

RE: Use of Environment and Natural Resources Trust Fund Dollars

Dear Legislators,

May 14, 2018

On behalf of the undersigned organizations, we write to express our strong concern about a proposal which uses the Environment and Natural Resources Trust Fund (ENRTF) to fund the debt service for \$104 million of appropriation bonds. Since 1963, approximately \$900 million has been appropriated from the Fund to more than 2,000 projects that protect and enhance Minnesota's environment and natural resources. Throughout its history, we have advocated to ensure that ENRTF funds are spent in ways that are both constitutionally and statutorily appropriate. Therefore, we cannot support the A23 amendment to HF 4044, or any similar proposal.

In this proposal, the ENRTF is used to pay the debt service on bonds. Bonding costs for conservation projects has traditionally been provided through the general fund, and there is no precedent for using the ENRTF for this purpose. In fact, the proposed A23 amendment includes new language to Minn. Stat. 116P.08 changing the allowable use of funds:

“Sect. 2 Subdivision 1 (a) (9): to pay principal and interest on special appropriation trust fund bonds issued pursuant to section 16A.969 and other law.”

The addition of this language puts this proposal in conflict with Minn. Stat. 116P.03 (a) which provides clear direction for the ENRTF and states:

“The trust fund may not be used as a substitute for traditional sources of funding environmental and natural resources activities.”

When Minnesota voters overwhelmingly approved the current dedication of the state lottery proceeds twenty years ago, it was with the clear understanding that none of these funds would be used for wastewater treatment facilities. This is codified in Minn. Stat. 116P.08 Subd. 2:

“Money from the trust fund may not be spent for: ...2) purposes of municipal water pollution control under the authority of chapters 115 and 116.”

Some of the proceeds from the proposed bond authorization would be targeted to these very purposes that are expressly excluded from eligibility. Minnesota voters chose to dedicate these funds for very specific purposes of protecting our Great Outdoors for future generations and we urge you to oppose any proposal that would eliminate the protections and specific purposes of the fund. This debt service proposal would result in a violation of the trust of Minnesota voters.

The proposed legislation requires an annual debt service payment from the ENRTF starting at \$3 million and increasing up to about \$8.2 million for 20 years. Diverting millions of dollars from the available ENRTF funds annually reduces the state's investment in vital community education and engagement efforts, and critical science and research programs that inform the development of new technologies and practices. Projects like these depend almost exclusively on the ENRTF for support.

The fiscal viability of this proposal raises serious concerns. The interest costs alone on \$104 million of appropriation bonds could be in excess of \$60 million in additional costs to the ENRTF over the 20-year period, yet this proposal has no fiscal note that outlines any of these costs or their impacts on the fund. This proposal would raid the fund until 2040, despite the fact that its revenue source constitutionally expires on December 31, 2024.

Despite this dramatic and permanent change to the ENRTF and despite its potentially far-reaching financial consequences, this proposal has never received a hearing in any House or Senate Committee, nor was it vetted by the Legislative-Citizens Commission on Minnesota Resources (LCCMR). Minnesotans expect and deserve an opportunity to voice their opinions about spending from constitutionally-dedicated funds.

Because the proposed House and Senate bonding bills are well under the state's official debt capacity, the Legislature has other options for securing funding for these important state investments instead of choosing gimmicks, shifts and raids that divert precious resources away from their intended purposes. We encourage you to exercise those options instead of raiding the Environment and Natural Resources Trust Fund and violating this trust with Minnesota voters.

Sincerely,

Alliance for Sustainability
CURE (Clean Up the River Environment)
The Conservation Fund
Environment Minnesota
Friends of the Mississippi River
Great River Greening
Lower Phalen Creek Project
Minnesota Center for Environmental Advocacy
Minnesota Land Trust
Minnesota Ornithologists Union
Minnesota Trout Unlimited
MN350
Parks and Trails Council of Minnesota
Save our Sky Blue Waters
St. Croix River Association
Wilderness in the City

Audubon Minnesota
Conservation Minnesota
Clean Water Action - Minnesota
Freshwater Society
Friends of MN Scientific & Natural Areas
Izaak Walton League - Minnesota Division
Minnesota Environmental Partnership
Minnesota Lakes and Rivers Advocates
Minnesota Native Plant Society
Minnesota Outdoor Heritage Alliance
Minnesota Waterfowl Association
The Nature Conservancy – Minnesota
Pollinator Friendly Alliance
Sierra Club - North Star Chapter
Trust for Public Land
Women's Congress for Future Generations