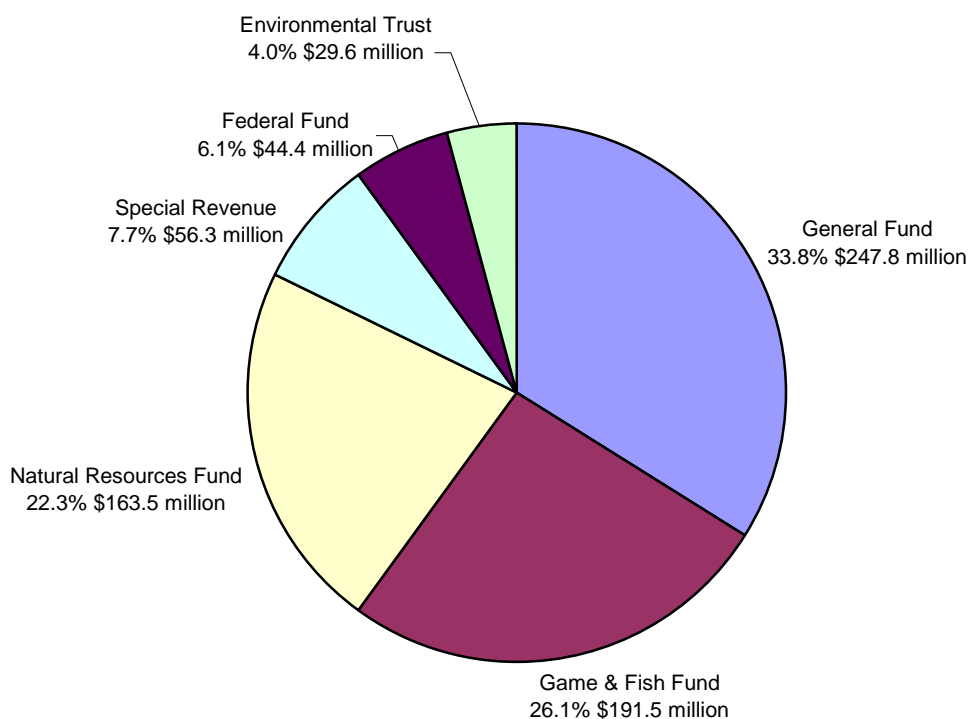


**DNR FY 2008-09 Budget****Where Funds Come From**

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."

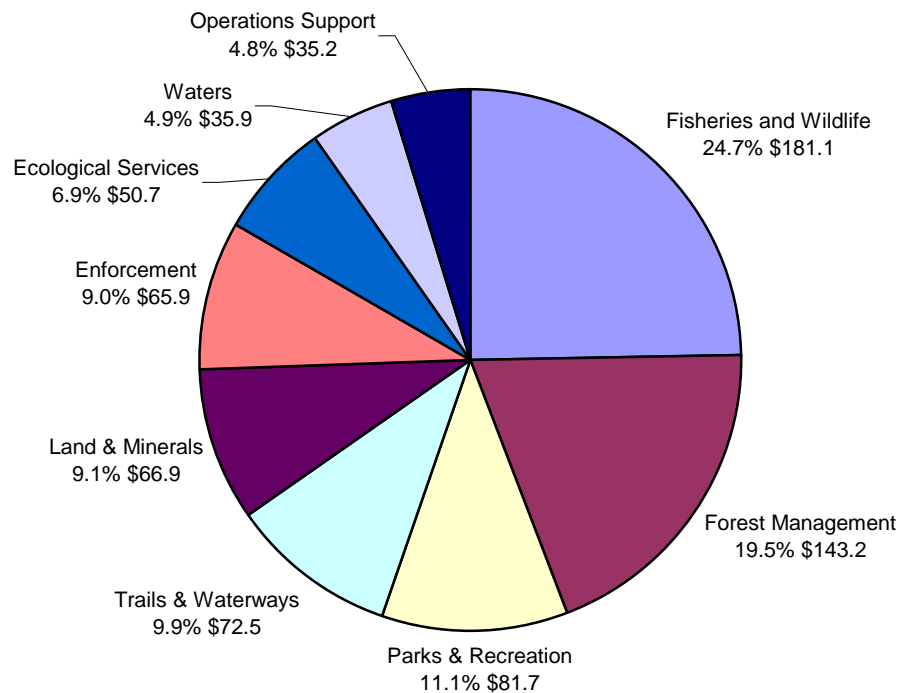
### **Expenditures**

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.

## Where Funds are spent

The DNR spends its funds through programs. The DNR's programs are organized into nine distinct operating divisions. In addition the DNR's support services are collected under Operations Support. The DNR's FY 2008-09 funding for each organizational program is shown below.

### FY2008-09 Budgeted Expenditures by Program \$733.1 Million



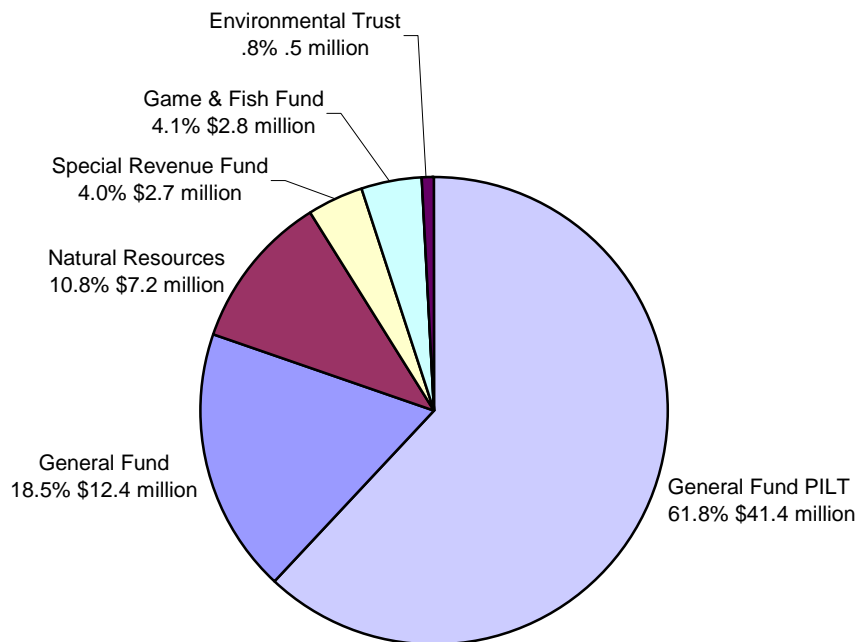
## DNR Funding and Spending by Program

### Lands and Minerals

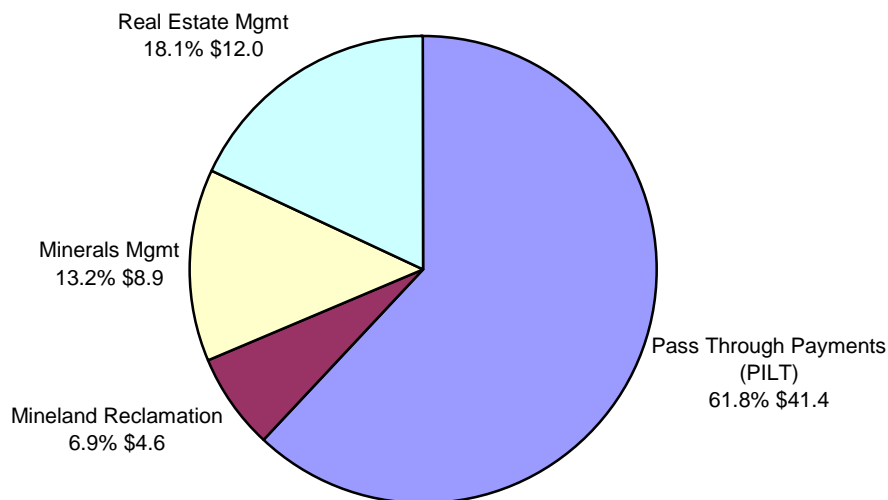
The Division of Lands and Minerals is responsible for implementing land policy on state-owned lands and providing fiduciary oversight for real estate and minerals transactions that relate to state ownership. The division has regulatory authority for reclamation of metallic mineral and peat mines to ensure environmentally sound mining practices. Real estate responsibilities include appraisals, acquisitions, sales, leases, and land exchanges. Mineral management responsibilities include issuing leases for exploration and mining, negotiating lease rates and managing revenue transactions related to mining and exploration. The program also provides technical assistance to local governments on mineral resources and mining issues. For more information on the DNR Division of Lands and Minerals, please visit:

[http://www.dnr.state.mn.us/lands\\_minerals/index.html](http://www.dnr.state.mn.us/lands_minerals/index.html).

### FY2008-09 Land and Minerals Budgeted Expenditures \$66.9 Million



### FY2008-09 Lands and Minerals Program Breakdown by Activity



**Real estate management** is responsible for land acquisitions, land exchanges, land sales, road easements, utility licenses, real estate tax and special assessment payments, agricultural leases, calculating payments in lieu of taxes (PILT), reviews county-proposed tax-forfeited land sales, land surveying and boundary staking and platting for acquisitions, conservation easements, review of encroachments and adjoining rights, and review of quiet title actions.

**Minerals management** is responsible for mineral leases, title research, maintaining land and mineral rights information, monitoring global commodity demand and pricing, determining ore quality, conducting field inspections, technical information on construction aggregate resources, Iron Ore cooperative research, and minerals diversification program.

**Mineland reclamation** is responsible for issuing mining permits, establishing and enforcing regulations for reclamation of lands disturbed by mining, enforcing reclamation law, developing mine closure plans, and environmental cooperative research program.

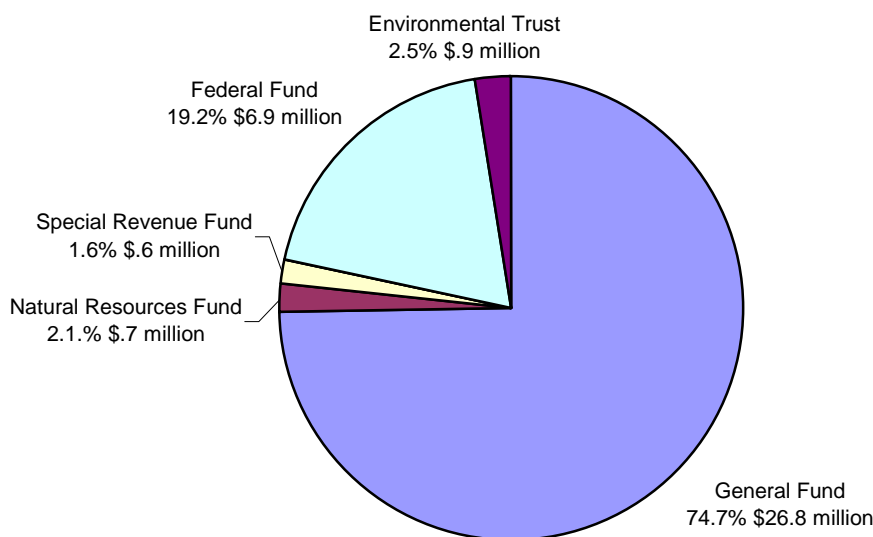
**Pass through payments** for PILT are made by the Department of Revenue. PILT is a local governmental aid payment, for state owned natural resource lands, that is made by the state to counties, townships, and some school districts.



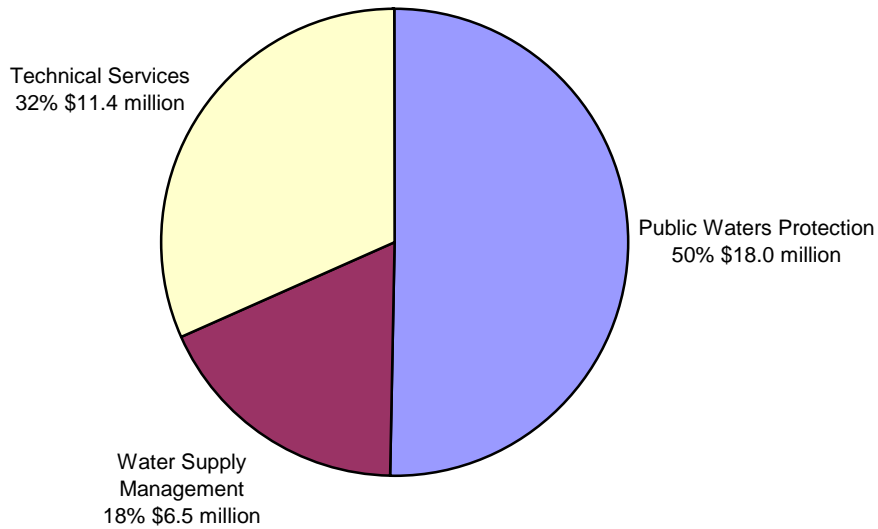
### Water Resources

The Division of Waters maintains the physical integrity of Minnesota’s wetlands, lakes, rivers and ground water resources. The division works with local units of governments and the public to measure rainfall, lake levels, stream flow, and ground water levels. They also gather and interpret water resources data to describe how human activities impact the hydrologic system and how negative impacts can be mitigated. The division regulates over 21,000 public waters basins and 69,200 miles of rivers and streams. Floodplains, shore lands and wild and scenic rivers are managed cooperatively with local units of governments. For more information on the DNR Division of Waters, please visit: <http://www.dnr.state.mn.us/waters/index.html>

### FY2008-09 Waters Budgeted Expenditures \$35.9 Million



### FY2008-09 Water Resources Program Breakdown by Activity

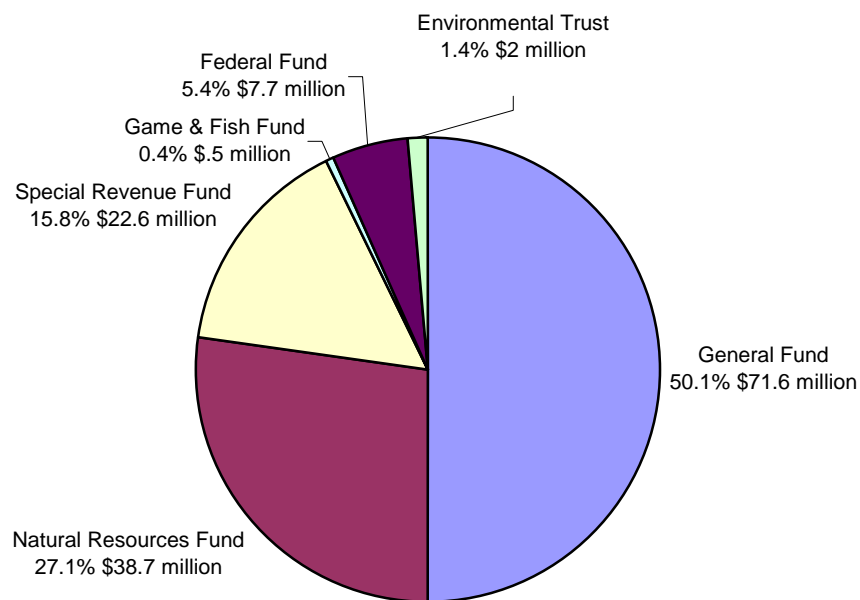


**Public waters protection** is responsible for regulating activities that protect, enhance and restore the state's waters and watersheds, regulates filling, excavating, water level controls, bridges, and shore protection. **Water supply management** is responsible for balancing water demands and resource sustainability. **Technical Services** is responsible for ground water studies and pumping tests, gauging data to support analysis and decisions, county ground water mapping, and technical surface water studies to resolve lake level or flooding issues.

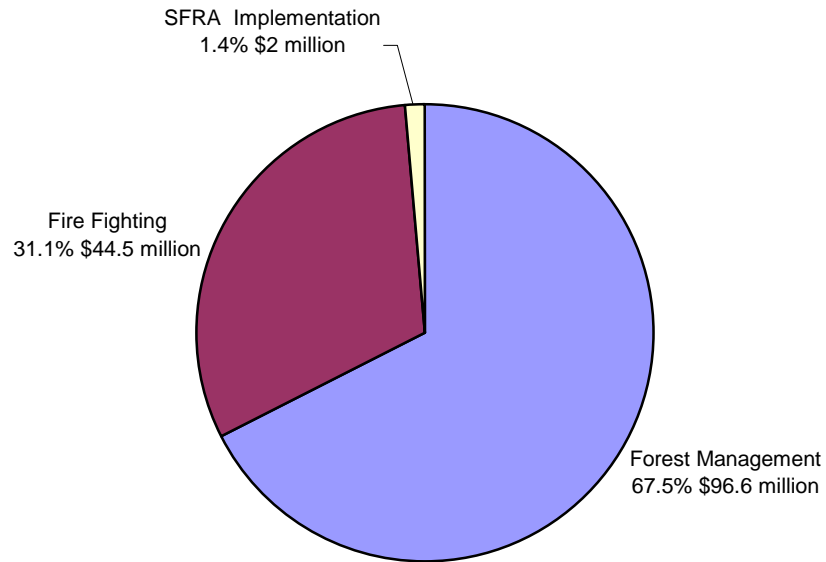
### Forestry Management

The Division of Forestry ensures the sustainable yield of forest resources, including timber, wildlife habitat, recreation, and aesthetics. It manages 4.2 million acre's of state owned forest land and protects 45.5 million acres of land in Minnesota from wildfires. The division protects life, property, and natural resources from wildfires. The division also brings together the state's varied forest resources interests to develop and implement programs that promote sustainable site and landscape based forest management practices. For more information on the DNR Division of Forestry please visit: <http://www.dnr.state.mn.us/forestry/index.html>

### FY 2008-09 Forestry Management Budgeted Expenditures \$143.1 Million



### FY2008-09 Forestry Program Breakdown by Activity

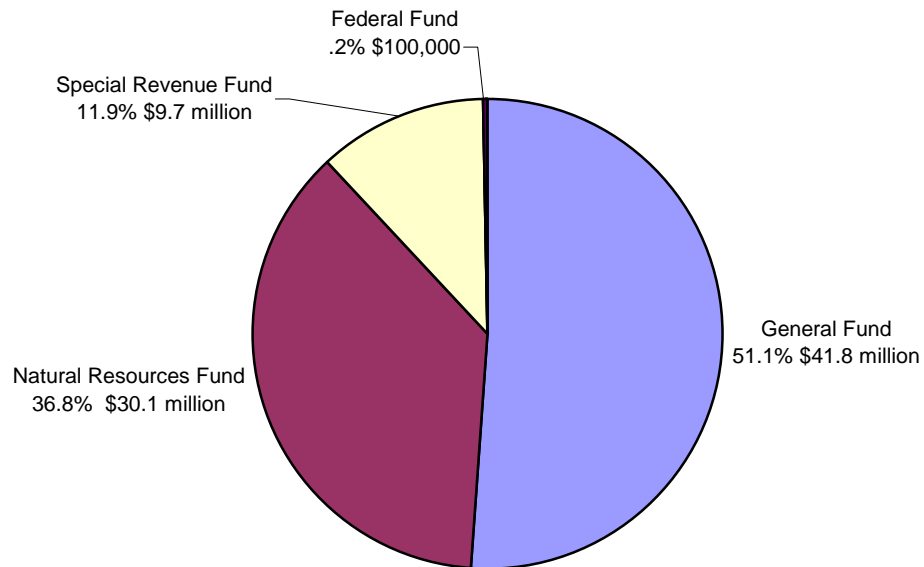


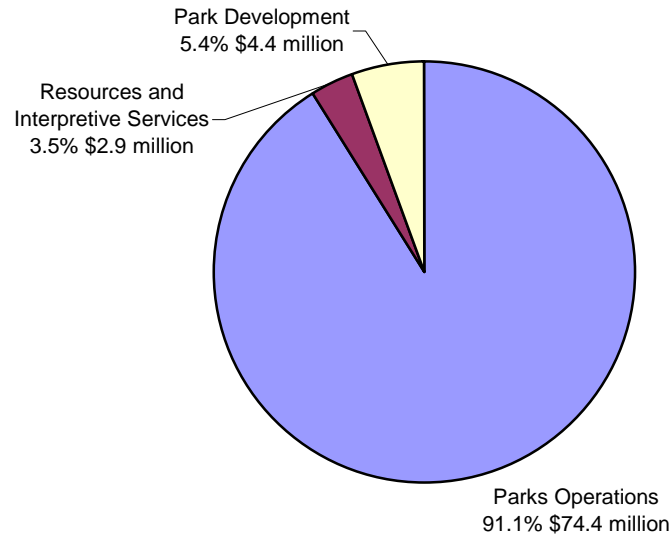
**Forest management** activity is responsible for providing a sustainable supply of forest products to meet human needs and to provide income to the permanent school trust fund. **Fire fighting** activity is charged with preventing and suppressing wildfires on 4.5 million acres of public and private land in Minnesota. **The Sustainable Forest Resources Act (SFRA)** is responsible for promoting the sustainable management and protection of Minnesota's forest resources.

### Parks and Recreation Program

The Division of Parks and Recreation FY 2008-09 biennial budget is 11% of the DNR biennial budget. The division of Parks and Recreation provides a state park and state recreation system that conserves and manages Minnesota's natural, scenic, and cultural resources for current and future generations, while providing appropriate recreation and education opportunities. The division maintains and operates 73 state parks and recreation areas and 54 state forest campground and use areas. Eight million visitors visit state park and recreation areas annually generating \$15 million in annual revenue. For more information on the DNR Division of Parks and Recreation, please visit: [http://www.dnr.state.mn.us/parks\\_recreation/index.html](http://www.dnr.state.mn.us/parks_recreation/index.html)

### FY 2008-09 Parks and Recreation Budgeted Expenditures \$81.7 Million



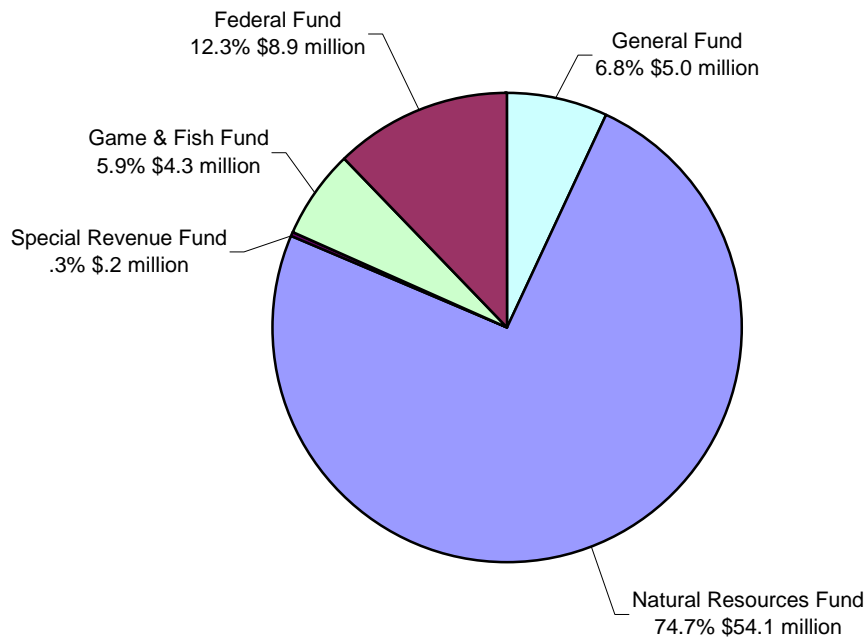
**FY2008-09 Parks and Recreation Program Breakdown by Activity**

**Parks operations** activity provides recreation and support services to state park guests, state park strategic planning, hardware and software for all state park computerized functions, marketing plans, maintenance of equipment, local governments contacts, budget management, law enforcement, and high quality products and gifts for sale. **Resource and interpretive service** activities provide direction, and technical expertise in protecting, restoring, and managing the natural and cultural resources on 220,000 acres within state park and recreation areas. It connects people with outdoors and provides conservation education for parks visitors, communities and schools. **Park development** activity is responsible for designing and building state park structures and facilities, maintaining facilities and keeping record of all activities.

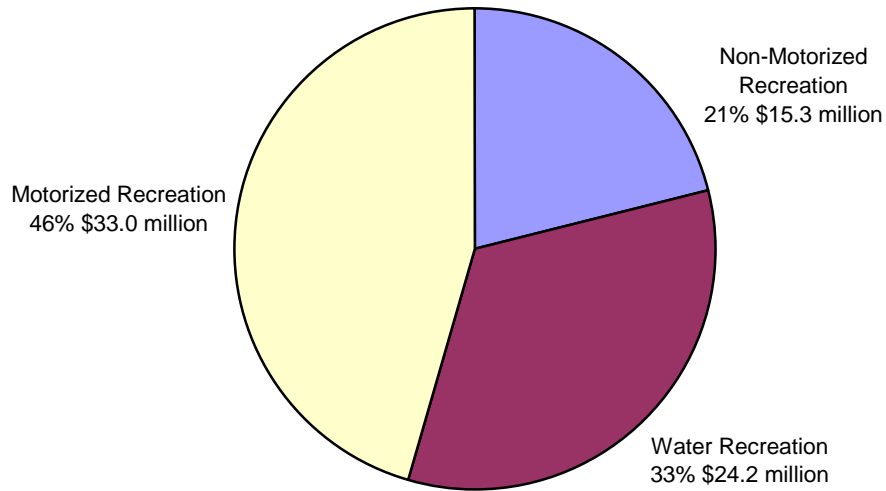
### Trails and Waterways

The Division of Trails and Waterways creates recreation opportunities through a system of trails and water recreation facilities that contribute to a sustainable quality of life. The division provides access to lakes, rivers, and streams; designates canoe and boating routes; and provides trails to be used for a variety of motorized and non-motorized recreational activities. The division, in cooperation with local governments, constructs boat accesses and fishing piers; acquires shore-fishing sites; and plans, acquires, develops, and manages the state trail system. For more information on the DNR Division of Trails and Waterways, please visit: [http://www.dnr.state.mn.us/trails\\_waterways/index.html](http://www.dnr.state.mn.us/trails_waterways/index.html)

### FY 2008-09 Trails and Waterways Budgeted Expenditures \$72.5 Million



### FY2008-09 Trails and Waterways Program Breakdown by Activity



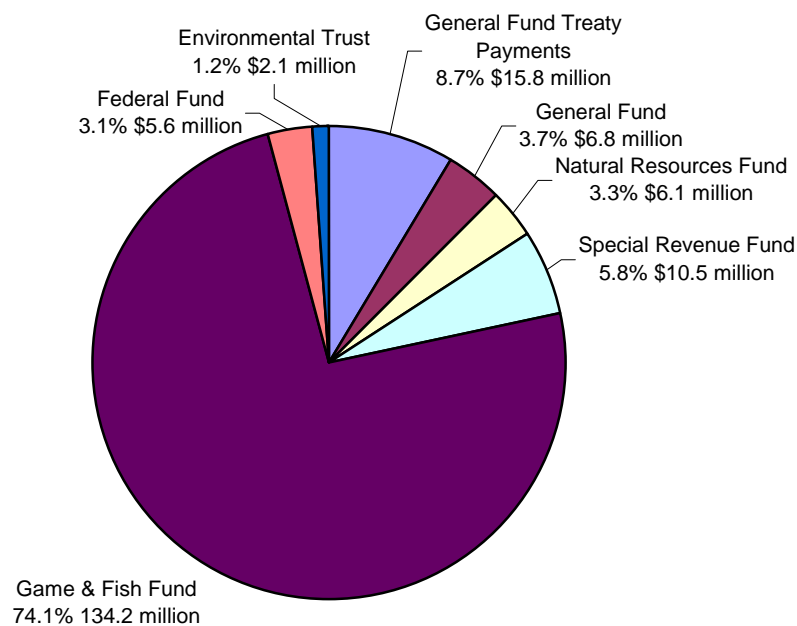
**Non-motorized recreation** activity exists to provide trail recreation for state residents and tourists. **Water recreation** activity provides the public with water based recreational boating and fishing opportunities and services. **Motorized recreation** activity provides motorized trail users the opportunity to access and enjoy the outdoors in a safe, responsible manner while protecting sensitive resources and fostering local economic development.

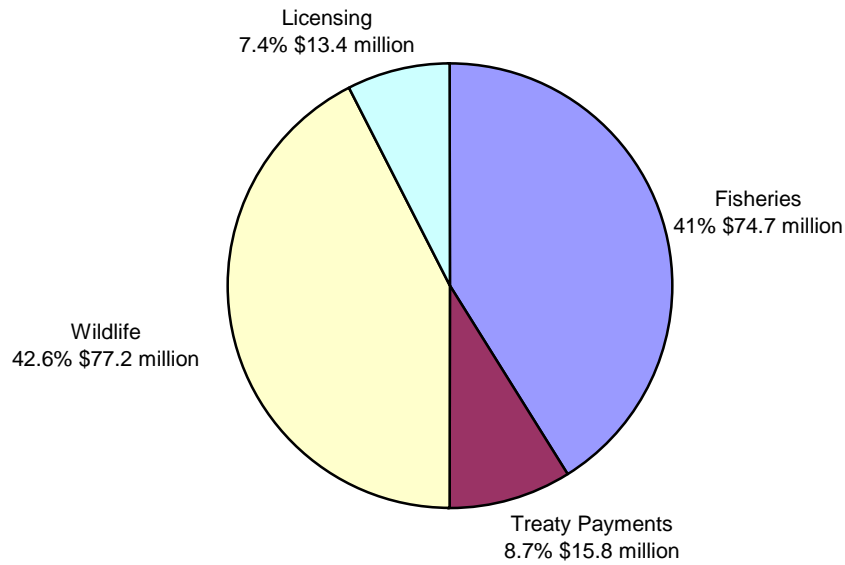


### Fish and Wildlife

The Division of Fish and Wildlife is responsible for managing fish and wildlife, their habitats, and the public use of fish and wildlife. The division develops, directs and manages statewide fish and wildlife populations, and habitat programs. It monitors progress so that programs are continuously adapted and improved to meet the changing resource conditions and societal needs. The division directs hatchery systems, acquisition and management of aquatic and wildlife management areas. The division oversees education, communication, user recruitment and retention and certain private and public land habitat projects. The division also manages and directs the statewide game and fish licensing and the registration of recreational vehicles and watercraft. The division serves 1.5 million licensed anglers, 578,000 licensed hunters and trappers, 2.2 million wildlife viewers, over 850,000 boaters, 260,000 snowmobile riders and almost 250,000 recreational ATV riders. For more information on the DNR Division of Fish and Wildlife, please visit: <http://www.dnr.state.mn.us/fishwildlife/index.html>

### FY 2008-09 Fish & Wildlife Budgeted Expenditures \$181.1 Million



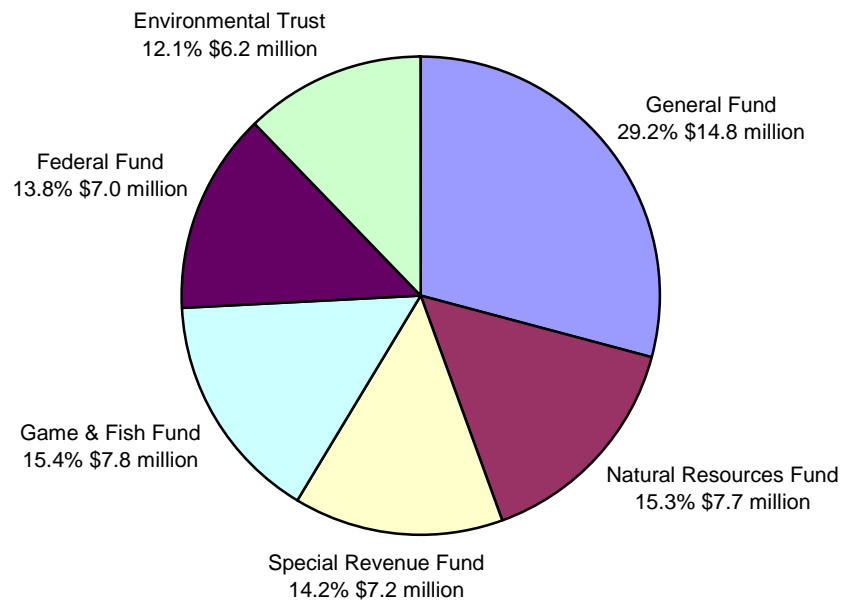
**FY2008-09 Fish and Wildlife Program Breakdown by Activity**

**Fisheries** activity protects, maintains, and enhances Minnesota's fishery resources and aquatic communities for recreational, ecological and economic benefits to the state. **Wildlife** activity exists to provide management, protection, use, understanding, and enjoyment of the state's wildlife. **Licensing** activity manages the issuance of game, fish and commercial licenses, registration, and titling of recreational vehicles.

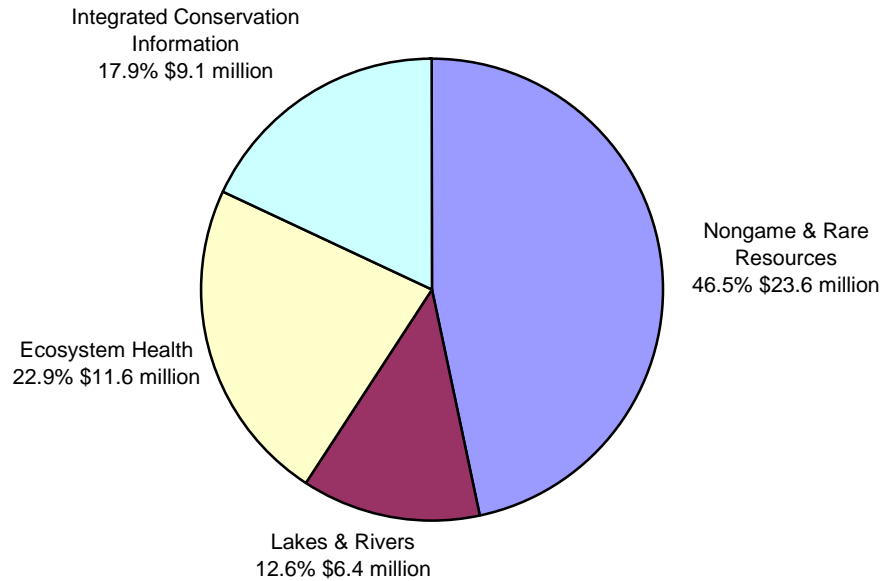
### Ecological Resources

The Division of Ecological Resources works to ensure that present and future Minnesotans benefit from healthy and resilient ecosystems. These benefits include opportunities for high quality outdoor recreation such as hunting, fishing, and wildlife observation. The division provides vital ecosystem services such as protecting and managing all wildlife species as well as native plants and natural communities, such as prairies and wetlands. It addresses serious threats such as contaminants and invasive non-native species and the need to restore degraded lakes, rivers and wetlands, to protect and improve the natural resources that are so important to Minnesota's quality of life. The division also supports the clean water initiative by conducting biological assessments, providing technical assistance, and protecting riparian lands. For more information on the DNR Division of Ecological Resources, please visit [http://www.dnr.state.mn.us/ecological\\_services/index.html](http://www.dnr.state.mn.us/ecological_services/index.html)

### FY2008-09 Ecological Resources Budgeted Expenditures \$50.7 Million



### FY2008-09 Ecological Resources Program Breakdown by Activity

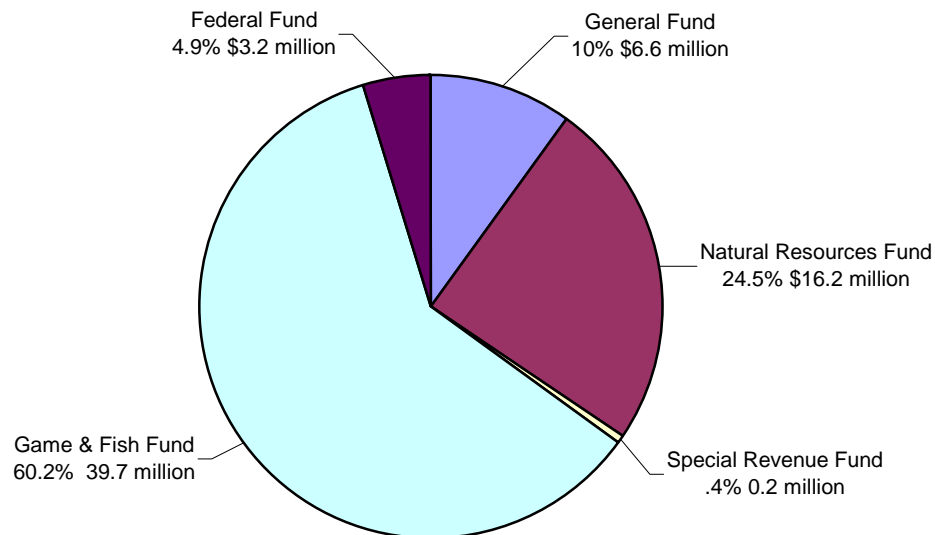


**Nongame & Rare resources** activity protects and manages Minnesota's nongame wildlife, native plants, and plant communities with a special emphasis on rare and declining resources. **Lakes & Rivers** activity conserves Minnesota's lakes, rivers, and shoreland resources with a special emphasis on in-stream habitat, aquatic plants, aquatic invertebrates, and nongame fish. **Ecosystem health** activity monitors, assesses, and reduces the impacts of threats to Minnesota's natural resources by harmful invasive species, contaminants, fish diseases, and hazardous material spills. **Integrated Conservation information** activity, delivers ecological data to local units of government as they plan community development, educational products that help guide resource decisions, and an effective information system that provides up-to-date ecological data.

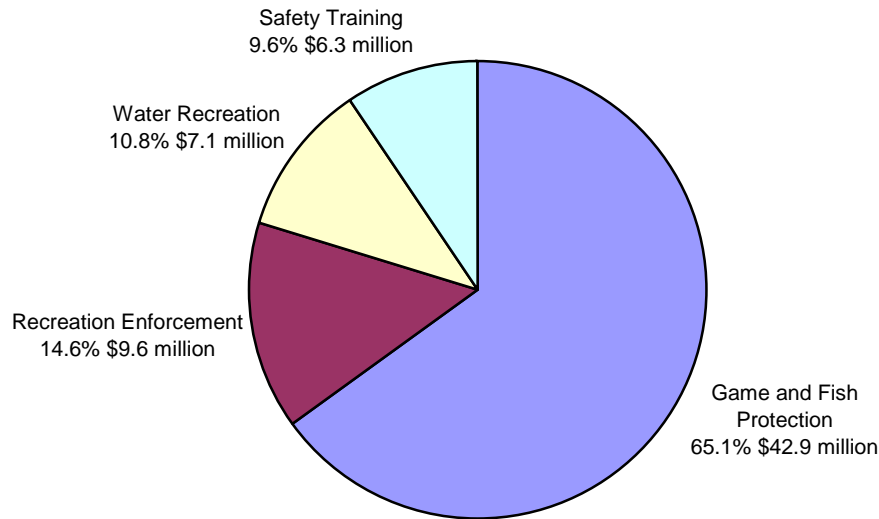
### Enforcement

The Enforcement Division ensures compliance with laws regarding state game and fish, recreational vehicles, natural resource commercial operations, environmental protection, and public safety. Major responsibilities include enforcement of rules and regulations related to hunting and fishing seasons, methods of taking fish and wildlife, and daily harvest and possession limits. The division works to ensure public safety, especially as it related to the handling of firearms by hunters and the safe operation of boats and other recreation vehicles. The division also enforces the law on the commercial use and possession of natural resources, the protection of wetlands, and air and water quality regulations. For more information on the DNR Division of Enforcement please visit: <http://www.dnr.state.mn.us/enforcement/index.html>

### FY 2008-09 Enforcement Budgeted Expenditures \$65.9 Million



### FY2008-09 Enforcement Program Breakdown by Activity

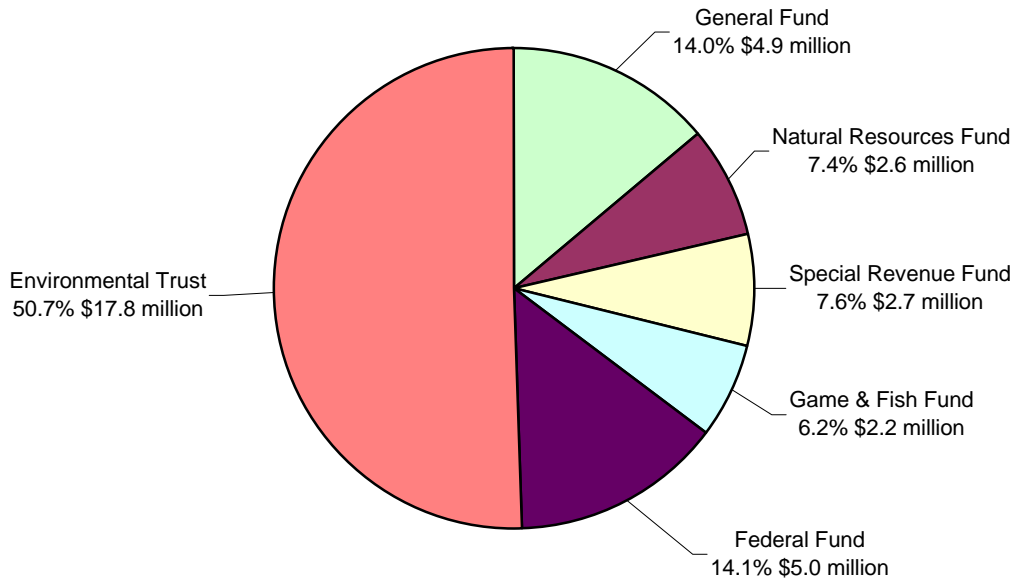


**Game and Fish protection** activity is directed at the protection of fisheries stocks while assuring ample harvest or recreational opportunities and to protect small game, migratory waterfowl, and big game populations from unlawful harvest so that overall populations are sustainable in spite of hunting mortality, natural mortality, and environmental factors that may limit wildlife populations. **Recreational enforcement** activity enforces land-operated recreational vehicles including snowmobiles, ATV's, OHM's and ORV's laws and non-motorized enforcement services at state parks, state forests, and state recreational trails. **Water recreation** activity is responsible for Boat and water safety enforcement and public access enforcement. Through a grant program, the DNR enlists law enforcement support from local Sheriff's Departments throughout the state. **Safety training** activity is responsible for introductory level safety training for youth and adults for firearms, ATV's, OHM, ORV, snowmobiles, and advanced hunter education.

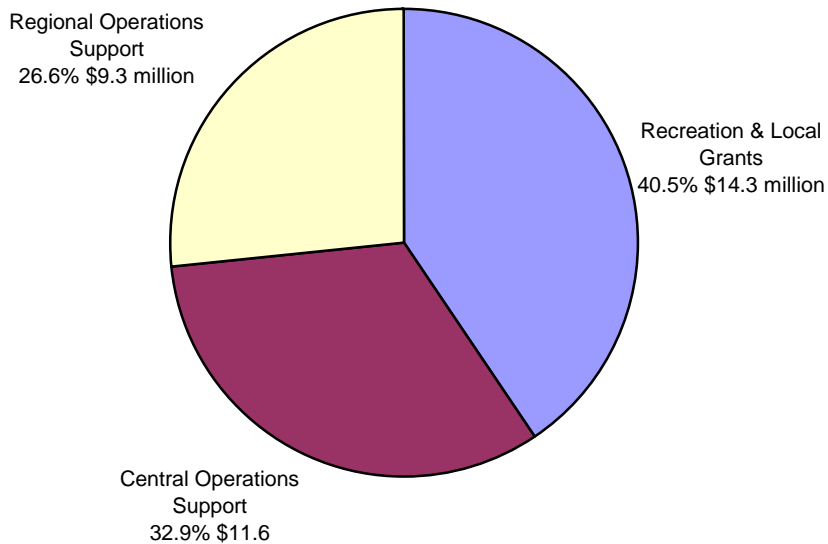
### Operations Support

Operations Support provides administrative leadership and support to the entire agency, direct services to the general public and financial assistance to local governments and private organizations to build recreation facilities and to protect and enhance natural areas.

#### FY2008-09 Operations Support Budgeted Expenditures \$35.2 Million



### FY2008-09 Operations Support Breakdown by Activity



**Central Operations Support** provides agency executive leadership and agency wide administrative leadership and support in accounting, financial and management reporting, agency/statewide financial systems integration, auditing, contracting, grants management, strategic and budgetary planning, interdisciplinary coordination, demographic and natural resource utilization, research and analysis, public information and education, press relations, human resources and payroll management, materials management, motor vehicle fleet management, systems development support and management, and engineering services. **Regional operations support** provides regional executive and administrative leadership, regional interdisciplinary coordination, local government relations, and regional planning. **Recreation and local grants** consist of several state and federal pass-through grants and competitive matching grant programs to local governments and private organizations for diverse recreation and natural resource projects and disaster relief.