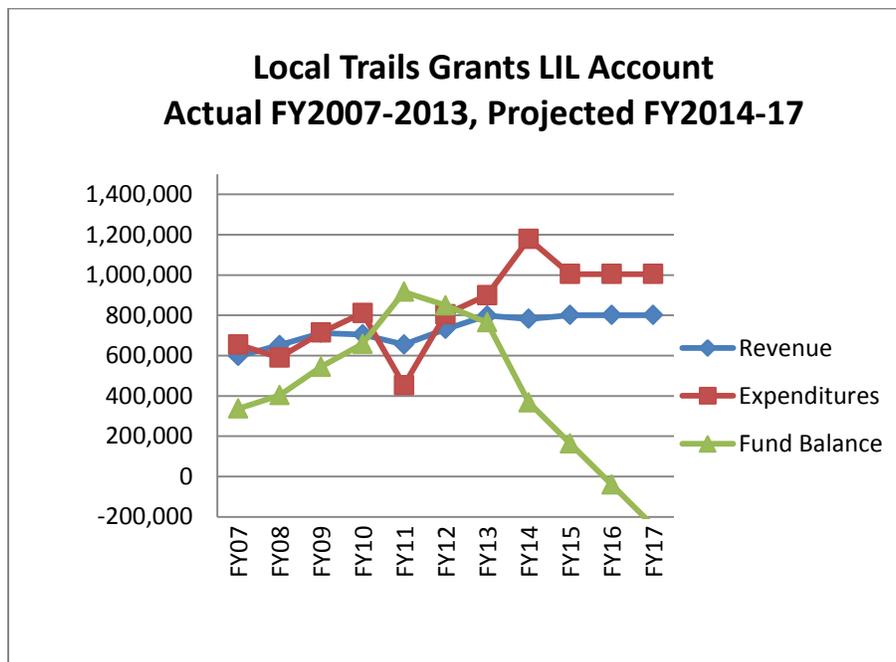
| Financial Review                      |                  |
|---------------------------------------|------------------|
| <b>FY2013 Beginning fund balance</b>  | <b>\$849,469</b> |
| Prior year adjustment                 | \$16,384         |
| <b>Receipts</b>                       |                  |
| Local Trails Grants - Lottery in lieu | \$798,268        |
| Refunds of prior year expenditures    | 0                |
| Total receipts                        | \$798,268        |
| <b>Expenditures</b>                   |                  |
| Parks and Trails Management           | \$899,448        |
| Total expenditures                    | \$899,448        |
| <b>FY2013 Ending fund balance</b>     | <b>\$764,674</b> |
| Net change for FY2013                 | (\$84,795)       |

### FY2013 Accomplishments

There were 11 grants funded to local communities in FY 2013 for Local Trail Connections and Regional Trails. These grants were awarded to 8 cities, 2 counties, and 1 township across Minnesota. These grants help to develop both relatively short trail connections as well as longer regional trails, and often connect schools, residential areas, and parks via trails, providing close to home recreational and alternative transportation opportunities.

### Financial Summary FY2007 to FY2017

Revenues remain fairly steady through FY17. A change in legislation allowed for an extension of Laws of 2009 for \$174 to a local grant to be available until spent. The fund balance is projected to decrease due to expenditures expecting to exceed revenues through FY2017.



#### 4. Zoo Grants Lottery in Lieu (LIL) Account

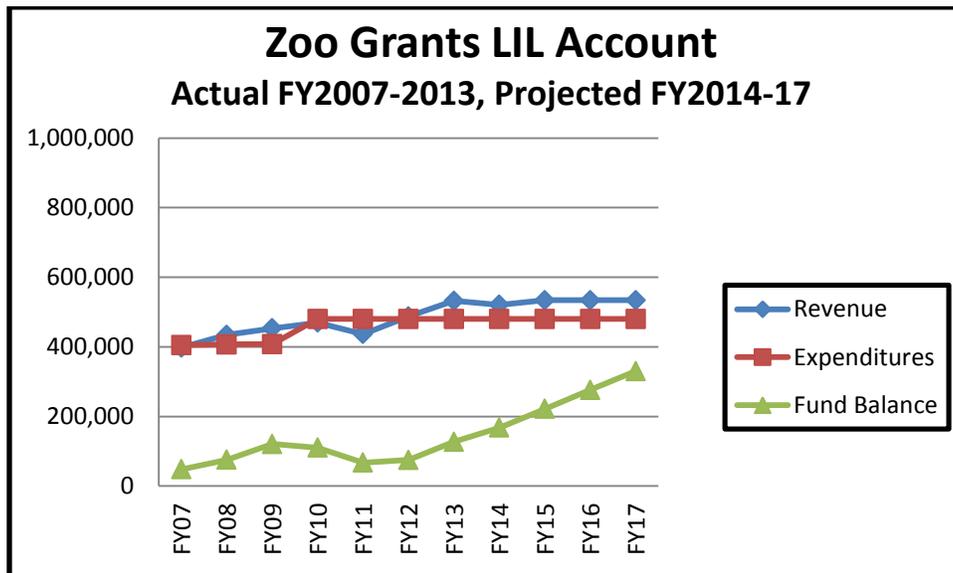
The Zoo Grants LIL account is used to fund a portion of the operations of three zoos in the state – the Minnesota Zoo, Como Zoo, and the Duluth Zoo.

| Financial Review                     |                         |
|--------------------------------------|-------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$74,951</b>         |
| Prior year adjustment                | 0                       |
| <b>Receipts</b>                      |                         |
| Minnesota Zoos - Lottery in lieu     | <u>\$532,179</u>        |
| Total receipts                       | \$532,179               |
| <b>Expenditures</b>                  |                         |
| Como and Duluth Zoos                 | \$320,000               |
| Minnesota Zoo                        | <u>160,000</u>          |
| Total expenditures                   | <u>\$480,000</u>        |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$127,130</u></b> |
| Net change for FY2013                | \$52,179                |

#### Financial Summary FY2007 to FY2017

The three zoos named in the legislation receive pass-through appropriations to support operations and activities of the zoos. The Minnesota Zoo received \$160,000 and Como Zoo and the Duluth Zoo each received \$160,000. The Minnesota Zoo, Como Zoo, and the Duluth Zoo use the zoo grant funds to help support general operations at the zoos.

Revenues and expenditures remain steady through FY2017. An increase in spending beginning in 2010 contributed to a declining fund balance, which begins to rise again in 2012 due to revenues exceeding expenditures.



## **Additional Resources**

DNR reports

Strategic Conservation Agenda 2009-2013

State Comprehensive Outdoor Recreation Plan

Minnesota State Parks Strategic Plan 2006-2011

Long range conservation plans and strategies – all DNR

DNR publications

Local Grants and Pass Through Appropriations

Recreation Grants

Parks & Trails

[Minnesota Zoo](#)

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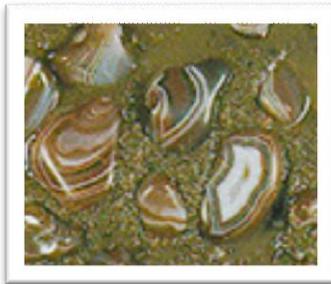
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# Minerals Management Account

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*Natural Resources Fund  
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## ***Creation and Purpose of the Account***

The 2005 legislature created the Minerals Management Account in M.S. 93.2236 to maximize mineral revenue from state mineral trust lands. Mineral management responsibilities include state mineral evaluation and promotion, issuing leases for exploration and mining, negotiating royalty rates and rentals, and managing revenue transactions related to mining and exploration. The program also provides technical assistance to local governments on mineral resources and mining issues.

## **Sources and Uses of the Funds**

Revenues from state mineral leases are collected from mining companies and distributed in accordance with state law to benefit the schools, the university, and the local taxing districts. The Minerals Management program objective is to maximize mineral lease revenues for the Permanent School Fund, the Permanent University Fund, and local units of government.

The funds and accounts that directly benefit from mineral income pay for a portion of the costs of state minerals lease and ownership activities. Twenty percent of the payments made under all state mineral leases are credited to this account to pay the costs associated with the administration and management of the state's mineral resources. Money in the account is appropriated by the legislature to the commissioner for mineral resource management and projects to enhance future mineral income and promote new mineral resource opportunities.

## **School Trust Lands**

The DNR manages 2.5 million acres of school trust lands, and an additional one million acres of school trust mineral rights. The school trust lands were derived from three federal land grants in the early years of statehood. Sections 16 and 36 of each public land survey township area were granted to the state for the purpose of being applied to the schools of the state. Swamplands were granted to the state for the purpose of selling the lands to construct levees and drains. Internal improvement lands were granted for sale and use in infrastructure. By 1900, most of the high value agricultural, timber, and mineral lands had been sold. From that point on, the remaining lands were managed for leasing mining and timber, with minor amounts sold. The remaining lands from the three land grants were combined into what is known today as school trust lands, from which revenue goes into the Permanent School Fund. The net interest and dividends are distributed annually from the Permanent School Fund to the school districts throughout the state.

## University Trust Lands

Within a few years after Minnesota statehood, the federal government conveyed 144 sections of land to the state for the use and support of a state university. These federal grant lands are managed by the DNR for the state. Most of the lands have been sold, but 25,840 acres remain, along with an additional 21,373 acres of mineral rights. A significant portion of the permanent university fund lands contain valuable deposits of iron ore and taconite. Revenues from sales and leases are deposited in the Permanent University Fund.

| <b>Financial Review</b>                |                           |
|--|---------------------------|
| <b>FY2013 Beginning fund balance</b>   | <b>\$10,469,679</b>       |
| Prior year adjustment                  | 596                       |
| <b>Receipts</b>                        |                           |
| Iron ore rents & royalties             | \$9,188,678               |
| Non-ferrous metallic minerals          | 258,262                   |
| Interest earnings                      | 59,074                    |
| Stockpiled Iron Ore                    | 303,730                   |
| Other receipts <sup>1</sup>            | <u>5,894</u>              |
| Total receipts                         | \$9,815,638               |
| <b>Expenditures</b>                    |                           |
| Lands and Minerals                     | \$3,055,944               |
| Transfer out: University trust account | 2,303,931                 |
| Transfer out: School trust account     | 4,931,329                 |
| Transfer out: Taxing Districts         | 234,417                   |
| Transfer to SEGIP                      | <u>1,608</u>              |
| Total expenditures and transfers out   | \$10,527,229              |
| <b>FY2013 Ending fund balance</b>      | <b><u>\$9,758,684</u></b> |
| Net change for FY2013                  | (\$710,995)               |

### Notes

<sup>1</sup> Other receipts: Industrial minerals and credit agreement rebate.

## FY2013 Accomplishments

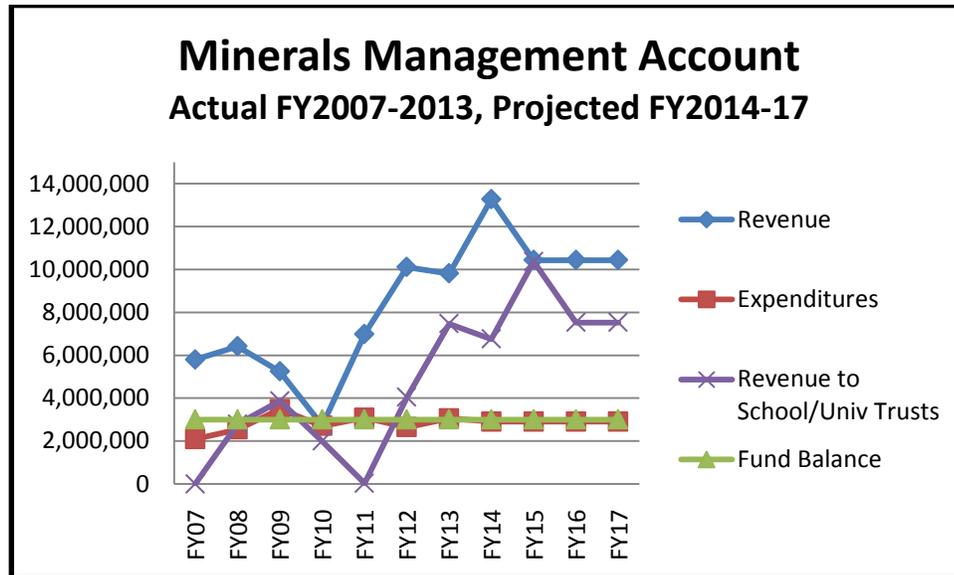
The Division of Lands & Minerals activities supported by the mineral management fund for FY 2013 included:

- Mineral lease revenue continued at a historic level, with slight decrease from FY2012.
- Success in the arbitration hearing with U.S. Steel on substitution of an escalator clause for the state taconite leases held by the company. Result was retention of interim payment, the award of remaining past due royalties including interest, and establishment of the Iron Ore Index (IODEX) as a new escalator in the state leases. Total payment as a result of the arbitration was \$18.8 million.
- Entered six additional iron ore/taconite leases with two different companies covering a total of 834 acres of state lands
- Revenue from residue leases (stockpiled material from past mining) increased from \$814,567 in FY2012 to \$1,541,307 in FY2013.

## Financial Summary FY2007 to FY2017

20 percent of iron ore and taconite rents and royalties receipts are deposited in the minerals management account each year. The other 80 percent is deposited into the permanent school and university trust funds based on land type. Expenditures in this account support evaluation of state

minerals, state mineral leasing and state mineral lease administration. The revenue in FY14 is projected to increase due to a one-time arbitration payment that was received in July 2013; revenue is projected to remain steady from FY2015 through FY2017. However, the fund balance will never exceed \$3 million. Any balance over this amount is transferred to the School and University trust funds and the taxing districts of the tax forfeited land at the end of each fiscal year.



## Additional Resources

[Lands and Minerals Publications](#)

[Minnesota's School Trust Lands Fiscal Year 2010-2011](#)

[Minnesota's Permanent University Land and Fund \(revised 2013\)](#)

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[Division of Lands and Minerals](#)

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# Mining Administration Account

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*Natural Resources Fund  
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## **Creation and Purpose of the Account**

The Mining Administration Account was established in 2008 in M.S. 93.481. The account collects fees charged to owners, operators, or managers of mines for the costs associated with mine permitting.

## **Sources and Uses of the Funds**

The 2008 law provided that ferrous mining (taconite and iron ore) administrative fees would be charged to owners, operators, or managers of mines and the revenues deposited to the new account. The revenues were appropriated to the commissioner of the Department of Natural Resources (DNR) to cover the costs of administering and monitoring permits to mine ferrous metals.

In the last months of FY2009, the law was amended to provide that deposits to the account would include all fees charged to owners, operators, or managers of mines under M.S. 93.481 and a new section, M.S. 93.482 (Reclamation Fees). The mining administrative fee was extended to include ferrous, nonferrous, peat, and scam mining.

Mineland Reclamation activities are directed toward controlling adverse environmental impacts of mining, preserving natural resources, and encouraging future land utilization planning, while at the same time promoting the orderly development of mining, encouraging good mining practices, and recognizing the beneficial aspects of mining. Supporting activities within mineland reclamation include (1) mine permitting, (2) site inspections, (3) wetland impact avoidance, minimization, and mitigation, (4) annual report and operating plan review, (5) research toward reclamation practice improvement, and (6) environmental review which is otherwise unfunded. The costs of these mineland reclamation activities are paid by the users of the services – the permit holders.

| <b>Financial Review</b>                    |                         |
|--|-------------------------|
| <b>FY2013 Beginning fund balance</b>       | <b>\$708,188</b>        |
| Prior year adjustment                      | 0                       |
| <b>Receipts</b>                            |                         |
| Mineland reclamation fees                  | \$728,507               |
| Interest earnings                          | 2,873                   |
| Other receipts                             | <u>57</u>               |
| Total receipts                             | \$731,437               |
| <b>Expenditures</b>                        |                         |
| Lands and Minerals                         | <u>\$689,843</u>        |
| Total expenditures                         | <u>\$689,843</u>        |
| <b>FY2013 Ending fund balance</b>          | <b><u>\$749,782</u></b> |
| Net change for FY2013                      | \$41,594                |
| <b>Notes</b>                               |                         |
| 1 Other receipts: credit agreement rebate. |                         |

### FY2013 Accomplishments

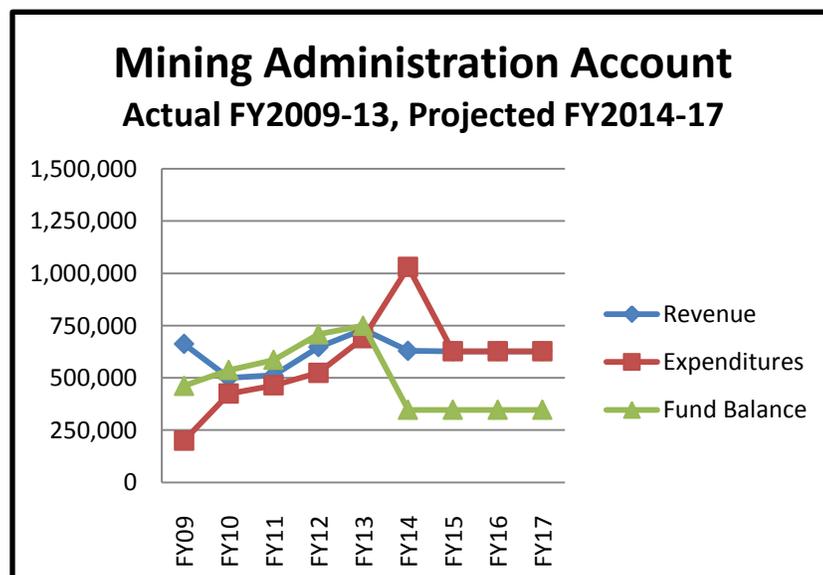
Accomplishments of the program included: (1) administering and monitoring seven taconite permits; (2) administering and monitoring two closure status taconite permits; (3) administering and monitoring and amending seven active scam mining permits; (4) administering and monitoring ten peat mining permits; (5) amending numerous wetland mitigation and replacements plans; (6) planning for long-range hydrologic changes and in-pit stockpile at several operations; and (7) innovative reclamation projects at two facilities. The Mineland Reclamation program enforces mineland reclamation regulations at taconite, scam, and peat mining operations affecting over 250,000 acres of public and private land.

### Financial Summary FY2009 to FY2017

The fee revenues due at the end of FY 2013 totaling approximately \$ 486,500 were collected in advance of July 1, 2013 (as required by law) and deposited in FY2013 for use in FY 2014. Each year, the annual permits to mine fees are collected based on the number of companies holding permits in the previous calendar year, whether or not there was production at the facilities.

The Division of Lands & Minerals expenditures included issuing permits to mine, reviewing annual operating plans and site inspections.

This account began in FY09 and revenues have increased each year. The fund balance is projected to remain stable through FY17.



## **Additional Resource Links**

[Mining and Mineral Resources of Minnesota](#)

[Lands and Mineral publications](#)

[Establishment of a Permit to Mine Administration and Application Fee Schedule \(report to legislative committees, published Jan. 2009\)](#)

[Reclamation section publications](#)

[Reclamation: Minnesota DNR](#)

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# Natural Resources Misc. Statutory Account (Dedicated Receipts Account)

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## Creation and Purpose of the Account

The Natural Resources Dedicated Receipts Account is the repository for the statutorily-appropriated dedicated accounts in the Natural Resources Fund. Each individual component account is accounted for separately according to its statutory authorities and requirements.

### Account:

|  | <u>Statute</u>        |
|--|-----------------------|
| • Forest Resource Assessment Products and Services Account | M.S. 89.421           |
| • Horse Pass Account                                       | M.S. 85.46            |
| • Burning Permit Account                                   | M.S. 88.17            |
| • Forest Bough Account                                     | M.S. 88.6435          |
| • Water Management Account                                 | M.S. 103G.301         |
| • Land Management Account                                  | M.S. 92.685           |
| • License Center and Electronic Licensing System (ELS)     | M.S. 84.027, subd. 15 |

## Sources and Uses of the Funds

Money deposited in the Natural Resources Misc. Statutory Account comes from these sources:

- Sales of forest resource assessment products and services
- Burning permits fees
- Fees from the sale of permits issued to bough buyers
- Water fees and inspection fees
- Fees collected for easements and land and water crossing licenses on DNR land
- Horse pass fees
- License issuing fees

Money in the Natural Resources Misc. Statutory Account can be used for these purposes:

- Maintain staff and facilities producing the aerial photography, forest inventory, remote sensing, and satellite imagery products and services.
- For trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use.
- To operate burning permit system.
- For costs associated with balsam bough educational programs for harvesters and buyers.
- To defray the costs of receiving, recording, and processing permit applications and conducting inspections.
- To administer the utility easement program, road easement program, easement and easement release programs and trail easement program
- To operate the electronic licensing system.

## FY2013 Accomplishments

### Division of Forestry (Forest Management)



The Forestry Resource Assessment Products and Services Account were established in 2007 in M.S. 89.421. Sales of forest resource assessment products and services to internal DNR customers and to organizations/persons outside the department are authorized in three sections of statutes (M.S. 84.025, subd. 9; M.S. 84.026; and M.S. 84.0855). The Resource Assessment Office provides assessment services of landscape resources for the Division of Forestry, DNR programs and outside organizations on a fee-for-service basis. The office also sells photographic products to the general public. Products and services include forest inventory survey design, data collection, and compilation; creation of data layers; and remote sensing (aerial photography, satellite imagery, and analysis, GIS services, image processing, aerial photo rectification). Revenues from all sales are credited to the Forest Resource Assessment Products and Services Account. The funds credited to the account pay for the operations of the program.

In 2013, DNR Resource Assessment provided 1,800 square miles of aerial photography, 1.2 million acres of wetland monitoring and classification, 50,000 acres of CSA forest inventory, 1,350 forest inventory plots for Minnesota's National Forest Inventory and Analysis program, 57,500 square miles of forest pest aerial survey, terrain analysis, soil mapping and quality control on 21,725 square miles for the National Wetland Inventory update. The resource assessment office also performed many other land cover analysis projects for Minnesota resource managers, such as; supplemental aerial photography to identify, interpret, and analyze blow down occurrences, buckthorn and other invasive species detection, timber supply assessments, presenting quantitative summaries of forest resources within the state, and work with Subsection Forest Resource Management Plans (SFRMPs).



The burning permit account was established in 2004 legislation to support an electronic burning permit system (ELS – electronic licensing system). M.S. 88.17. All burning permit fees collected pursuant to M.S. 88.17 are deposited in the Burning Permit Account. The funds are used to cover the costs of operating the burning permit system. Minnesota's first forest protection efforts began in 1895 when the legislature enacted the Forest Preservation Act. The law was passed after the Hinckley fire of 1894 that killed more than 450 people. The Burning Permit Law was passed in 1918 after another forest fire destroyed Cloquet and most of Moose Lake. In 1993, the Division of Forestry of DNR was given complete responsibility for all aspects of open burning in Minnesota. The system of permits and fire warden enforcement reduces the incidence of wildfires. In 2013, 40,292 burn permits were issued.



Bough buyers permitting were created in law in 2002 to help guide the sustainable harvest of boughs. The Forest Bough Account was established in 2004, in M.S. 88.6435. Fees from the sale of permits issued to bough buyers are deposited in the forest bough account. The funds are used to pay the costs associated with balsam bough educational programs for harvesters and buyers. In 2013, 56 bough buyer permits were sold. Permits are available through the DNR's Electronic Licensing System at any location where hunting and fishing licenses are sold.

## Division of Parks & Trails



The Horse Pass Account was authorized in 2006 and effective Jan. 1, 2007 (M.S. 85.46). The horse pass is similar to other DNR passes, such as cross-country skiing pass. Persons 16 years old or older must have in their immediate possession a valid horse pass when they ride, lead, or drive a horse on land administered by the commissioner of the DNR (passes are not required on forest roads). A commercial annual horse pass was established, effective January 2, 2010. The pass enables commercial riding facility owners to purchase horse passes that can be issued to riders that hire or rent horses.

Revenues from the sale of the horse passes are deposited into a dedicated account to address equestrian needs in the state-owned areas where the pass is required. The DNR manages more than 1,000 miles of horse trails and more than 500 horse campsites. The DNR works with an Equestrian Advisory Group on the horse pass program.

Horse pass receipts in FY2013 totaled approximately \$95,000. Expenditures in FY2013 totaled approximately \$121,000 and included equestrian projects completed at twelve locations in state parks, state forests, and state trails. Completed projects included trail rehabilitation and facility development projects; a project list is available in the resource list at the end of this report under *Horse Trail Pass at Work*. The FY2013 ending fund balance was approximately \$155,000.

## Division of Ecological & Water Resources



The DNR is required to review proposed projects that need water in excess of 100 million gallons per year, and to assess fees to recover the costs of review and inspections (M.S. 103G.301). This permitting and inspection work is necessary to ensure the long-term sustainability of Minnesota's surface water and groundwater resources.

Fees are charged to applicants and permit holders whose projects or proposed projects use large quantities of water as specified in the legislation. The responsibilities of Water Resource Management include project planning, environmental reviews, permit application reviews, and studies to assess the adequacy of the water resource and potential natural resource impacts, including after permits have been issued. The receipts are credited to the Water Management Account to recover the costs incurred for the environmental review and permitting activities. Twenty-five projects were charged the fee in FY2013.

## Division of Lands & Minerals



The Land Management Account was created in 2005 to cover the costs for the DNR to administer the road easement program under M.S. 84.631 (road easements across state lands). Starting in FY2009, the statutory language was amended to add responsibilities to issue and monitor utility licenses under M.S. 84.415; prepare conveyances of easements to state, local, or federal governments under M.S. 84.63; prepare conveyances of unneeded state easements (easement releases) under M.S. 84.632; and prepare easements for access and egress to state trails under M.S. 85.015, subd. 1b. (M.S. 92.685).



In FY2010, the statutory language was amended to authorize joint applications for utility licenses for residential use, with one application fee for a joint application. The 2010 legislature also modified the supplemental application fee for water and land crossing utility licenses, and provided that if the fees collected were not sufficient to cover costs for the activity, the commissioner must otherwise reduce department costs and activities to carry out the requirements of the law.

The 2012 legislature modified the statutory language to authorize the issuance of road easements across school trust lands to individuals, provided that the term of the easements was limited to 50 years. This will reduce pressure on counties and local units of government to assume responsibility for small road segments that are benefiting only an individual or a small amount of people while allowing a legal access to those individuals.

The 2013 legislature amended the law, effective July 1, 2014, to provide that a utility license for crossing public lands or waters is exempt from all fee when the utility crossing is on an existing right-of-way of a public road. This change in law will apply to a significant portion of the utility licenses issued by the DNR.

The 2013 legislature also amended the law effective July 1, 2014 to provide that a county or joint county regional railroad authority is exempt from all fees for trail easements on state-owned land.

Fees collected and credited to this account are received in conjunction with the services provided in reviewing easement applications and supplemental applications, preparing easements or easement releases, monitoring, and related actions. The account funds are expended to cover the costs of activities specified in each section of the statutes listed above. In FY 2013 there were 277 new utility licenses and 16 easements issued.

## Division of Fish & Wildlife (ELS)



The Division of Fish & Wildlife maintains the License Center and Electronic Licensing System authorized in M.S. 84.027.

The License Center issues licenses, permits, registrations, passes, and processes other transactions through a Web-based Electronic Licensing System available from 176 registration agents (deputy registrars). The DNR St. Paul headquarters provides walk-up service and processes title and registration transactions that are mailed in. Select [licenses and permit](#) types are available for purchase online.

The money deposited into this account comes from issuing fees collected on the sale of horse trail passes and decorative bough buyers permits deposited into the NR Dedicated Receipts account to provide support for operation of the licensing system.

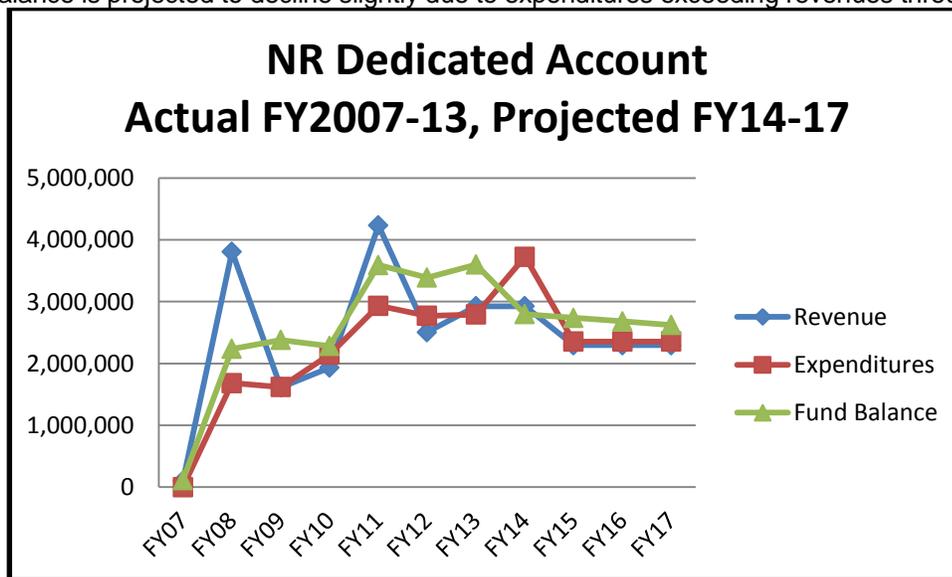
## Financial Review

### Consolidated Accounts

|   |                    |
|---|--------------------|
| <b>FY2013 Beginning fund balance</b>                  | <b>\$3,388,804</b> |
| Prior year adjustment                                 | \$78,055           |
| <b>Receipts</b>                                       |                    |
| Water fees, inspection fees                           | \$265,658          |
| Easement, water & land crossing licenses on DNR lands | 676,022            |
| Fire burn permits                                     | 47,699             |
| Decorative balsam bough buyer's permit                | 979                |
| Other forestry receipts                               | 1,675,653          |
| Horse trail pass                                      | 95,543             |
| Forest Campground                                     | 152,938            |
| License credit card service charge                    | (209)              |
| License issuing fee                                   | 11,920             |
| Interest earnings                                     | <u>518</u>         |
| <b>Total receipts</b>                                 | <b>\$2,926,721</b> |
| <b>Expenditures</b>                                   |                    |
| Lands and Minerals                                    | \$569,469          |
| Ecological & Waters Resources Mgmt                    | 45,514             |
| Forest Management                                     | 1,923,659          |
| Parks and Trails Management                           | 253,335            |
| Fish & Wildlife (ELS)                                 | <u>1,446</u>       |
| <b>Total expenditures</b>                             | <b>\$2,793,424</b> |
| <b>FY2013 Ending fund balance</b>                     | <b>\$3,360,156</b> |
| Net change for FY2013                                 | \$211,353          |

### Financial Summary FY2007 to FY2017

The fund balance is projected to decline slightly due to expenditures exceeding revenues through FY2017.



### **[Additional Resource Links \(Forestry\)](#)**

[Citizens Guide to Forestry: Resource Assessment](#)

[View Air Photos Online](#)

[Burning permits information](#)

[Apply for a burning permit](#)

[Statewide fire danger](#)

[Balsam Bough Harvesting: Doing it Right for the Future](#)

[Balsam Bough Regulations: Pocket Guide](#)

[Taking a Bough: Minnesota's Balsam Bough Industry](#)

[Minnesota Special Forest Products Harvest-to-Market Directory, 2010 \(harvesters and buyers\)](#)

### **[Contacts](#)**

Resource Assessment Office

Grand Rapids

(218) 322-2500

(218) 327-4517 (fax)

[Any DNR Forestry Office](#)

### **[Additional Resource links \(Parks and Trails\)](#)**

[Horseback riding](#)

[Frequently asked questions about the horse trail pass](#)

[Horse Trail Pass at Work \(list of projects for FY2008-12\)](#)

[State Forest Horse Campgrounds and Trails](#)

[Purchase horse trail passes \(electronic licensing center\)](#)

### **[Contacts](#)**

DNR Information Center, 651-296-6157 (888-646-6367 toll-free)

### **[Additional Resources Links \(Ecological and Water Resources\)](#)**

[DNR water permits](#)

[Water permit applications and other forms](#)

[Division of Waters – home page](#)

### **[Contacts](#)**

[Water-related permit contacts](#)

### **[Additional Resources Links \(Lands and Minerals\)](#)**

[Acquisitions](#)

[Information brochure](#)

[Easement across state land](#)

[Leases, licenses, and easements](#)

[Application for easement across state land](#)

[Utility crossing licenses](#)

### **[Contacts](#)**

[Lands and Minerals regional operations staff](#)

### **[Additional Resource Links \(Fish and Wildlife-License Center-ELS\)](#)**

[Online licenses](#)

[Online permits](#)

[License agents](#)

[License Center statistics](#)

## **Contacts**

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500 Lafayette Road, Box 20  
St. Paul, MN 55155

[Division of Fish and Wildlife](#)

[Email DNR](#)

phone: 651-259-5180

[DNR Website Home Page](#)

# Nongame Wildlife Management Account

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*Natural Resources Fund  
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## Creation and Purpose of the Account

The Nongame Wildlife program was started in 1977. The Nongame Wildlife Check off and the Nongame Wildlife Management Account were established in 1980 legislation under M.S. 290.431. The principal objectives are the conservation of nongame wildlife species and management and conservation of their habitats. The program works to protect over 800 species of nongame wildlife including birds, mammals, reptiles, amphibians, fishes, and selected invertebrates such as butterflies and dragonflies. Examples of species that have benefited from the Nongame Wildlife's Program are the osprey, common loon, peregrine falcon, trumpeter swan, and bald eagle.

## Sources and Uses of Funds

The principal source of funding for this program is contributions by taxpayers on their state income tax and property tax forms, sometimes referred to as the "Chickadee Checkoff." Individuals who file a state income tax return (M-1) or property tax refund claim (M1-PR) may donate to the Nongame Wildlife Program. Individuals designate on the form that \$1 or more will be added to the tax or deducted from a refund and credited to the Nongame Wildlife Management Account. These donations are tax deductible on the following year's tax form. Since 1989, corporations can also designate a contribution to the account (M.S. 290.432). The Nongame Wildlife Fund also benefits from direct donations to the account. These donations can be made through the DNR website and through estate donations that designate the Nongame Wildlife Program as a beneficiary.

The Nongame Wildlife Management Account is used solely for nongame wildlife management.

The Nongame Wildlife Management Program obtains additional project funds that match and supplement the funding received from state tax forms. Sources of additional money have included matching funds from federal State Wildlife Grants and from the Reinvest in Minnesota Critical Habitat Fund "Private Sector Matching Account" – which is derived primarily from the sale of conservation license plates. Other supplemental sources of funding have included DNR "lottery-in-lieu of tax" sales tax proceeds from the sale of state lottery tickets and Environmental Trust Fund allocations for projects recommended to be funded by the Legislative-Citizen Commission on Minnesota Resources (LCCMR) and approved by the Legislature. One such special project has been the creation of native plantings on lakeshores to enhance wildlife habitat and water quality.

| <b>Financial Review</b>              |                         |
|--------------------------------------|-------------------------|
| <b>FY2013 Beginning fund balance</b> | <b>\$ 531,458</b>       |
| Prior year adjustment                | \$4,948                 |
| <b>Receipts</b>                      |                         |
| Donations from income tax return     | \$969,341               |
| Interest earnings                    | 366                     |
| Other receipts <sup>1</sup>          | <u>101</u>              |
| Total receipts                       | \$969,808               |
| <b>Expenditures</b>                  |                         |
| Ecological & Water Resources         | \$590,249               |
| Fish & Wildlife                      | 227                     |
| Indirect Costs (EWR)                 | 1,751                   |
| Transfer Out RIM-Gifts               | <u>655,000</u>          |
| Total expenditures                   | \$1,247,226             |
| <b>FY2013 Ending fund balance</b>    | <b><u>\$258,988</u></b> |
| Net change for FY2013                | (\$272,470)             |

**Notes**

<sup>1</sup> Other receipts: credit agreement rebate.

## **FY2013 Accomplishments**

Areas of emphasis for the Nongame Wildlife Program were:

- Habitat protection, nongame wildlife conservation and management
- Technical assistance
- Educational programs, publications, and wildlife tourism
- Research, surveys, and monitoring

The Nongame Wildlife Program played a major role in facilitating a donation of the 533-acre Wo Wacintanka Wildlife Management Area near Blooming Prairie. This donation was valued at \$664,000 and will generate a comparable \$664,000 RIM match for additional land acquisition on the Boyd Sartrell WMA and the Koester Grassland property in Rice County. The Nongame Wildlife Program also facilitated the designation of the 72 acre Boltuck-Rice Forever Wild State Natural Area on Siseebakwet Lake southwest of Grand Rapids. This area was dedicated as an SNA on August 4, 2012. Technical assistance was also provided in support of state forest planning and management, to private landowners for management of blufflands and savanna habitats, and to other governmental agencies related to wind energy development, pipeline routing, ditch system effects, and park planning.

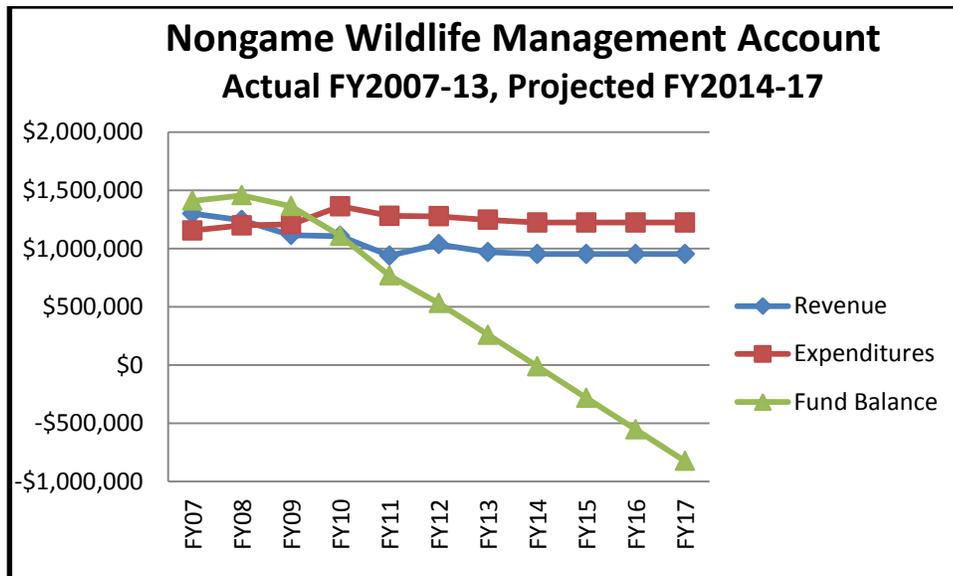
A total of 22 Project WILD/aquatic WILD workshops were held for 577 teachers compared to 10 workshops for 235 teachers in FY12. Our pioneering Digital Photography Bridge to Nature was delivered at 40 workshops and photo safaris in FY13. Over the three years of this project we carried out 114 teacher workshops for 1560 teachers and 1867 students—a total of 3427 participants. Assuming that each teacher goes back to his/her school and reaches 60 students with the activities, this program potentially reached 93,600 children. There has been continuing progress in promoting wildlife tourism along the Pine to Prairie Birding Trail which now extends into southern Manitoba in cooperation with Manitoba wildlife and tourism officials.

Staff developed, conducted, funded and/or collaborated in research and surveys for a variety of nongame wildlife species in greatest conservation need, including grassland birds, loons, pelicans, shorebirds, golden-winged warblers, dragonflies, nongame species associated with sensitive lakeshores, and amphibians. Loons found dead by the public are given necropsies to determine the cause of death and learn about the significance of lead poisoning in the mortality of loons. The Nongame Wildlife Program also administers statewide permitting programs for wildlife rehabilitation, nongame wildlife research permits, falconry, and raptor propagation.

## Financial Summary FY2007 to FY2017

The number of contributors to the tax checkoff peaked and is now slightly declining. Projected revenues remain steady.

A transfer of \$655,000 started in FY13 to Reinvestment in Minnesota (RIM) Fund. This transfer will be increased to \$1 million starting in FY14 and a \$345,000 reduction in expenditure is planned beginning in FY14 to help with this increase. The fund balance is projected to decline further due to expenditures exceeding revenues. Continued use of creative strategies to increase checkoff revenue and supplemental funding will be needed to sustain or grow program efforts and outcomes.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resource and links

[Nongame Wildlife Program](#)

[Statewide Nongame Projects](#)

[Habitat projects](#)

[Research reports](#)

[Wildlife rehabilitation home page, organizations](#)

[Tomorrow's Habitat for the Wild and Rare: Action Plan](#)

[License plates](#)

[Online donation to Nongame Wildlife program](#)

## Contacts

[DNR Home Page](#)

[DNR Divisions and Offices](#)

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# Snowmobile Trails and Enforcement Account

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## Creation and Purpose of the Account

The first legislation for the registration of snowmobiles in Minnesota was enacted in 1967. The Snowmobile Trails and Enforcement Account was established in 1982 to pay for grants to counties and municipalities for construction and maintenance of snowmobile trails; to acquire, develop, and maintain state trails; to provide snowmobile safety programs; and to administer and enforce snowmobile laws (M.S. 84.83).

## Sources and Uses of the Funds

Fees from the registration of snowmobiles, trail pass, and unrefunded gasoline taxes attributable to snowmobile use are the main sources of funding in the Snowmobile Trails and Enforcement Account. The account funds may be spent only as appropriated by law, for:

- A grant-in-aid program to local units of government for construction and maintenance of snowmobile trails; see the [GIA Program Webpage](#)
- Acquisition, development, and maintenance of state recreational snowmobile trails;
- Snowmobile safety programs; and
- Administration and enforcement of the laws concerning snowmobiles in M.S. 84.81 to 84.91, and grants to local law enforcement agencies.

| <b>Financial Review</b>                 |                           |
|---|---------------------------|
| <b>FY2013 Beginning fund balance</b>    | <b>\$ 31,979</b>          |
| Prior year adjustments                  | \$584,336                 |
| <b>Receipts</b>                         |                           |
| Snowmobile registration                 | \$6,504,282               |
| Snowmobile trail permit                 | 345,224                   |
| License issuing fee                     | 175,263                   |
| Snowmobile training                     | 46,663                    |
| Interest earnings                       | 16,320                    |
| Fines and Citations                     | 36,935                    |
| Other receipts <sup>1</sup>             | (433)                     |
| Transfer in: Unrefunded gas tax revenue | 6,983,935                 |
| Transfer in: Police State Aid           | <u>54,732</u>             |
| Total receipts and transfers in         | \$14,162,921              |
| <b>Expenditures</b>                     |                           |
| Parks and Trails Mgmt                   | \$3,482,747               |
| Grants in aid to local governments      | 7,646,331                 |
| Enforcement                             | 1,424,105                 |
| Enforcement grants                      | 312,238                   |
| Fish & Wildlife                         | 390,101                   |
| Lands & Minerals                        | 0                         |
| Conservations Corps Minnesota           | 115,000                   |
| Transfer Out: Debt Service              | <u>8,063</u>              |
| Total expenditures and transfers out    | \$13,378,583              |
| <b>FY2013 Ending fund balance</b>       | <b><u>\$1,400,653</u></b> |
| Net change for FY2013                   | \$1,368,674               |

**Notes**

<sup>1</sup> Other receipts: license credit card service charge and credit agreement rebate.

## **FY2013 Accomplishments**

The Division of Enforcement provided snowmobile law enforcement, education and safety training activities throughout the state. The division's activities in FY13 increased to 21,073 hours because of a good snow season. Division employees and volunteer instructors around the state trained 8,065 youth and adults through the snowmobile safety education program. In addition the division provided grant to local law enforcement agencies to provide snowmobile law enforcement and education activities.

The Division of Parks and Trails developed, managed, and maintained more than 942 miles of recreational snowmobile trails that were open to the public. Parks and Trails administered grants-in-aid that were available to local units of government to create and maintain locally initiated trails totaling 21,296 miles, through 180 grants. Much of the grant funding is used for equipment related expenses, such as groomers and drags, and other costs associated with establishing the trail, grooming operations, and signage. Many labor hours are donated by local snowmobile club volunteers.

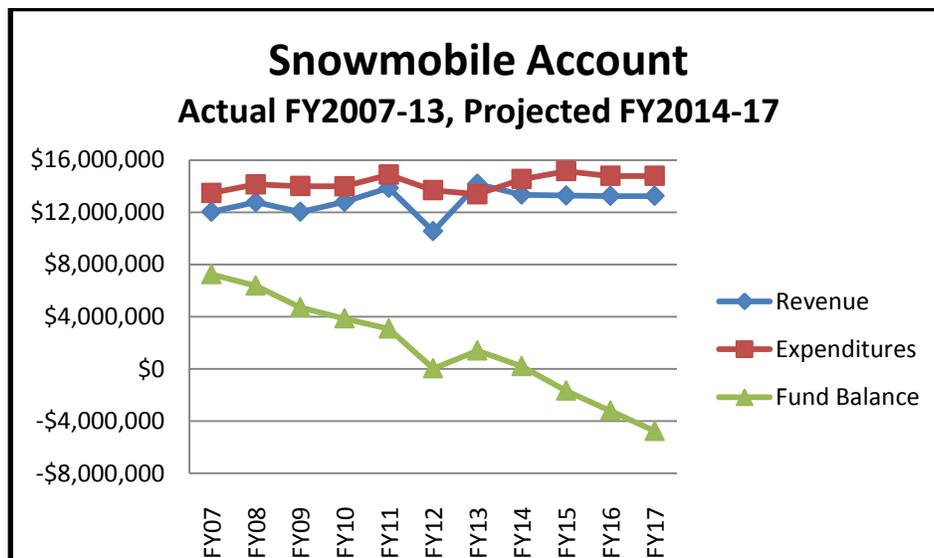
The Division of Parks and Trails continues to provide a high level of program administration and trail monitoring through its field offices as recommended in the 2003 Office of Legislative Auditor's report. Field staff monitored trail quality and program compliance in at least 50% of the Grant-in-Aid system each winter, and follow up with clubs and sponsors with any trail related issues.

## Financial Summary FY2007 to FY2017

Revenue from registrations and trail permits are correlated with the weather's impact on snowmobiling. Revenue in 2013 was higher than 2012, which appears to be due to the relatively better snowmobiling riding season in 2013. A legislation change allowing nontrail use registration is expected to cause a slight drop in revenues starting with FY14.

Expenditures in 2013 were reduced by about \$1.6 million in a plan to address a projected negative balance at the end of 2012. This reduction was from both the GIA Program and other DNR managed budgets, and enabled the fund to have a positive balance at the end of 2013.

The fund balance increased this year by about \$1.3 million due to the above mentioned reduced spending strategy implemented in 2013. An on-going structural imbalance between spending and receipts is being addressed in 2014.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017. The department will manage levels of spending to ensure the account does not go negative as shown above.

## **Additional Resource Links**

[Snowmobiling home page](#)

[Snowmobile registration procedures and fees](#)

[Online licenses](#)

[Snowmobile state trail sticker](#)

[Snowmobile safety training](#)

[Grants Outcomes](#)

[Snowmobile grants – trails assistance program \(maintenance and grooming\)](#)

[Snowmobile trail maps](#)

[Snow depth and trail conditions](#)

[MN Snowmobilers Association](#)

[Conservation Corps Minnesota](#)

## **Contacts**

[Snowmobile program](#)

[Trail Grant Contacts](#)

[DNR Home Page](#)

[DNR Divisions and Offices](#)

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# State Parks Account

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## Creation and Purpose of the Account

The Department of Natural Resources (DNR) manages 67 state parks, 9 state recreation areas, 8 state waysides, and 62 state forest campgrounds/day use areas. The State Parks Account was established in statutes in 2000 under M.S. 85.052, subd. 4.

## Sources and Uses of the Funds

Fees paid by visitors who purchase products and services within a state park, state recreation area or wayside, and for special state park uses under M.S. 85.052, are credited to the State Parks Account. The fees are from sales of permits, camping fees, and other visitor-paid fees.

Money in the State Parks Account is available to operate and maintain the state park system, under M.S. 85.055, subd. 2, when appropriated by the legislature. Costs of the DNR electronic licensing system attributable to state park permits also comes out of this account.



| <b>Financial Review</b>                   |                      |
|---|----------------------|
| <b>FY2013 Beginning fund balance</b>      | <b>\$368,313</b>     |
| Prior year adjustment                     | 40,258               |
| <b>Receipts</b>                           |                      |
| Camping fees                              | \$ 5,689,501         |
| Park permits                              | 3,851,933            |
| Park facilities rentals and concessions   | 1,474,780            |
| Reservations and tours/golf/ misc. income | 986,160              |
| License issuing fee                       | 596                  |
| Parks credit card service charge          | (313,457)            |
| Other receipts <sup>1</sup>               | (7,736)              |
| <b>Total receipts</b>                     | <b>\$ 11,671,777</b> |
| <b>Expenditures</b>                       |                      |
| Parks and Trails                          | \$11,865,004         |
| Enforcement                               | 69,522               |
| Statewide Indirect Costs                  | 68,867               |
| Fish & Wildlife                           | 480                  |
| Conservations Corps Minnesota             | 125,000              |
| <b>Total expenditures</b>                 | <b>\$12,128,873</b>  |
| <b>FY2013 Ending fund balance</b>         | <b>(\$48,525)</b>    |
| <b>Net change for FY2013</b>              | <b>(\$416,838)</b>   |

**Notes**

<sup>1</sup> Other receipts: Parks crdt card clearing, license credit card service charge, restitution, parks connection charges, credit agreement rebate and cash overages.

### **FY2013 Accomplishments**

During the summer of 2013 the division opened Vermilion State Park day use area to boating recreationist, expanded the mountain biking activity at Cuyuna County State Rec Area, and reopened the Jay Cooke State Park after the disastrous flood event. In addition to new opportunities for recreation, the division introduced thousands of new people to Minnesota state parks and trails and outdoor recreation through the “I Can” series of skill-building programs.

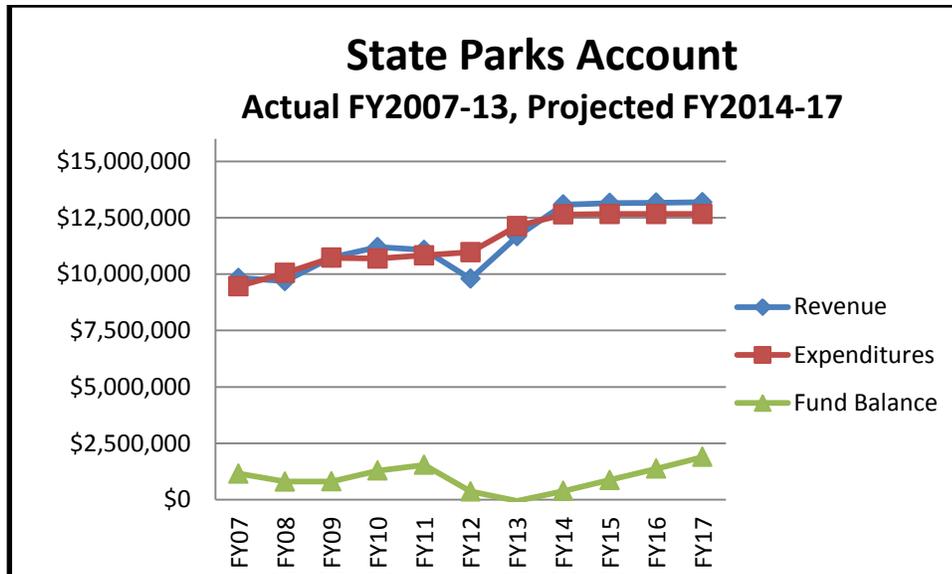
The division continued efforts to reduce cost and increase efficiencies by expanding management and administrative hubs during FY2013. These hubs in essence make it possible to have one position cover multiple locations and decreases duplicative efforts in management and administration.

### **Financial Summary FY2007 to FY2017**

Camping fees accounted for 49 percent of revenues, park permits were 33 percent, and park facility rentals and concessions were 13 percent. Revenues increased by 15 percent in FY2013. Due to new legislation the State Park reservation system fee is now earning interest and the money is annually appropriated to Parks & Trails to cover the cost of maintaining the system.

The State Parks Account is 11 percent of Parks and Trails total budget. Parks & Trails uses the funds to operate and maintain the state’s parks system, as directed by the legislature.

Revenues and expenditures in the State Parks Account continue to grow at a steady pace since FY2002 except for the slight drop in revenues in FY12 due to the state shutdown. The fund is structurally balanced going forward and the fund balance is expected to grow to over \$1 million by the end of FY2016.



### Additional Resources

[Minnesota State Parks](#)

[Minnesota State Parks Strategic Plan 2006-2011](#)

[Executive summary](#)

[A Strategic Conservation Agenda](#)

[State Comprehensive Outdoor Recreation Plan \(SCORP\)](#)

[State Parks Recreation Grid](#)

[State Parks Permits](#)

[Reservations](#)

[State Park Studies](#)

[Outdoor Recreation Act](#)

### Contacts

[Parks and Trails](#)

[DNR Home Page](#)

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# Water Recreation Account

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*Natural Resources Fund  
Fiscal Year 2013 Annual Report*



## **Creation and Purpose of the Account**

The Water Recreation Account was created in 1985. The account was established to fund water recreation programs such as public water access, boating facilities, small craft harbors, and water safety (M.S. 86B.706).

## **Sources and Uses of the Funds**

Money deposited in the Water Recreation Account comes from these sources:

- Fees from registration and titling of watercraft
- Unrefunded gasoline tax attributable to watercraft use
- Mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities
- Fees for permits issued to control or harvest aquatic plants other than wild rice
- Fines and other payments collected from persons convicted of violations of the law under Minnesota Statutes Chapter 86B (Water Safety, Watercraft, and Watercraft Titling)

Money in the Water Recreation Account can be used for these purposes:

- Acquisition, development, maintenance, and rehabilitation of public water access and boating facilities on public waters; lake and river improvements; and boat and water safety
- Maintenance, operation, replacement, and expansion of state-operated or state-assisted small craft harbors and mooring facilities, and the debt service on state bonds sold to finance these facilities
- Administration and enforcement of Chapter 86B as it pertains to watercraft titling and licensing and the use and safe operation of watercraft
- Grants for county-sponsored and administered boat and water safety programs
- State boat and water safety efforts
- Management of aquatic invasive species
- Management of aquatic plants through permitting to gather or harvest (other than wild rice from public waters), to transplant, or to destroy harmful or undesirable vegetation

Within these statutory requirements, the Legislature directs, through funding bills, that specific amounts of money from the Water Recreation Account will be used for particular projects or purposes.

## FY2013 Accomplishments

### Division of Parks & Trails



The Division of Parks and Trails spent \$10,937,773 to provide the public with a system of public accesses to lakes and rivers. Public water access sites are the gateway for water recreation activities, especially boating and angling. Minnesota is second in the nation for the number of registered boats and first in the nation for the number of registered boats per capita. Minnesota also has the first and largest water trails system in nation.

The funding directly supports:

- 1,496 public water access sites including 70 accesses in 43 state parks
- 4,500+ miles of State Water Trails for canoeing and kayaking on 32 designated rivers and Lake Superior
- 10 small craft harbors/protected accesses on Lake Superior, including 2 DNR-owned marinas.

Distributed around the state, the funds pay for all costs associated with facility maintenance and program operation including personnel, equipment, supplies, and services.

The water recreation funds are often leveraged by using them to match additional state and federal boating access funds which help to accelerate efforts to improve the quantity and quality of public water access. Lakeshore parcels were acquired on Crane Lake (St. Louis), East Lost Lake (Otter Tail) and Zumbro River, lakes for new or expanded access sites. Access sites on Lake of the Woods, Zippel Bay State Park (Lake of the Woods), Otter Tail River, Vets Park (Otter Tail), Mississippi River – Hastings (Dakota), St. Croix River, William O'Brien State Park (Washington) and Interstate Park (Chisago) were developed, expanded, or rehabilitated. The Tamarac River/Upper Red Lake (Beltrami) was dredged.

Access site development incorporates best management practices for a variety of concerns including accessibility, stormwater, and the prevention of the spread of Aquatic Invasive Species. [Minnesota Department of Natural Resources-Parks and Trails Division Website](#)

### Division of Enforcement



The Enforcement Division conducts boating safety patrols on Minnesota's lakes and waterways. In 2013, 34,000 hours were dedicated for activities including enforcement of boating safety and related activities including enforcing personal watercraft laws, preventing introduction of invasive species in state waters and public access enforcement. Water Recreation funds cover personnel and logistical costs related to water recreation activities. In addition the Division administered grants to 73 county Sheriff's Departments through the boat and water safety program funded through the Water Recreation Account. The counties are mandated to enforce boating safety statutes and rules, place and maintain waterway markers, investigate boating accidents and drownings, issue event and temporary structure permits, inspect rental craft and perform search, rescue and recovery operations.

[Minnesota Department of Natural Resources-Division of Enforcement Website](#)

## Division of Fish & Wildlife – Electronic Licensing Center (ELS)



The License Center issues all watercraft registrations and titles through a Web based ELS available from 175 registration agents (deputy registrars). The St. Paul headquarters has a walk-up license service counter and mail-in services for registration and title transactions. Watercraft renewals can be also processed online. In 2013, 809,138 boats were registered statewide.

[Minnesota Department of Natural Resources-Division of Fish and Wildlife Website](#)

## Division of Ecological and Water Resources



In FY2013, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance and oversight, provided leadership in the development of plans and rules, evaluated projects, issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources. Monitored resources: monitored drought/flood conditions, maintained lake-levels control structures, collected lake level and stream flow data (available at [Division of Ecological and Water Resources](#) that are useful for recreational boating, and surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts. Populations of aquatic invasive species were also monitored to guide management decisions. Provided technical assistance and oversight: provided assistance, training, and oversight to local governments in administering zoning ordinances and reviewing development requests to protect shorelands and state-protected river-ways, and compiled and submitted advisory reports on proposed Lake Improvement Districts (LID's). Developed plans and rules: continued efforts to update and streamline shoreland and river-related land-use regulations and how they are administered, worked collaboratively with local, state, and federal partners to identify high priority areas within watersheds for conservation actions, and coordinated the development of dam operating plans. Evaluated projects: reviewed over 600 documents to assess project/proposal impacts on water resources. Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, oversaw the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries. Funds in the Invasive Species Account are appropriated to the DNR and used by the Division of Ecological and Water Resources to manage aquatic invasive species. More details can be found in the Invasive Species Account chapter of this report.

## Division of Lands and Minerals



Funds from the account were used on two projects in FY13. The access site on the Rainy River referred to as "Wheeler's Point" was surveyed in preparation for new development work. A potential trespass was identified which was another reason for the survey. And survey work was done on the Lake Superior "Agate Bay" site. This involved doing a survey on an archeological site so more detailed excavations could be carried out. [Minnesota Department of Natural Resources-Division of Lands and Minerals Website](#)

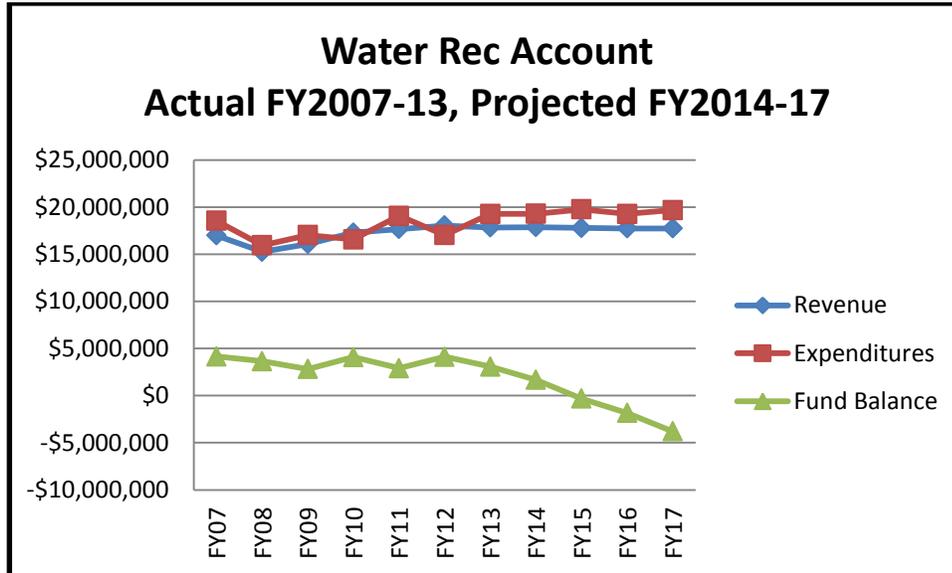
## FINANCIAL SUMMARY

| Receipts, Expenditures, and Fund Balances  |                |
|--|----------------|
| <b>FY2013 Beginning fund balance</b>   | \$4,126,179    |
| Prior year adjustments   | 393,118        |
| <b>Receipts</b>  |                |
| Watercraft registration  | \$6,003,672    |
| License issuing fee  | 541,514        |
| Watercraft titling   | 400,869        |
| Aquatic plant management   | 211,743        |
| Watercraft fines   | 45,114         |
| Harbor and marina fees   | 51,708         |
| Interest Earnings  | 830            |
| Other receipts   | 5,113          |
| <b>Transfers in</b>  |                |
| Unrefunded gas tax revenue   | \$10,475,903   |
| Police State Aid   | <u>106,020</u> |
| Total receipts and transfers in  | \$17,842,486   |
| <b>Expenditures</b>  |                |
| Parks and Trails   | \$10,937,773   |
| Enforcement  | 3,104,263      |
| Boat and water safety grants   | 1,081,690      |
| Fish & Wildlife (ELS)  | 1,963,760      |
| Ecological& Water Resources  | 1,149,188      |
| Lands & Minerals   | 111,292        |
| Operations Support & Regional  | 3,800          |
| Conservations Corps Minnesota  | 175,000        |
| Transfer to Fund 1000 SEGIP  | 5,536          |
| Transfer Out Invasive Species  | <u>750,000</u> |
| Total expenditures   | \$19,282,302   |
| <b>FY2013 Ending fund balance</b>  | \$3,079,481    |
| Net change for FY2013  | \$(1,046,698)  |
| <b>Notes</b>   |                |
| 1 Other receipts: License Center Credit Card Service Charge, Restitution, Refunds of prior year expd., Agency Direct Cost Reimb., Credit Agreement Rebate and cash overage/shortage. |                |

## FINANCIAL SUMMARY

Fees for watercraft registration, license issuance and watercraft titling made up 39 percent of the revenue for this account. Unrefunded gasoline taxes on watercraft (transfers into the account) made up 59 percent of the revenue. Revenues and expenditures have been fairly steady. The transfer-out to the Invasive Species account that was done incorrectly for FY11 and FY12 was corrected in FY13.

The fund balance is projected to decline due to expenditures exceeding revenues through FY2017.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2015. The department will manage levels of spending to ensure the account does not go negative as shown above.

## Additional Resources

[Strategic Conservation Agenda 2009-2013](#)

[Welcome to the Grants Outcomes website](#)

[State Comprehensive Outdoor Recreation Plan](#)

[Minnesota State Parks Strategic Plan 2006-2011](#)

[Long range conservation plans and strategies – all DNR](#)

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# Water Management Account

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## Creation and Purpose of the Account

The water management account was created in 2011 in the natural resources fund to fund the administration of the DNR's water permitting programs, which were previously paid from the General Fund. The Water Management Account was established in statutes in 2012 under M.S. 103G.27.

## Sources and Uses of the Funds

Money deposited in the Water Management Account comes from these sources:

- Water Use fees (about 83% of revenue comes from this source)
- Fees from Field Inspections
- Application fees for water use and public waters work permits
- Other receipts according to section 103G.271 and 103G.301
- Interest earned on money in the account accrues to the account

Money in the Water Management Account can be used for these purposes:

- Staff time to process permit applications for water use and for work in public waters
- Staff time to process water use reports and verify fees
- Field inspections of proposed public water alteration proposals
- Dam safety inspections
- Dam safety permit processing costs
- Public water inventory mapping
- Calcareous fen protection
- Surveys of lake outlets
- Stream gaging work (when related to permit requirements)
- Lake gaging work (when related to permit requirements)
- Groundwater gaging work (when related to permit requirements)
- Great Lakes Compact-related work
- Drought
- Water conservation

In accordance with M.S. 103G.27, money from this account may only be spent on costs associated with administering Chapter 103G. Currently, Water Management Account funds are used only by staff in the DNR's Division of Ecological and Water Resources.

| Financial Review   |                         |
|--|-------------------------|
| <b>FY2013 Beginning fund balance (New Account)</b>         | \$691,366               |
| Prior year adjustments                                     | 2,156                   |
| <b>Receipts</b>  |                         |
| Water Fees   | \$5,467,137             |
| Other receipts   | <u>1,872</u>            |
| Total receipts and transfers in                            | \$5,49,010              |
| <b>Expenditures</b>  |                         |
| Ecological& Water Resources                                | \$5,582,092             |
| Statewide Indirect Costs                                   | 7,135                   |
| Transfer Out to fund 1000 SEGIP                            | <u>1,837</u>            |
| Total expenditures and Transfers                           | \$5,591,064             |
| <b>FY2013 Ending fund balance</b>                          | <b><u>\$571,468</u></b> |
| Net change for FY2013                                      | (\$119,898)             |
| <b>Notes</b>   |                         |
| 1 Other receipts: Credit Agreement Rebate and restitution. |                         |

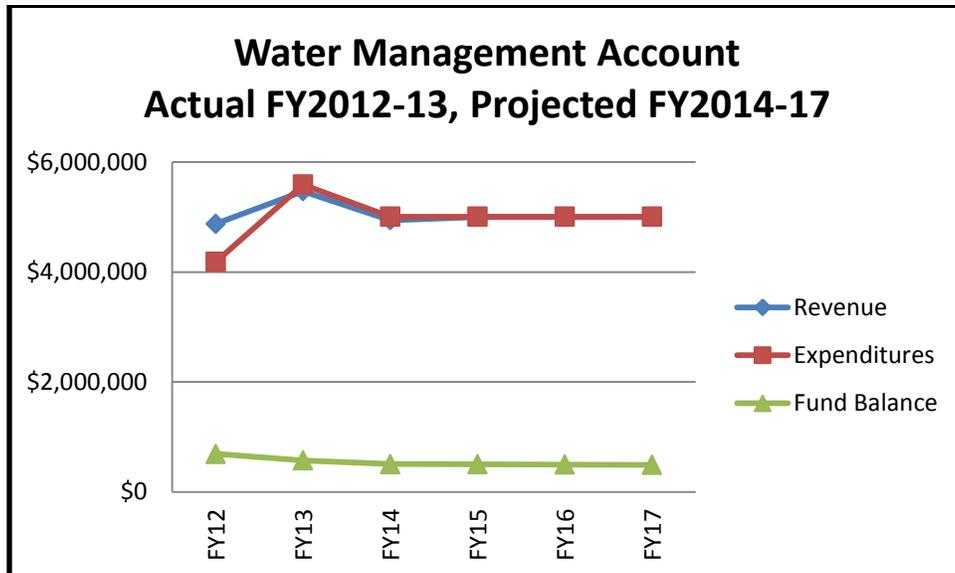
## FY2013 Accomplishments

In FY2013, the Division of Ecological and Water Resources conducted monitoring activities, provided technical assistance, provided leadership in the development of plans and rules, evaluated projects, issued permits/oversaw permit implementation that enhanced the wide use of Minnesota's water resources.

- Monitored resources: monitored drought/flood conditions, maintained lake level control structures, collected lake level and stream flow data (available at [www.mndnr.gov/waters](http://www.mndnr.gov/waters)) that are useful for recreational boating, and surveyed lakeshores to identify critical segments for protection through rezoning or voluntary conservation easement efforts.
- Provided technical assistance: provided assistance and training to local governments on how zoning ordinances should be administered to protect shoreland.
- Developed plans and rules: continued efforts to update shoreland standards, and coordinated the development of dam operating plans.
- Evaluated projects: reviewed documents to assess project/proposal impacts on water resources. Completed environmental assessment worksheets for two proposed water recreation projects, and completed EAW need determinations for eight proposed recreation projects.
- Issued permits/oversaw permit implementation: issued permits for water accesses and dredging projects that provided recreational boating opportunities, oversaw the implementation of local regulation intended to improve and protect the scenic, recreational and ecological values of wild and scenic rivers, and coordinated the delivery of the DNR's aquatic plant management and aeration permit programs that are administered by the Section of Fisheries.

## Financial Summary FY2012 to FY2017

Revenues increased slightly in FY13 and are projected to remain steady through FY2017. Expenditures are forecasted to slightly exceed revenues causing the fund balance to decline.



Expenditure projections are based on spending authorized in law for the current biennium and carried out through 2017.

## Additional Resources

[Water Use Permitting and Water Use Reporting requirements](#)

[Public Water Work Permit Requirements](#)

[Water Resource Data](#)

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