



Department of Natural Resources Fact Sheet



2010-2011 BIENNIAL BUDGET FACT SHEET General Fund Reduction \$(7,220,000) FY 2010 / \$(7,220,000) FY 2011

The Governor's budget contains a reduction in general fund appropriations of 10 percent in fiscal years 2010 and 2011.

Divisional Impacts

Lands & Minerals (\$1,877,000)

Real Estate Management Services (\$675,000). This reduction item pertains to general fund monies that provide for real estate services related to state-owned lands managed by the department. DNR annually issues about 30 access easements, 200 water crossing licenses, and 35 land crossing licenses. Historically, a general fund appropriation provides monies for the cost of issuing these real estate contracts.

The current fee schedule for utility licenses and easements applications does not recover the full cost of staff time required to process the contracts. Specific to utility licenses, with the current build-outs of power line and pipeline infrastructure projects crossing state lands and waters – and additional projects being proposed – the current fee schedule falls short of covering the costs of working with the companies and monitoring construction activities to assure they are performed in an environmentally sound manner.

The application fees for utility licenses and road easements will be increased to cover the costs of reviewing the application and preparing the license or easement. The total application fee for a public water crossing license will be \$2,000, increasing from \$500. The total application fee for a public lands crossing license will be \$5,000, increasing from \$500. The total application fee for a road easement will be \$2,000, with current fees, varying on user, being \$0 to \$2,000. In addition, a monitoring fee will be assessed, covering reasonable costs for monitoring the construction of the utility

line or road, as well as preparing any special terms and conditions needed for the license or easement.

The general fund reduction will also result in the elimination or reduction of various real estate services, including trail sales, transfers of custodial control, and resolution of trespasses. In addition, the DNR will cease analysis and preparation of restrictions exceeding the Minnesota Public Utilities Commission requirements for utilities.

Mineland Reclamation (\$1,202,000): The Governor recommends that the costs of the Mineland Reclamation Section be borne by the users of the services (mining companies and fee owners). Historically, the expenses for the Mineland Reclamation Section were funded by the General Fund. Since the 2008 legislative session, DNR is directed to collect fees for the administration and monitoring of mining permits. This will allow the state to carry out its obligations under M.S. 93.44 through M.S. 93.51 “to control possible adverse environmental effects of mining, to preserve the natural resources, and to encourage the planning of future land utilization, while at the same time promoting the orderly development of mining, the encouragement of good mining practices, and the recognition and identification of the beneficial aspects of mining.”

New reclamation fees will be imposed, consisting of three components:

1. An annual Permit to Mine fee will be charged to the mining companies. The fee will be:
 - ◆ \$60,000 for a taconite mining operation with production in the past calendar year, and \$30,000 for a taconite operation with no production in the past year.
 - ◆ \$75,000 for a non-ferrous metallic minerals operation with production in the past

calendar year, and \$37,500 for a non-ferrous metallic minerals operation with no production in the past calendar year.

- ◆ \$5,000 for a scam mining operation with production in the past calendar year, and \$2,500 for a scam operation with no production in the past calendar year.
- ◆ \$1,000 for a peat operation with production in the past calendar year, and \$500 for a peat operation with no production in the past calendar year.

2. An application fee for all new permits to mine, plus a supplemental application fee for taconite and non-ferrous metallic minerals mining operation. The fee will be:

- ◆ \$25,000 for a permit to mine for a taconite mining operation,
- ◆ \$50,000 for a permit to mine for a non-ferrous metallic minerals operation,
- ◆ \$10,000 for a permit to mine for a scam mining operation, or
- ◆ \$5,000 for a permit to mine for a peat operation.

Amendments or assignments of existing permits to mine will be assessed a fee of 10 percent of the above amounts.

Also, for taconite and non-ferrous metallic minerals operations, the applicant will be charged a supplemental application fee to cover reasonable costs for reviewing the application and preparing the permit to mine.

3. A reclamation fee payable by the fee owners of taconite mined in this state. The fee will be \$.0075 per ton of taconite iron ore. The state-owned minerals will be exempt from this fee. When there is production from a non-ferrous metallic minerals operation, then there will be a proposal to have a reclamation fee payable by the fee owners of non-ferrous metallic minerals mined in this state.

Waters (\$640,000)

The following appropriations will be reduced:

Mississippi Headwaters Board (MHB) (\$65,000) and Leech Lake Band State Grants (\$5,000): Local governments will fully fund their review of local land use decisions associated with these two activities.

Red River Mediation Agreement (\$70,000): Reducing this grant by \$70,000 returns the level of funding for this work to pre-FY 2008 levels.

Shoreland rulemaking (\$500,000): The draft rule will be completed by the end of FY 2009. This reduction will require the Department to utilize existing resources to complete the rulemaking process. There may be delays in implementation of the adopted rule.

Fish & Wildlife (\$2,770,000)

The following activities will be reduced:

Fish and Wildlife Management (\$2,716,000). The division will:

- ◆ Adapt programs including research on fish and wildlife populations and habitat, fewer lake and stream surveys, both terrestrial and aquatic habitat management projects, informal environmental review processes, volunteer programs, and technical guidance.
- ◆ Review current processes for improvement and efficiency, including office consolidations, facilities, fleet and energy investments, including hatchery operating efficiencies.
- ◆ Hold positions vacant and minimize layoffs through attrition and vacancy management.
- ◆ Align the divisions operational structure and program delivery to the changing demographics of our society and emerging joint partnership opportunities in the delivery of conservation programs
- ◆ Grants to local soil and water conservation districts will be reduced.

MN Shooting Sports and Education Center (MSSEC) (\$54,000): A new model for funding and operating the MSSEC will need to be developed.

Agency General Fund Reduction (\$1,933,000)

Minnesota's lands and waters are interconnected and are undergoing rapid changes related to population growth, development, and outdoor recreation demands. To position itself for the future, DNR must adapt to these changes. DNR will examine work design, staffing priorities, and organizational innovations and efficiencies to achieve long-term cost savings. Organizational changes will reinforce DNR's integrated approach to natural resource management.

Key measures and outcomes

DNR will continue to use a set of performance measures to assess progress toward its overall mission and goals through *DNR's Strategic Conservation Agenda* (<http://www.dnr.state.mn.us/conservationagenda/index.html>). For a complete set of performance measures, demonstrating how the department is accountable to Minnesota's citizens, and more detailed descriptions of each measure, please see *DNR's A Strategic Conservation Agenda, 2003–2007: Measuring Progress toward Mission* (mndnr.gov/conservationagenda/index.html).

Fiscal implications

The Department of Natural Resources general fund reduction of \$7.22 million each fiscal year will contribute toward Minnesota's statewide goals of managing state government within the context of an anticipated budget shortfall.

Contact

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