

2019 DNR Policy Fact Sheet



DNR Permanent School Fund Compensation Authority

It is needed because

The DNR's current Permanent School Fund compensation authority resides in two statutes that provide inconsistent direction regarding when and how the DNR should compensate the trust. In addition, the DNR's current trust compensation options are limited to condemnation and exchange, which limits the department's flexibility to fulfil its fiduciary duty.

The proposed legislative changes clarify DNR's compensation authority to the Permanent School Fund (PSF), resolve inconsistencies in two existing statutes (M.S. 92.121 and M.S. 84.027, subd. 18(d)), and give the DNR express authority to use lease payments as a compensation mechanism.

Major program elements

These changes to PSF compensation statutes accomplish the following:

Clarity. They provide administrative clarity by reducing the number of statutes providing statutory direction on compensation from two to one.

Flexibility. They give DNR the explicit authority to enter into leases to compensate the trust when other natural resource management practices diminish or prohibit revenue to the trust, giving DNR a more comprehensive set of compensation options.

Consistency. They simplify the requirement to compensate the trust by applying the

compensation requirement broadly to all state lands, instead of specific state lands.

Sec 1. Amends M.S. 84.027 to simply refer back to M.S. 92.121.

Sec 2. Amends M.S. 92.121 regarding compensation to the PSF to clarify that DNR can compensate through condemnation, exchange and lease and broaden the existing statute to apply in all instances of revenue diminishment or prohibition, not just when they occur on certain types of state land.

Sec 3. Amends M.S. 92.50 to indicate that leases under the statute can be used to compensate the Permanent School Fund pursuant to M.S. 92.121.

Fiscal impacts

- This proposal does not have a direct fiscal impact. It will, however, give the department more options for compensating the trust which could, over time, increase revenue to the permanent school fund.

For further information contact

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