

# Minnesota Department of Natural Resources

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Office of the Commissioner

651-259-5555



October 23, 2013

The Honorable David J. Tomassoni, Chair  
Env. Econ. Dev. and Agriculture Finance  
Capitol Building, Room 317  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, Minnesota 55155

The Honorable Jean Wagenius, Chair  
Environment, NR and Agriculture Finance  
449 State Offices Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, Minnesota 55155

Commissioner Jim Schowalter  
Minnesota Management and Budget  
658 Cedar Street  
St. Paul, Minnesota 55155

Dear Senator Tomassoni, Representative Wagenius, and Commissioner Schowalter:

Pursuant to Minnesota Statutes 97A.4742 Sub. 3, the commissioner of the Department of Natural Resources (DNR) is required to report on the adequacy of lifetime license fees and provide specific recommendations for fee adjustments.

Legislation was passed in 2000 providing for the sale of lifetime licenses for certain hunting and fishing activities. The new lifetime licenses were available for sale to state residents beginning March 1, 2001, and to non-residents beginning March 1, 2002. During the 2012 legislative session hunting and fishing licenses were increased. Those changes are reflected in this report.

At the time of implementation, assumptions were made regarding the interest rate, rate of fee increases, and percent of licenses activated annually. The chart below shows the original assumptions along with the actual outcomes.

	<b>Original Assumption</b>	<b>Actual Outcome</b>
<b>Annual Fee Increase</b>	4%	2.7%
<b>5 Year Average Investment Rate of Return</b>	8%	5.3%
<b>Annual License Activations</b>	85%	82%



Attached are two tables that demonstrate the impact of original assumptions and actual outcomes on the lifetime license fund balance, Table 1 reflects the status of the fund balance given the original assumptions. Under these assumptions, the fund balance remains positive throughout the life of the model. Table 2 reflects the status of the fund balance based on actual outcomes.

This table indicates a negative balance in license year 2043. In comparison the 2010 report indicated a negative balance in license year 2030.

Like the report in 2010, the key difference between the original assumptions and the actual outcomes is the average investment rate of return, which has improved, but is still below the original assumption of 8 percent.

The DNR recommends no change at this time.

Sincerely,

/s/

Tom Landwehr  
Commissioner

Attachments (Table 1 and Table 2)

c: Dave Schad  
Erika Rivers  
Bob Meier  
Denise Anderson  
Andre Prahl