

REAUTHORIZING THE LOTTERY DEDICATION TO THE ENVIRONMENT AND NATURAL RESOURCES TRUST FUND

SIGN-ON LETTER AND INFORMATIONAL RESOURCES

Contents:

- 2 Sign-On Letter to Legislators
- 3 Reauthorization Principles
- 4 ENRTF and LCCMR Frequently Asked Questions
- 6 The Benefits of the ENRTF
- 8 A Brief History of the ENRTF
- 10 Additional External Resources and Contact Info.

Sign on to support the reauthorization of the lottery dedication to the ENRTF at:
<https://bit.ly/ENRTFreauthorization>

Updated: December 15, 2022



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Support the Constitutional Amendment Reauthorizing the Dedication of State Lottery Proceeds to the Environment and Natural Resources Trust Fund

Members of the Minnesota State Legislature,

We, the undersigned organizations, ask that Minnesotans be given the opportunity to extend and enhance the dedication of state lottery proceeds to the Environment and Natural Resources Trust Fund through a constitutional amendment, allowing voters to pass on a tradition of conservation to the next generation.

In 1988, Minnesota voters overwhelmingly passed constitutional amendments to establish a state lottery and to create the Environment and Natural Resources Trust Fund (ENRTF), a permanent trust with principal funding provided by a portion of net lottery proceeds. Proving popular with Minnesotans, the ENRTF has been reapproved by two additional constitutional amendments. In 1990, 75.31% of voters upgraded the use of lottery proceeds from a statutory dedication to a constitutional dedication expiring in 2001. And in 1998, 73.95% of voters extended this dedication until 2025. Today, support for the ENRTF remains strong, with 73% of survey respondents favoring the rededication of lottery proceeds to the Trust Fund.

For over three decades, the ENRTF has offered a stable, long-term funding source for unique, innovative projects conducted by local and Tribal governments, non-profit and community organizations, colleges and universities, and federal and state agencies. Using funding recommendations from the Legislative-Citizen Commission on Minnesota Resources (LCCMR), the Legislature has appropriated over \$900 million from the Trust Fund for the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. This crucial investment has protected ecosystems, aided local communities, promoted outdoor recreation, improved health outcomes, pursued environmental equity, bolstered agricultural resiliency, and supported strong businesses and good-paying jobs across the state.

We believe that Minnesotans deserve the opportunity to vote to renew the constitutional dedication of lottery proceeds to the ENRTF while dedicating additional lottery proceeds to the environment and reducing barriers for local organizations and communities to receive funding. The ENRTF will play a critical role in addressing emerging challenges to our natural resources. It's vital that we protect this funding for the years to come.

We have a rare chance to continue a tradition of stewardship in Minnesota and to improve and extend the effective use of our state lottery proceeds. We respectfully urge the Legislature to support placing the constitutional rededication of lottery proceeds on the ballot in 2024.

Sincerely,
(Undersigned Organizations)



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Principles for the Reauthorization of the ENRTF Lottery Dedication

For over thirty years, the Environment and Natural Resources Trust Fund (ENRTF) has provided stable, long-term funding for innovative conservation and natural resource projects across Minnesota. However, the ENRTF's funding source, the constitutional dedication of net proceeds from the state lottery, is set to expire in 2025.

It's time to reauthorize the dedication of lottery proceeds to the ENRTF, allowing Minnesotans to renew and improve our state's commitment to environmental protection. We're urging the Legislature to put this vital funding back on the ballot as a constitutional amendment in 2024, and we're encouraging legislators to incorporate the following principles in this effort:

Reauthorize the use of net lottery proceeds for the ENRTF

The ENRTF was created through a constitutional amendment in 1988. In 1990, a second amendment constitutionally dedicated the fund's lottery proceeds until 2001. And in 1998, a third amendment extended this dedication until 2025, prolonging the ENRTF's funding source for a generation.

With the dedication set to expire, the Legislature should give Minnesotans the chance to pass the torch to the next generations, reauthorizing the use of lottery proceeds into the future.

Restore the original 50 percent allocation of net lottery proceeds to the ENRTF

When the ENRTF was founded in 1988, the Legislature statutorily dedicated 50% of net lottery proceeds to the fund. However, amid a budget shortfall in 1990, legislators raided the lottery dedication to fund a capital investment package, decreasing the ENRTF's allocation of proceeds to 40%.

Now facing a historic budget surplus, the Legislature should reverse this raid and restore the original 50% allocation of net lottery proceeds to the ENRTF.

Reallocate unclaimed lottery prizes to the ENRTF

Not only has the allocation of net lottery proceeds to the ENRTF decreased from 50% to 40%, but the total proportion of net lottery proceeds stemming from lottery revenues has decreased due to the use of an in-lieu tax paid by State Lottery, effectively decreasing the "on the dollar" funding for the ENRTF from each sale.

Although the in-lieu tax (~\$50 million) is already appropriated to other causes, lost funding can still be recouped through the reallocation of unclaimed prizes, which currently default to the General Fund. By dedicating unclaimed prizes to the ENRTF, the Legislature can help to restore about \$10 million to the Trust Fund each year.

Reform the Legislative-Citizen Commission on Minnesota Resources

In recent years, the LCCMR process has experienced gridlock preventing the commission from reaching necessary compromises and has been difficult or inaccessible for potential beneficiaries.

To ensure the effective appropriation of ENRTF dollars, the Legislature should make changes to improve equitable citizen representation, to limit institutional conflicts, and to reduce barriers for local organizations and communities to receive funding from the LCCMR.



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Frequently Asked Questions on the Environment and Natural Resources Trust Fund

* Source: <https://www.lccmr.mn.gov/about/faq-index.html> (LCCMR Website)

What is the Environment and Natural Resources Trust Fund?*

The Environment and Natural Resources Trust Fund (ENRTF) is a permanent fund in the Minnesota state treasury dedicated to funding activities that protect, conserve, preserve, and enhance the state's air, water, land, fish, wildlife, and other natural resources. The ENRTF was created in 1988 when 77% of Minnesota voters approved an amendment to the Minnesota Constitution (Art. XI, Sec.14). The ENRTF provides a long-term, consistent, and stable source of funding for Minnesota's environment and natural resources for the benefit of current and future generations.

Money in the ENRTF originates from a combination of contributions and investment income. Forty percent of the net proceeds from the Minnesota State Lottery, or approximately 6.2 cents of every dollar spent on playing the lottery, goes into the ENRTF, which is then managed and invested for continued growth by the State Board of Investment. Up to 5.5% of the market value of the ENRTF is available to spend on projects each year. The LCCMR makes annual project funding recommendations to the Minnesota Legislature based on a competitive, multi-step proposal and selection process.

How has ENRTF money been spent?*

Between 1991 and 2022, the ENRTF has provided over \$900 million to over 1,850 projects around the state. Funded projects fall into the following broad subject areas:

- Agriculture/Forestry/Mining
- Biological Diversity
- Education/Outreach
- Historic Preservation
- Invasive Species
- Natural Areas and Habitat
- Natural Resource Info./Planning
- Recreation
- Renewable Energy
- Water Resources

What is the Legislative-Citizen Commission on Minnesota Resources?*

The Legislative-Citizen Commission on Minnesota Resources (LCCMR) is a commission of legislators and citizens whose primary function is to make funding recommendations to the Minnesota Legislature for special environmental and natural resources protection and enhancement projects, primarily from the Environment and Natural Resources Trust Fund (ENRTF). Additionally, the LCCMR tracks all projects funded through its proposal process to ensure outcome achievement.

The LCCMR is composed of 17 members: five senators, five representatives, five citizens appointed by the governor, one citizen appointed by the Senate, and one citizen appointed by the House. Legislative members are appointed by legislative leadership and must include representation from both majority and minority parties. The citizen members appointed to the LCCMR must have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's environment and natural resources.

LCCMR developed from a program initiated in 1963 to preserve, develop, and maintain the natural resources of Minnesota. The name and funding sources have changed over the years, with the most recent change in 2006, when the commission was restructured into its current form, the Legislative-Citizen Commission on Minnesota Resources, with the addition of non-legislative citizen members in order to include citizen input more directly in the decision-making process.

How does the ENRTF differ from Legacy Funds?*

ENRTF appropriations are only a small part of total state spending relating to the environment and natural resources. The general fund, bonding, and user fees have accounted for the bulk of spending in these areas. The voter-adopted outdoor heritage, clean water, parks and trails, and arts and cultural heritage amendment (Legacy Amendment) to the Minnesota Constitution (MN Constitution Art. XI, Sec. 15), passed in November 2008, dedicates portions of three-eighths of one percent of state sales tax to specific types of environment and natural resources projects through June 30, 2034 and provides a boost to state spending in these areas.

Expenditures of money from each of the different funds follow different guidelines. The Outdoor Heritage Fund, Clean Water Fund, and Parks and Trails are limited to very targeted types of environment and natural resources projects. The ENRTF has a broader mandate with greater flexibility in the types of environment and natural resources projects it can fund. The specific language defining the use of the ENRTF and each of the three new funds is as follows:

- Environment and Natural Resources Trust Fund: "for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources" (Art. XI, Sec.14).
- Outdoor Heritage Fund: "may be spent only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife" (Art. XI, Sec.15).
- Clean Water Fund: "may be spent only to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation, and at least five percent of the clean water fund must be spent to protect public drinking water sources" (Art. XI, Sec.15).
- Parks and Trails Fund: "may be spent only to support parks and trails of regional or statewide significance" (Art. XI, Sec.15).

Why does the lottery dedication need to be reauthorized? And why does it require a constitutional amendment?

The ENRTF is a vital source of long-term, flexible environmental funding for innovative natural resource projects. This funding is made possible through the money the fund receives from net lottery proceeds. Following the creation of the ENRTF in 1988, the dedication of state lottery proceeds to the ENRTF received constitutional protection in 1990 via an amendment, and another amendment in 1998 extended this protection until 2025.

The constitutional dedication of net lottery proceeds to the ENRTF protects this funding from being cut or otherwise reallocated without voter approval. When the ENRTF was founded in 1988, its lottery dedication was only statutory, and the Legislature immediately cut the allocation of proceeds in the next session. To ensure that net lottery proceeds will continue to fund environmental protection for the next generations, we must extend the constitutional protection for the ENRTF's lottery dedication. Doing so requires a constitutional amendment approved by Minnesota voters during the 2024 General Election.

In addition, reauthorization legislation allows the Legislature to make necessary changes to improve the effectiveness of the ENRTF, such as restoring the original allocation of net lottery proceeds to the Fund, transferring unclaimed prizes to the Fund, and reforming the LCCMR to improve equity and efficiency.



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Benefits of the Environment and Natural Resources Trust Fund

Since its first appropriations in 1991, the Environment and Natural Resources Trust Fund (ENRTF) has provided over \$900 million in stable, long-term funding for innovative projects in natural resource management. Today, the ENRTF offers over \$70 million annually to help protect our Great Outdoors and to ensure that every Minnesotan can enjoy and benefit from a healthy, thriving environment.

The impacts of the ENRTF are far-reaching, helping aid local communities, protect ecosystems, promote outdoor recreation, improve health outcomes, emphasize environmental equity, bolster agricultural resiliency, and support successful businesses and good-paying jobs. *These impacts include:*

Conservation of Ecosystems and Biodiversity

- Over \$460 million for projects with natural area and habitat benefits and over \$440 million for projects with biological diversity benefits.
- Over \$70 million for projects with invasive species mitigation benefits, including research and management programs addressing emerald ash borers, aquatic invasives, plant and animal diseases, and more.
- Public, private, and nonprofit habitat conservation, preserving, restoring, and enhancing Minnesota's wetlands, lakes, prairies, forests, rivers, and beyond.
- Restorative species reintroduction projects, returning native elk, bison, mussels, wild rice, and more.
- Comprehensive monitoring and assessment programs to research, survey, and address ecosystem health.

Efforts Toward Clean Air, Safe Water, and Healthy Communities

- Over \$300 million for projects with water resources benefits, investing in watershed conservation, wetland restoration, water quality monitoring, local water management, pollution treatment/prevention research, etc.
- Projects for improved air quality, focusing on urban air pollution, indoor air and asthma management, air quality in schools, biofuel research, emissions and waste reduction, and sustainable deconstruction.
- Efforts to address harmful pollution, including PFAS, leaded gasoline, lead, plastic, mercury, and more.
- Analysis of children's environmental health, environmental health risks, and antibiotic resistance.

Emphasis on Environmental Equity

- Programs to improve diversity in environmental careers and in the natural resources community.
- Education and recreation opportunities for low-income and underserved youth, including outdoor adventures, hands-on learning, school forests and outdoor classrooms, and after-school programs.
- Improved outdoor access for Minnesotans with disabilities, including accessible fishing piers, retrofitted state and regional parks, recreational opportunities, and programs for disabled veterans.
- Support for Tribal priorities, including Indigenous conservation and education projects, cultural site restoration, wild rice protection, elk reintroduction, and Tribal land re-acquisition.
- Studies on pollution and climate impact disparities, including monitoring emerging viruses in urban water cycles, quantifying new water realities, and assessing urban air pollution.

Support for Local Communities

- Over \$135 million in direct funding for local government entities, including municipalities, counties, soil and water conservation districts, watershed districts, joint powers boards, school boards, and public utilities.
- Widespread funding for local communities through state agency-led grant and technical assistance programs, providing support for parks and trails acquisition, water recreation, community-based planning, renewable energy projects, invasive species response, water system management, conservation efforts, etc.

Programming for Environmental Education and Awareness

- Over \$200 million for projects with educational outreach benefits.
- Funding for environmental information and awareness through museums, zoos, environmental learning centers, public exhibits, radio/television programming, etc.
- Teacher training programs for environmental education curriculum and innovative learning opportunities
- Hands-on educational experiences for youth and adults, including research participation projects, conservation apprenticeships, cultural learning programs, immigrant naturalist courses, recreation opportunities, and more.

Solutions for Sustainable Agriculture, Forestry, and Mining

- Over \$120 million for projects with agriculture, forestry, and mining benefits.
- Agricultural programs to promote pest control, organic farming training, agricultural diversification, cover cropping, soil health, private land conservation, biomass conversion, water retention, etc.
- Forestry programs to promote woodland certification, sustainable management, pest and disease prevention, soil impact minimization, habitat preservation, bioeconomy research, water protection, etc.
- Mining programs to promote sulfate release management, habitat potential of mine lakes, forest restoration on unproductive minelands, metal removal from mine waters, water quality impacts, etc.

Funding for Parks, Trails, and Recreation

- Over \$350 million for projects with recreational benefits.
- Funding for local and state-led parks acquisition and trail development.
- Support for expanded recreational opportunities through fishing infrastructure, habitat preservation, disability access, sportsmen's training and infrastructure, youth outreach, and ecotourism.

Innovation for Renewable Energy Solutions

- Over \$35 million for projects with renewable energy benefits.
- Research on cutting-edge technology for energy storage, grid systems, biomass gasification, thermoelectric generators, wind-produced renewable ammonia, geothermal heat pumps, alternative fuels, and more.
- Renewable energy development and energy efficiency projects at farms, environmental learning centers, water infrastructure, ice rinks, waste management facilities, Tribal communities, public schools, etc.

Investment in Natural Resource Research, Information, and Planning

- Over \$370 million for projects with natural resource information and planning benefits.
- Over \$200 million in direct funding for higher education institutions to conduct research and programming.
- Research and information integration across the environmental spectrum, including on pollution, air and water quality, ecosystem health, wildlife populations, energy solutions, soil health, agricultural outcomes, etc.
- Technical assistance and planning for land use, conservation, resiliency, and natural resource usage.



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History of the Environment and Natural Resources Trust Fund

1988 Amendment: Establishing the Environment and Natural Resources Trust Fund

- 1986 Falling proportions of state expenditures for environmental funding and inconsistent funding for the Reinvest in Minnesota (RIM) conservation program lead to calls for new conservation funding sources.
- 1987 Rep. Willard Munger introduces legislation for a constitutional amendment establishing the Environment and Natural Resources Trust Fund (ENRTF), proposing funding from a combination of income, sales, and cigarette taxes.
- Gov. Rudy Perpich offers support for ENRTF legislation but proposes funding from a potential state lottery for both the Trust Fund and the Greater Minnesota Corporation, which faced cuts.
- 1988 Rep. Munger and Senate Majority Leader Roger Moe advance ENRTF legislation, attempting to utilize tax revenues to establish the Fund. Munger's bill includes a constitutional dedication of lottery proceeds to the Trust Fund; Moe's bill only includes a statutory dedication of proceeds.
- By mid-session, the ENRTF legislation is stripped to the use of only cigarette taxes, jeopardizing the eventual effectiveness of the Fund.
- A budget dispute between legislators and Gov. Perpich on the Greater Minnesota Corporation leads to compromise legislation, combining the ENRTF amendment and a state lottery amendment into one bill and proposing to allocate proceeds to the ENRTF and the GMC. The ENRTF would receive a *statutory* dedication of 50% of net lottery proceeds, the GMC would receive the other 50%.
- Combined ENRTF and lottery legislation passes the Legislature, with a 37-28 vote in the Senate and a 77-55 vote in the House, cutting across party lines. The bill places two separate amendments on the ballot.
- A campaign to support the ENRTF amendment is led by the Citizens to Preserve Minnesota's Natural Heritage, a broad coalition composed of conservation, sportsmen's, business, tourism, and labor groups. The coalition is chaired by former Governors Elmer Anderson (R) and Wendell Anderson (DFL).
- In the 1988 General Election, the ENRTF amendment passes 77.41% to 17.68%, establishing the Environment and Natural Resources Trust Fund. The lottery amendment also passes, securing funding.

1990 Amendment: Constitutionally Dedicating Lottery Proceeds to the Trust Fund

- 1988 After Rep. Munger's constitutional dedication of lottery proceeds to the ENRTF fails in favor of a statutory dedication, Munger predicts that the Legislature will raid lottery proceeds and vows to return with another amendment for a constitutional dedication.
- 1989 Approaching the 1990 session, the Legislature faces a \$161 million budget shortfall. Legislators call for a reallocation of lottery proceeds, primarily targeting a reduction to the GMC's share of funding.
- 1990 Rep. Munger champions legislation to establish a constitutional dedication of 50% of lottery proceeds to the ENRTF and to allocate 4 cents of the state cigarette tax to the ENRTF.

Mid-session, the Senate DFL Caucus proposes using lottery proceeds to supplement a \$387 million capital investment bill. The proposed change decreased the ENRTF's share of net proceeds from 50% to 40%, decreased the GMC's share from 50% to 25%, and allocated 35% to capital projects.

As a compromise, the Senate's capital investment bill, with lottery allocation changes, adds an amendment question to constitutionally dedicate the ENRTF's lottery proceeds until 2001, protecting the ENRTF from future statutory raids.

With the ENRTF constitutional dedication included, the capital investment bill passes the Legislature, with a 55-6 vote in the Senate and a 113-18 vote in the House.

The campaign to support the ENRTF is once again led by the Citizens to Preserve Minnesota's Natural Heritage. Both candidates for governor, Rudy Perpich (DFL) and Arne Carlson (R), support the effort.

In the 1990 General Election, the amendment to constitutionally dedicate 40% of lottery proceeds to the ENRTF until 2001 passes 75.31% to 17.89%, protecting the ENRTF's funding source for a decade.

1998 Amendment: Extending the Constitutional Dedication of Proceeds to the ENRTF

1997 Over 100 organizations form the Environmental Trust Fund Coalition, originally aiming to establish a permanent constitutional dedication of lottery proceeds to the ENRTF.

Rep. Munger and Sen. Steve Morse introduce bills to create a constitutional amendment extending the dedication until 2050.

In committee, the House bill is quickly reduced from a 2050 expiration to a 2020 expiration. A hunting and fishing rights amendment is briefly attached to the ENRTF bill but is later removed. Rep. Munger promises hunting and fishing amendment advocates that he will hear their amendment in 1998.

The House ENRTF bill passes 131-0. However, the Senate version does not advance in 1997 due in part to a dispute over the advancement of the hunting and fishing rights amendment.

1998 Amid a continued dispute, the Senate Rules Committee pulls and re-refers the ENRTF bill from the Environment and Natural Resources Committee to keep it on track. The hunting and fishing rights amendment eventually passes separately.

In a compromise, the ENRTF bill is reduced on the Senate floor from a 2050 expiration to a 2025 expiration. The final bill passes the Senate by a vote of 62-3 before being re-passed by the House by a vote of 132-0.

By the election, the Environmental Trust Fund Coalition grows to over 200 organizations supporting the amendment. The amendment also received vocal support from all three candidates for governor, Jesse Ventura (Reform), Norm Coleman (R), and Skip Humphrey (DFL).

In the 1998 General Election, the amendment to extend the constitutional dedication of lottery proceeds to the ENRTF until 2050 passes 73.95% to 21.88%, prolonging funding for an additional 24 years.



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Additional Resources

LCCMR's Frequently Asked Questions on the Environment and Natural Resources Trust Fund
<https://www.lccmr.mn.gov/about/faq-index.html>

List of all projects funded by the Environment and Natural Resources Trust Fund
https://www.lccmr.mn.gov/projects/all_projects8.php

Statutes governing the Environment and Natural Resources Trust Fund
<https://www.revisor.mn.gov/statutes/cite/116P>

LCCMR's Six-Year Strategic Plan for the Environment and Natural Resources Trust Fund
https://www.lccmr.mn.gov/documents/strategic_plan/lccmr_strategic_plan.pdf

LCCMR meetings page
<https://www.lccmr.mn.gov/calendar/calendar-index.html>

Environment and Natural Resources Trust Fund information from Minnesota's Legacy website
<https://www.legacy.mn.gov/environment-natural-resources-trust-fund>

Environment and Natural Resources Trust Fund Facebook page
<https://www.facebook.com/mnenrtf/>

Environment and Natural Resources Trust Fund Twitter page
<https://twitter.com/mnenrtf>

Environment and Natural Resources Trust Fund Youtube page
<https://www.youtube.com/@mnenvironmentandnaturalres5988>

Contact Information

If you have any questions/comments about the informational resources included in this document, or if you have any questions/comments about the reauthorization process, please contact David Pelikan at david@conservationminnesota.org or (262) 685-7265.