



Natural Resource Damage Account

Annual Legislative Report
November 12, 2025

Legislative Charge

By November 1 each year, the commissioner of natural resources must submit a report to the chairs and ranking minority members of the House of Representatives and Senate committees and divisions with jurisdiction over environment and natural resources policy and finance on expenditures from the natural resources damages account during the previous fiscal year.

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As requested by Minnesota Statute 3.197, this report cost approximately \$500 to prepare, including staff time, printing and mailing expenses.

Upon request, this material will be made available in an alternative format such as large print, Braille or audio recording. Printed on recycled paper.

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NRDA Legislative Report Executive Summary

Petroleum and hazardous substance releases can harm wildlife, water, air, and other natural resources. These resources—and the benefits they provide—belong to all Minnesotans.

State co-trustees assess environmental injuries and losses caused by such releases. When harm is identified, state trustees may pursue a **Natural Resource Damage Assessment (NRDA)** claim against the responsible party.

The goal of the NRDA Program is to compensate the public for losses by rehabilitating, restoring, or replacing affected natural resources. This is achieved through:

1. **Assessing injuries** to natural resources and the loss of public use and enjoyment;
2. **Seeking compensation** from those responsible for the damage; and
3. **Planning and implementing restoration projects** that return value to the public and the environment.

The Governor's April 5, 2019, Executive Order #19-29 authorizes the Commissioners of Natural Resources and the Pollution Control Agency as co-trustees for natural resources in Minnesota under CERCLA, 42 U.S.C. § 9607(f), the Clean Water Act, 33 U.S.C. § 1321 9f) and the Oil Pollution Act of 1990, 22 U.S.C., as well as Minnesota Environmental Response and Liability Act, Minn. Stat. 115B.17, subd. 7.

Minnesota's NRDA statute (Minn. Stat. § 115B.172), within the Minnesota Environmental Response and Liability Act, requires the Department of Natural Resources (DNR) to provide a report to the Minnesota Legislature on expenditures from the NRDA account during the previous fiscal year. This report fulfills the requirement and covers FY2025 (July 1, 2024, to June 30, 2025) activities. NRDA staff also assist with the 2018 3M NRDA Settlement implementation. Efforts on 3M, including staff costs, are reported annually and separately from the general NRDA program.

NRDA program highlights in FY 2025 included:

1. **Douglas Corporation Settlement Restoration Planning.** Continued planning for the Douglas Corporation settlement, with up to \$1 million allocated for environmental restoration. This settlement addresses damage to groundwater, surface water, and recreational fishing caused by releases of Per- and Polyfluoroalkyl Substances (PFAS) compounds and chromium.
2. **Ongoing Case Management & Trustee Collaboration.** The NRDA program actively managed multiple cases, including St. Regis and US Steel, and participated in three formal trustee councils alongside federal and tribal partners. These councils focused on assessing environmental injuries and implementing restoration efforts to compensate for the damage.
3. **Kingsbury Bay Milfoil Removal.** Invasive Eurasian milfoil was successfully removed from Kingsbury Bay, building on the 2021 restoration project that cleared excess sediment, restored marsh habitat, expanded open-water areas, and enhanced recreational access. Wild rice seeding efforts continued.

The NRDA Program spent \$71,315 on project identification, public engagement and administrative costs in FY 2025 to accomplish these and other activities.

Future NRDA work includes striving to settle cases that are in progress and restoration planning work to identify projects for two existing settlements (Douglas and Northwest Refinery). Program administration is currently funded by a limited portion of revenue available from some settled NRDA cases, account interest and funding agreements. This account does not receive any appropriations from state or federal governments and therefore limits the program capacity. FY2025 capacity was also diminished due to staffing shortages. DNR and MPCA are evaluating potential funding options to continue the important work of the NRDA program.

Fiscal Year 2025 NRDA Program Accomplishments

Assessment and Restoration Planning Activity

1. The NRDA assessment process consists of case screening, preliminary identification of potential injuries, assessment studies to determine injury, damage quantification and initial restoration planning. In FY2025, Minnesota participated in three formal Trustee Councils, each represented by federal, state and tribal natural resource managers for three complex Superfund cases; St. Louis River: Interlake/Duluth Tar, US Steel cases and St. Regis in Cass Lake, Minnesota. One state trustee-only case was assessed.
2. The trustee council continues participating with US Steel in a funding agreement that allows cooperative injury assessment and restoration planning processes for the US Steel Duluth Superfund site case.

Restoration Project Implementation Activity

1. **St. Louis River: Interlake/Duluth Tar Settlement (2017)** The \$8.2 million settlement funded four restoration projects. The DNR led two of these, both of which are now complete. More details are available at DNR's restoration page. DNR and the other trustees approved two additional projects to support previous actions:
 - **Kingsbury Bay Restoration:** Restored 70 acres of shallow, sheltered embayment habitat. Construction was completed in November 2021. Post-construction efforts have focused on removing invasive Eurasian Milfoil to support long-term habitat health.
 - **Wild Rice Seeding:** Wild rice was seeded for the third consecutive year in designated goose exclusion areas within Kingsbury Bay to encourage native plant recovery.
2. **Douglas Corporation Settlement (2023)** On May 2, 2023, the state co-trustees reached a \$1.375 million settlement with Douglas Corporation, located in St. Louis Park. Of this amount, \$1 million is designated for restoration projects that will enhance surface water and groundwater quality, fisheries, natural resource improvements, and outdoor recreational opportunities.

To guide project selection, the co-trustees created a flyer and survey in FY2025, which was distributed to the public in early FY2026. Survey results will help inform project selection. These efforts will focus on areas east of Highway 169 within the lower watershed of Minnehaha Creek.

Program Restoration Projects Cumulative Benefits

Over the past 30 years, Minnesota's NRDA program has funded or supported 40 restoration projects statewide, totaling \$20 million in value. These projects deliver a wide range of benefits to both natural ecosystems and public use.

The following list outlines measurable benefits from completed and planned projects. Many projects include multiple components and may contribute to more than one primary benefit area.

Project Types	#Projects	Benefits/Metrics
Habitat and Shoreland Protection	17	2,489 Acres
Habitat Restoration for Improved Ecosystem Services	14	360 Acres
Debris Removal	1	114,000 Yds ³
Stream Habitat Restoration	1	2,300 Linear Feet
Air Emission Reduction	3	118,404 Pounds/yr
Recreational/Cultural (Tribal) Opportunities	12	Trails, fishing access, cultural preservation
Groundwater Protection/Recharge/Conservation Projects	2	Groundwater quantity and quality
Other Research/Education Opportunities	2	Enhanced information and public knowledge
Surface Water/Stormwater Projects	2	Surface water quality improvements

Future NRDA Work

1. Strengthening Program Funding

The DNR and the MPCA currently operate the NRDA program with 1.3 full-time equivalent (FTE) staff. Funding comes exclusively from the NRDA account within the Remediation Fund (Minn. Stat. § 115B.172), which receives money from settlements, interest earnings, and funding agreements. These funds support injury assessments, restoration projects, and program administration. Because the agencies do not receive state or federal funding to fulfill their trustee responsibilities, program capacity remains limited. DNR and MPCA are actively exploring long-term, sustainable funding solutions to continue this critical work.

2. Injury Assessment Activities

- Continue work on existing cases, with priority given to assessments funded by responsible parties and state-only trustee cases.
- Screen new cases as needed and initiate one new case if staffing capacity allows.

3. Restoration Project Implementation

- **St. Louis River Interlake/Duluth Tar Settlement (2017):**
 - Monitor ecological recovery in Kingsbury Bay, including marsh/open water habitat and wild rice reestablishment.
 - Support two additional trustee council projects currently in development.
- **Douglas Corporation Settlement (2023):**
 - Identify and carry out restoration projects in impacted areas.
- **Northwest Refinery Settlement (2012):**
 - Commence identifying and implementing restoration projects.

Expenditures

Expenses related to the Natural Resource Damage Account (Minn. Stat. 115B.172)

Covering the period July 1, 2024 - June 30, 2025

Balance as of July 1, 2024	\$1,944,210
Revenue	\$255,620
Expenditures (FY 2025)	
<i>Injury/Damage Assessment and Restoration Planning</i>	\$0
Primarily contracting with outside vendors and other expenses	
<i>Restoration Project Implementation</i>	\$1,311
For the St. Louis River Interlake/Duluth Tar SLRIDT settlement.	
<i>MPCA/DNR Payroll and Expenses</i>	\$70,004
MPCA and DNR have dedicated agency resources to oversee NRDA activities. Such activities include planning, communication, implementation, and coordination with other Trustees, consultants, and stakeholder groups.	
<i>Expenditures subtotal</i>	\$71,315
Balance as of June 30, 2025	\$2,128,515