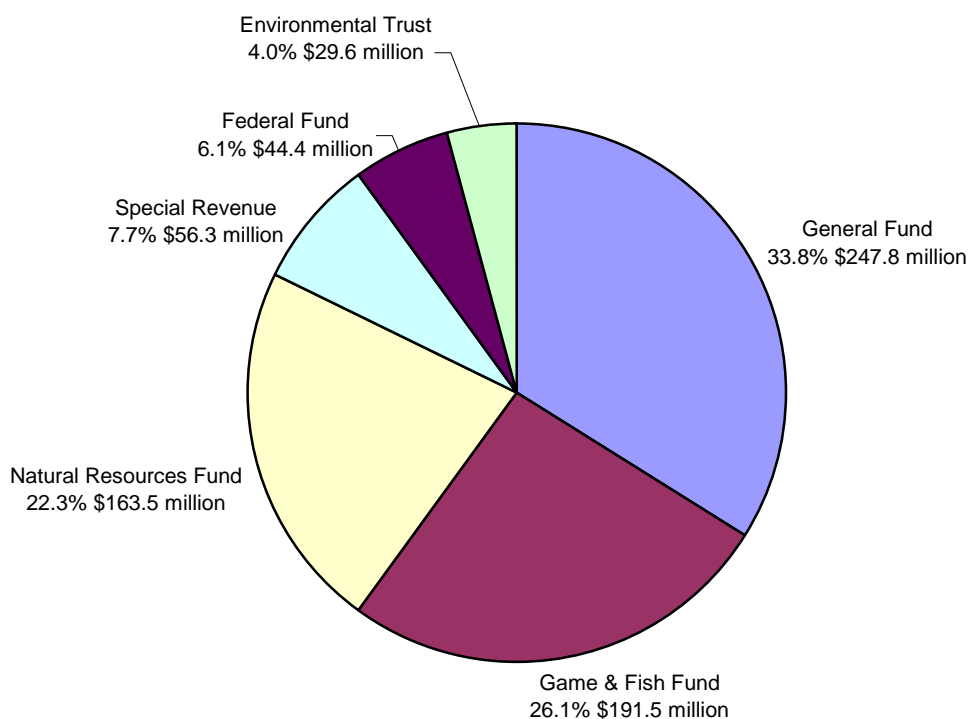


**DNR FY 2008-09 Budget****Where Funds Come From**

The Department of Natural Resources (DNR) authorized budget for fiscal years 2008-09, as amended by the 2008 Legislature, is \$733 million. The sources of funding for DNR expenditures come from six fund categories illustrated in the graph below.

**FY2008-09 Budgeted Expenditures by Fund  
\$733.1 Million**

**General Fund**

The General Fund is the state government's main operating fund. By law the fund must remain balanced over a two-year period; state government cannot spend more than it deposits to the fund.

**Revenues**

Overall state government receipts are estimated at \$33.8 billion for FY 2008-09, with 93% of receipts coming from state taxes. Income, sales, corporate, statewide property, and motor vehicle sales tax are the five biggest tax categories.

For FY 2008-09 the DNR will deposit \$14.5 million to the General Fund. Examples include receipts from a range of transactions such as assessing water use fees; the sales tax on park permits; merchandise sold at state parks, nursery seedlings, and maps and publications; selling timber for harvest on state land; collecting fire fighting fees; and leasing state lands. The receipts deposited by the DNR are intermingled with all other tax and non-tax receipts in the General Fund.

### **Expenditures**

Under current law about 86% of the money in the state General Fund will be spent in the next two fiscal years on the following: K through 12 education, health and human services, higher education, and aid to local governments. Less than 14% of the General Fund money will be spent on all other state agency operations and services. The DNR General Fund budget is less than 1% of the state wide General Fund.

Major expenditures from the General Fund are for programs directly related to the protection and managements of Minnesota's wetlands, lakes, rivers, and ground water resources. They support the development and management of state parks and recreation areas, forest management and fire management, 1854 Indian treaty payments, and payments to counties and cities to offset their expenses incurred in support of natural resources lands.

### **Game and Fish Fund**

The Game and Fish Fund is made up of the following accounts:

- Game and Fish Operations
- Game and Fish dedicated accounts (Deer and Bear Management, Deer Habitat Improvement, Waterfowl Habitat Improvement, Trout and Salmon Management, Pheasant Habitat Improvement, Wildlife Acquisition Surcharge, Wild Turkey Management)
- Heritage Enhancement (Lottery in-lieu of sales tax)
- Lifetime License Trust Fund

### **Revenues**

The DNR will deposit an estimated \$159.7 million to the Game and Fish Fund for FY 2008-09. Receipts come from hunting and fishing licenses; stamps and permits; wildlife surcharges; license application and issuing fees; timber sales on wildlife conservation lands; and interest earnings. Also included in this total are \$40.7 million from federal sport fish and wildlife restoration programs.

\$20.6 million for the two years will be deposited to the Heritage Enhancement account from in-lieu-of-sales tax on lottery tickets.

### **Expenditures**

Expenditures from the Game and Fish Operations account are to manage, monitor and protect fish and wildlife resources; enforce game and fish laws; provide access to lakes, rivers and streams; and deliver administrative support across those programs.

Authorized expenditures from the Game and Fish dedicated accounts are for programs and purposes directly related to how revenues are generated. For example, funds in the Trout and Salmon Management account are spent on species research, habitat improvement and trout and salmon stocking.

Expenditures from the Heritage Enhancement account are to improve, enhance or protect fish and wildlife resources. The budget plan for this account includes spending by Forestry, Fisheries, Wildlife, Ecological Resources, and Enforcement.

### **Natural Resources Fund**

The Natural Resources Fund is made up of 19 accounts:

- Recreational Vehicles Accounts (Watercraft, Snowmobiles, All Terrain Vehicles, and Off-road vehicles)
- Land Acquisition
- Non-game Wildlife
- Lottery in-lieu-of-sales tax supported accounts (State Parks and Trails, Metro Regional Parks, Local Trail Grants, and Zoo Grants)
- State Parks Account
- Off-Road Vehicle Damage
- State land and Water Conservation
- Cross Country Ski
- Forestry Management Investment
- Natural Resources Dedicated
- Minerals Management
- Invasive Species

### **Revenues**

The DNR will deposit about \$94.3 million to the Natural Resources Fund in FY 2008-09. Receipts are from the registration of recreational vehicles (Watercraft, Snowmobiles, All Terrain Vehicles, and Off-road vehicles), selling timber for harvest on state land, Iron ore rents and royalties, camping fees, park permits, and the sale of parks merchandise, snowmobile trail permits, the watercraft surcharge, non-game donations (chickadee check-off on the state tax form), license issuing fees, and interest income.

\$20.6 million for the two years will be deposited to four of the accounts listed above from in-lieu-of-sales tax on lottery tickets.

In addition, \$30.3 million in gas tax will be transferred to the Watercraft, Snowmobile, ATV, Off-Highway Motorcycle, and Off-Road Vehicle accounts. This is the tax on gasoline used to operate boats, snowmobiles, ATVs, and off-road vehicles.

### **Expenditures**

Authorized expenditures from the Natural Resources Fund are for programs and purposes directly related to how revenues are generated. The tax receipts from the sale of lottery tickets are spent on state parks and trails, grants to the metro regional park system, local trails, and grants to state zoos.

## **Federal Funds**

### **Revenues**

The DNR will deposit an estimated \$38.3 million for FY 2008-09. Federal receipts can be the result of research and special project agreements, grants for boat and water safety, trail development, fire prevention and protection, preservation and protection of Lake Superior coastal resources, and expense reimbursements following a FEMA-declared natural disaster.

Federal funds can vary significantly between biennia due to federal disaster aid from unforeseen catastrophic events or the discontinuation of federal programs.

The \$44.3 million does not include \$40.7 million in federal receipts associated with the federal sport fish and wildlife restoration programs, which are deposited to the Game and Fish Fund. It also does not include \$505,000 in federal receipts associated with Land and Water Conservation (LAWCON), which are deposited to the Land and Water Conservation Account

### **Expenditures**

Authorized expenditure of federal funds is for purposes that are authorized in federal and state law and meet the DNR's goals and strategies documented in the DNR Strategic Conservation Agenda and other strategic planning documents.

## **Special Revenue**

The Special Revenue Fund is made up of the following:

- Special Revenue
- Remediation
- Reinvest in Minnesota (RIM)
- Gift
- Permanent School

### **Revenues**

The DNR will deposit an estimated \$117.9 million in FY 2008-09. Receipts are generated from sources that include iron ore rents and royalties; timber sales on state-owned land; fees for firefighting; sales of nursery seedlings; cooperative agreements; merchandise and consumables

sold in state parks; food, lodging and souvenirs at the Douglas Lodge complex; and private restricted donations.

The DNR, acting in a fiduciary capacity, manages forests and mineral resources on state lands. Proceeds from the extraction and harvest of resources generate significant revenue to the funds associated with the land classification. For example the Permanent School Trust Fund, which helps fund K-12 education, benefits from timber and mineral revenues generated on school trust lands.

### **Expenditures**

Authorized spending from the Special Revenue accounts is for purposes directly related to how revenues are generated. For example, the DNR is planning to spend

- The amount received under the terms of numerous cooperative agreements for purposes outlined in these contracts.
- State Park resources managements and interpretation projects are funded from the cash surplus in the working capital account generated from the Division's merchandise program.
- The amounts from the Douglas Lodge account for operations at the Douglas Lodge complex at Itasca State Park.
- Donations received under the Reinvest in Minnesota (RIM) program to buy land for habitat and the protection of plant and animal species.
- The receipts from nursery seedlings sales to continue operating the forest nursery.

## **Environmental Trust Fund**

### **Revenue**

Lottery proceeds have been used to build the principal of the Trust Fund. The Minnesota Constitution provides up to 5.5% of the market value of the trust fund for environmental projects "for the public purpose of protection, conservation, preservation, and enhancement of the statewide air, water, land, fish, wildlife, and other natural resources."

### **Expenditures**

The DNR's spending from the Environmental Trust Fund is for a proposed set of projects recommended by the Legislative-Citizen Commission on Minnesota Resources (LCCMR). Some of these LCCMR-recommended projects have been suggested by the DNR and are closely related to agency's programs and operations. Other local units of government and non-profit organizations originally proposed other projects. In those cases the DNR will set up and oversee the contract with the outside organization, and reimburse approved project expenses as incurred under the contract terms.