

A bill for an act

relating to natural resources; proposing an amendment to the Minnesota Constitution, article XI, by adding a section; increasing the sales tax rate by one-fourth of one percent and dedicating the receipts for natural resources and clean water purposes; establishing a clean water and great outdoors fund; creating a Great Outdoors Council; creating a natural resources grant program; authorizing the sale and issuance of state bonds; amending Minnesota Statutes 2006, sections 10A.01, subdivision 35; 114D.30, subdivisions 1, 5; 114D.45, subdivisions 1, 2; 297A.62, subdivision 1; 297A.94; 297B.02, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 84.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **CONSTITUTIONAL AMENDMENT PROPOSED.**

An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a section will be added to article XI, to read:

Sec. 15. Beginning July 1, 2009, until June 30, 2049, the sales and use tax rate shall be increased by one-fourth of one percent on sales and uses taxable under the general state sales and use tax law. Receipts from the increase, plus penalties and interest and reduced by any refunds, are dedicated to and must be deposited in the clean water and great outdoors fund. Money in the fund must be appropriated by law and may be spent only:

(1) to protect and restore the state's lakes, rivers, streams, and wetlands; and
(2) to protect, preserve, and restore the state's fish and wildlife habitat, parks,
trails, and natural areas.

A clean water and great outdoors fund is established in the state treasury.

From July 1, 2009, until at least June 30, 2029, the commissioner of finance may sell and issue bonds for the purposes of the fund. The proceeds of the bonds shall be paid into the fund. The priority fund expenditure is to pay principal and interest due on issued

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bonds. If the fund is not adequate to pay principal and interest on the bonds when due, the legislature shall appropriate money from the state treasury to the fund. The money dedicated under this section shall supplement and shall not be used as a substitute for traditional sources of funding for the purposes specified.

Sec. 2. SUBMISSION TO VOTERS.

The proposed amendment must be submitted to the people at the 2008 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to provide funding beginning July 1, 2009, to protect, preserve, and restore the state's fish and wildlife habitat, parks, trails, and natural areas and to protect and restore the state's lakes, rivers, streams, and wetlands by increasing the sales and use tax rate by one-fourth of one percent on taxable sales until the year 2049 and by authorizing the sale and issuance of state bonds until at least the year 2029?"

Yes

No"

Sec. 3. Minnesota Statutes 2006, section 10A.01, subdivision 35, is amended to read:

Subd. 35. Public official. "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

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- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;
- (12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;
- (13) member or chief administrator of a metropolitan agency;
- (14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;
- (15) member or executive director of the Higher Education Facilities Authority;
- (16) member of the board of directors or president of Minnesota Technology, Inc.;
- (17) member of the board of directors or executive director of the Minnesota State High School League;
- (18) member of the Minnesota Ballpark Authority established in section 473.755; ~~or~~
- (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources; or
- (20) citizen member of the Great Outdoors Council.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in section 1 is adopted.

Sec. 4. [84.9401] CLEAN WATER AND GREAT OUTDOORS FUND.

Subdivision 1. Fund established; distribution. The clean water and great outdoors fund is established in the Minnesota Constitution, article XI, section 15. The commissioner of finance shall credit to the fund the increased tax receipts and proceeds from the sale of bonds pursuant to that section. All contributions, gifts, and money earned by the fund must be credited to the fund. No more than five percent of the fund may be used for administrative purposes. A great outdoors account and a nature nearby account are created in the fund. Funds from the combined tax receipts and bonding proceeds as provided in the Minnesota Constitution, article XI, section 15, shall be distributed to the clean water legacy account under chapter 114D; the great outdoors account; and the nature nearby account each year until at least 2029, with a minimum of \$100,000,000 distributed annually to the clean water legacy account, a minimum of \$100,000,000 distributed annually to the great outdoors account, and a minimum of \$30,000,000 distributed annually to the nature nearby account. The Great Outdoors Council shall make annual recommendations to the legislature for the distribution of these funds to the clean water legacy account, the great outdoors account, and the nature nearby account

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and for appropriations from those accounts subject to the minimum for each account. The legislature shall annually appropriate combined tax receipts and bonding proceeds.

Subd. 2. **Bond proceeds.** The Great Outdoors Council and the legislature shall, with the advice of the commissioner of finance, maximize the use of funds in the clean water and great outdoors fund through the use of bonding, in order to fully fund the requirements of the Clean Water Legacy Act and to accelerate the conservation purposes of this act.

Subd. 3. **Clean water legacy account.** Money distributed under this section to the clean water legacy account may be spent only for the purposes listed under section 114D.45, with priority given to total maximum daily load implementation plans as defined in section 114D.15, subdivision 11, and to capital projects to be funded with bond proceeds issued as provided in subdivision 1.

Subd. 4. **Great outdoors account.** (a) The great outdoors account may be spent only for the following purposes:

(1) to protect, preserve, and restore natural areas and fish and wildlife habitat through capital projects;

(2) to acquire land and interests in land for parks and trails and restore natural resources on parks and trails through capital projects; and

(3) to implement land protection and for land stewardship costs to further the purposes of this section and the Minnesota Constitution, article XI, section 15.

(b) The great outdoors account may be spent for public agencies to acquire and improve land or interests in land and to enter cooperative agreements with nonprofit conservation organizations to acquire land or interests in land and improve lands acquired under this subdivision. Any land acquired in fee title by the commissioner of natural resources with money appropriated according to this section must be designated as an outdoor recreation unit under section 86A.07, or designated as provided in sections 89.018, subdivision 2, paragraph (a); 97A.101; 97A.125; 97C.001; and 97C.011. The commissioner may similarly designate any lands acquired in less than fee title.

Subd. 5. **Nature nearby account.** The nature nearby account may be spent only for the purposes of nature nearby matching grants to local government units and nonprofit conservation organizations for conservation programs according to section 84.9405.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 1 is adopted.

Sec. 5. [84.9403] GREAT OUTDOORS COUNCIL.

Subdivision 1. **Membership; organization; terms.** (a) The Great Outdoors Council is created. The commissioners of natural resources, agriculture, finance, and the Pollution

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Control Agency; the chair of the Metropolitan Council; and the executive directors of the Board of Water and Soil Resources and the Public Facilities Authority shall each appoint one person from their respective agencies to serve as a nonvoting member of the council. Additional members shall be appointed as follows:

(1) two citizen members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration;

(2) two citizen members appointed by the speaker of the house; and

(3) three citizen members appointed by the governor.

(b) All citizen members must have experience and expertise in the protection of fish and wildlife habitat, parks, natural areas, or water quality. A citizen member must not be a registered lobbyist. The removal and, beginning July 1, 2009, the compensation of citizen members are as provided in section 15.0575.

(c) Members shall elect a chair, vice chair, and other officers as determined by the council. The chair may convene meetings as necessary to conduct the duties of the council.

(d) Membership terms are three years, subject to the initial appointment terms in paragraph (e). Members continue to serve on the council until their successors are appointed.

(e) Members shall be initially appointed according to the following schedule of terms:

(1) one member appointed by the governor for a term ending the first Monday in January 2012;

(2) one member appointed under paragraph (a), clause (1), for a term ending the first Monday in January 2012 and one member appointed under paragraph (a), clause (2), for a term ending the first Monday in January 2012;

(3) two members appointed by the governor for a term ending the first Monday in January 2011; and

(4) one member appointed under paragraph (a), clause (1), for a term ending the first Monday in January 2011 and one member appointed under paragraph (a), clause (2), for a term ending the first Monday in January 2011.

(f) The governor's appointments are subject to the advice and consent of the senate.

(g) An appointing authority may remove a member for cause. Vacancies on the council do not affect the authority of the remaining members to carry out their duties. Vacancies must be filled as provided in paragraph (a).

Subd. 2. **Duties.** The Great Outdoors Council created in subdivision 1 shall develop and submit to the legislature an annual budget plan for expenditures from the clean water and great outdoors fund. The budget plan shall give priority to total maximum daily

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load implementation plans as defined under section 114D.15, subdivision 11, and to capital projects to be funded with bond proceeds issued as provided in section 84.9401, subdivision 1. The council shall maximize funds for capital projects through the use of bonding in its budget plan. The budget plan must provide for payment of principal and interest due on bond issues and may, in addition to bonding recommendations, include recommendations for noncapital appropriations consistent with the purposes of the clean water legacy account, the great outdoors account, and the nature nearby account. Each annual budget plan shall include a report on the use of funds during the previous 12 months, including a list of outcomes and completed projects. Each annual budget plan and report shall address implementation of clean water, habitat, and parks components of the statewide conservation and preservation plan as completed by the Legislative-Citizen Commission on Minnesota Resources.

Subd. 3. **Advisory councils.** The Great Outdoors Council shall request annual recommendations for the use of funds in the clean water legacy account from the Clean Water Council established under section 114D.30 and shall accept the funding priorities as established by the Clean Water Council. The Great Outdoors Council may appoint advisory committees to provide technical advice and recommendations for the use of funds in the great outdoors account and the nature nearby account.

Subd. 4. **Council administration.** (a) The council may employ personnel and contract with consultants as necessary to carry out the functions and duties of the council. Permanent employees must be in the unclassified service. The council may request staff assistance, legal opinions, and data from agencies of state government as needed. The council shall follow best practices regarding grant management functions, including selection and monitoring of grantees, compliance review, and financial oversight.

(b) Beginning July 1, 2009, the administrative expenses of the council shall be paid from the great outdoors account.

(c) A council member or employee may not participate in or vote on a decision of the council relating to an organization in which the member or employee has a direct or indirect personal financial interest. A council member or employee shall avoid any potential conflict of interest.

Subd. 5. **Council meetings.** Meetings of the council and other groups the council may establish must be conducted according to chapter 13D. Except where prohibited by law, the council shall establish additional processes to broaden public involvement in all aspects of its deliberations.

EFFECTIVE DATE. This section is effective November 15, 2008, if the constitutional amendment proposed in section 1 is adopted.

Sec. 6. **[84.9405] NATURE NEARBY PROGRAM.**

Subdivision 1. Purposes of the nature nearby account. Money in the nature nearby account may be used only for eligible fish and wildlife habitat, parks, trails, water quality, and natural areas projects as described in this section. The commissioner of natural resources, in consultation with the commissioners of administration, finance, and the Pollution Control Agency and the director of the Board of Water and Soil Resources, shall assign personnel of the department as needed to administer and manage the account disbursements. Any expense incurred by the departments or the board are an operating and administrative expense of the nature nearby program. The operating and administrative expenses shall not exceed five percent of the annual total revenue received by the account.

Subd. 2. Grant program established. (a) The purpose of the nature nearby program is to increase the capacity of local government units and nonprofit conservation organizations to protect, restore, and improve the natural resources of Minnesota.

(b) The Great Outdoors Council shall recommend to the commissioner of natural resources and the Board of Water and Soil Resources competitive nature nearby grants to local government units and nonprofit conservation organizations. Grants shall be used to acquire, enhance, or improve land or interests in land for eligible projects advancing the conservation or public enjoyment of fish and wildlife habitat, parks, trails, water quality, and natural areas and may be used for transaction expenses, demolition of structures, and remediation of any hazardous conditions on the land. The projects may be capital in nature.

(c) The amount of a nature nearby grant may not exceed 80 percent of the cost of the completed eligible project. The local government unit or nonprofit conservation organization receiving a nature nearby grant must provide for the remainder of the conservation project costs. The match may not include in-kind contributions.

(d) The Great Outdoors Council or its designee shall consult with appropriate advisory committees, academic experts, state agency staff, and other professionals with relevant expertise to make recommendations and assist with implementation in specific areas.

(e) The Great Outdoors Council or its designee shall develop forms and procedures for soliciting and reviewing applications for nature nearby grants under this section. The Great Outdoors Council or its designee shall consider nature nearby grant applications annually and emergency applications on a rolling basis. The Great Outdoors Council or its designee shall define criteria for emergency nature nearby grant applications and shall consider priorities according to subdivision 3.

(f) The Great Outdoors Council or its designee shall administer nature nearby grants on a reimbursement or advance basis and shall follow best practices regarding grant

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management functions, including selection and monitoring of grantees, compliance review, and financial oversight.

Subd. 3. **Priorities.** (a) If applications for nature nearby grants exceed the available appropriations, nature nearby grants must be made for eligible projects that, in the Great Outdoors Council's judgment, provide the highest return in public benefits for the public costs incurred. Public benefits include advancing the implementation of water quality, habitat, and parks components of the statewide conservation and preservation plan as completed by the Legislative-Citizen Commission on Minnesota Resources.

(b) Subject to paragraphs (a) and (c), the nature nearby program shall give priority to those applicants with:

(1) dedicated nonstate funding;

(2) a plan for conservation and integrating water quality, habitat, park, and trail needs; and

(3) the ability to advance state-identified priorities for conservation, including water quality, habitat, and outdoor recreation.

(c) The council shall consider the capacity of the applicant to match grants and complete local conservation plans.

Subd. 4. **Cancellation of nature nearby grants.** If a nature nearby grant is awarded to a local governmental unit or nonprofit organization and funds are not encumbered for the nature nearby grant within three years after the award date, the nature nearby program may reallocate the funds. If funds are not encumbered within five years after the award date, the nature nearby grant must be canceled.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 1 is adopted.

Sec. 7. Minnesota Statutes 2006, section 114D.30, subdivision 1, is amended to read:

Subdivision 1. **Creation; duties.** A Clean Water Council is created to advise on the administration and implementation of this chapter, section 84.9401, and the Minnesota Constitution, article XI, section 15, and to foster coordination and cooperation as described in section 114D.20, subdivision 1. The council may also advise on the development of appropriate processes for expert scientific review as described in section 114D.35, subdivision 2. The Pollution Control Agency shall provide administrative support for the council with the support of other member agencies. The members of the council shall elect a chair from the nonagency members of the council.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 1 is adopted.

Sec. 8. Minnesota Statutes 2006, section 114D.30, subdivision 5, is amended to read:

Subd. 5. **Implementation plan.** The Clean Water Council shall recommend a plan for implementation of this chapter, section 84.9401, and the Minnesota Constitution, article XI, section 15. The recommended plan shall address general procedures and time frames for ~~implementing this chapter,~~ implementation and shall include a more specific implementation work plan for the next fiscal biennium and a framework for setting priorities to address impaired waters consistent with section 114D.20, subdivisions 2 to 7. The council shall issue the first recommended plan under this subdivision by December 1, ~~2005~~ 2009, and shall issue a revised plan by December 1 of each even-numbered year thereafter.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 1 is adopted.

Sec. 9. Minnesota Statutes 2006, section 114D.45, subdivision 1, is amended to read:

Subdivision 1. **Creation.** The clean water legacy account is created as an account in the environmental fund. A minimum of \$100,000,000 each year must be deposited in the account from the tax receipts collected or bonding proceeds, as provided in section 84.9401 and the Minnesota Constitution, article XI, section 15. Money in the account must be made available for the implementation of this chapter ~~and~~, sections 84.9401, 446A.073, 446A.074, and 446A.075, and the Minnesota Constitution, article XI, section 15, without supplanting or taking the place of any other funds which are currently available or may become available from any other source, whether federal, state, local, or private, for implementation of those sections.

EFFECTIVE DATE. This section is effective July 1, 2009, if the constitutional amendment proposed in section 1 is adopted.

Sec. 10. Minnesota Statutes 2006, section 114D.45, subdivision 2, is amended to read:

Subd. 2. **Sources of revenue.** The following revenues must be deposited in the clean water legacy account:

(1) money transferred to the account; ~~and~~

(2) money deposited as provided in section 84.9401 and the Minnesota Constitution, article XI, section 15; and

10.1 (3) interest accrued on the account.

10.2 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
10.3 amendment proposed in section 1 is adopted.

10.4 Sec. 11. Minnesota Statutes 2006, section 297A.62, subdivision 1, is amended to read:

10.5 Subdivision 1. **Generally.** (a) Except as otherwise provided in subdivision 2 or 3
10.6 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail
10.7 sales as defined in section 297A.61, subdivision 4, made in this state or to a destination
10.8 in this state by a person who is required to have or voluntarily obtains a permit under
10.9 section 297A.83, subdivision 1.

10.10 (b) The increased rate required under the Minnesota Constitution, article XI, section
10.11 15, is in addition to the rate imposed under paragraph (a).

10.12 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
10.13 amendment proposed in section 1 is adopted.

10.14 Sec. 12. Minnesota Statutes 2006, section 297A.94, is amended to read:

10.15 **297A.94 DEPOSIT OF REVENUES.**

10.16 (a) Except as provided in this section and the Minnesota Constitution, article XI,
10.17 section 15, the commissioner shall deposit the revenues, including interest and penalties,
10.18 derived from the taxes imposed by this chapter in the state treasury and credit them to the
10.19 general fund.

10.20 (b) The commissioner shall deposit taxes in the Minnesota agricultural and economic
10.21 account in the special revenue fund if:

10.22 (1) the taxes are derived from sales and use of property and services purchased for
10.23 the construction and operation of an agricultural resource project; and

10.24 (2) the purchase was made on or after the date on which a conditional commitment
10.25 was made for a loan guaranty for the project under section 41A.04, subdivision 3.

10.26 The commissioner of finance shall certify to the commissioner the date on which the
10.27 project received the conditional commitment. The amount deposited in the loan guaranty
10.28 account must be reduced by any refunds and by the costs incurred by the Department of
10.29 Revenue to administer and enforce the assessment and collection of the taxes.

10.30 (c) The commissioner shall deposit the revenues, including interest and penalties,
10.31 derived from the taxes imposed on sales and purchases included in section 297A.61,
10.32 subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them
10.33 as follows:

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11.1 (1) first to the general obligation special tax bond debt service account in each fiscal
11.2 year the amount required by section 16A.661, subdivision 3, paragraph (b); and

11.3 (2) after the requirements of clause (1) have been met, the balance to the general
11.4 fund.

11.5 (d) The commissioner shall deposit the revenues, including interest and penalties,
11.6 collected under section 297A.64, subdivision 5, in the state treasury and credit them to the
11.7 general fund. By July 15 of each year the commissioner shall transfer to the highway user
11.8 tax distribution fund an amount equal to the excess fees collected under section 297A.64,
11.9 subdivision 5, for the previous calendar year.

11.10 (e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and
11.11 for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and
11.12 penalties, transmitted to the commissioner under section 297A.65, must be deposited by
11.13 the commissioner in the state treasury as follows:

11.14 (1) 50 percent of the receipts must be deposited in the heritage enhancement account
11.15 in the game and fish fund, and may be spent only on activities that improve, enhance, or
11.16 protect fish and wildlife resources, including conservation, restoration, and enhancement
11.17 of land, water, and other natural resources of the state;

11.18 (2) 22.5 percent of the receipts must be deposited in the natural resources fund, and
11.19 may be spent only for state parks and trails;

11.20 (3) 22.5 percent of the receipts must be deposited in the natural resources fund, and
11.21 may be spent only on metropolitan park and trail grants;

11.22 (4) three percent of the receipts must be deposited in the natural resources fund, and
11.23 may be spent only on local trail grants; and

11.24 (5) two percent of the receipts must be deposited in the natural resources fund,
11.25 and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and
11.26 Conservatory, and the Duluth Zoo.

11.27 (f) The revenue dedicated under paragraph (e) may not be used as a substitute
11.28 for traditional sources of funding for the purposes specified, but the dedicated revenue
11.29 shall supplement traditional sources of funding for those purposes. Land acquired with
11.30 money deposited in the game and fish fund under paragraph (e) must be open to public
11.31 hunting and fishing during the open season, except that in aquatic management areas or
11.32 on lands where angling easements have been acquired, fishing may be prohibited during
11.33 certain times of the year and hunting may be prohibited. At least 87 percent of the money
11.34 deposited in the game and fish fund for improvement, enhancement, or protection of fish
11.35 and wildlife resources under paragraph (e) must be allocated for field operations.

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12.1 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
12.2 amendment proposed in section 1 is adopted.

12.3 Sec. 13. Minnesota Statutes 2006, section 297B.02, subdivision 1, is amended to read:

12.4 Subdivision 1. **Rate.** There is imposed an excise tax at the rate provided in ~~chapter~~
12.5 ~~297A~~ section 297A.62, subdivision 1, paragraph (a), on the purchase price of any motor
12.6 vehicle purchased or acquired, either in or outside of the state of Minnesota, which is
12.7 required to be registered under the laws of this state.

12.8 The excise tax is also imposed on the purchase price of motor vehicles purchased
12.9 or acquired on Indian reservations when the tribal council has entered into a sales tax on
12.10 motor vehicles refund agreement with the state of Minnesota.

12.11 **EFFECTIVE DATE.** This section is effective July 1, 2009, if the constitutional
12.12 amendment proposed in section 1 is adopted.