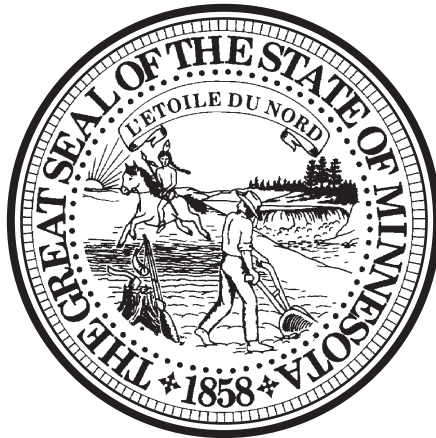


LEGISLATIVE GUIDE



*Principles for Use and Expected Outcomes
of Funds from Dedicated Sales Taxes*

**MINNESOTA HOUSE OF REPRESENTATIVES
Cultural and Outdoor Resources Division**

Adopted March 24, 2010

This guide is developed under Laws 2009, chapter 172, which requires the House Cultural and Outdoor Resources Division, the appropriate Senate committees, and the Lessard-Sams Outdoor Heritage Council to develop a legislative guide stating principles for the use and expected outcomes of funds derived from the dedicated sales taxes imposed under Article XI, section 15 of the Minnesota Constitution. The guide covers the period from 2010 to 2015.

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

Section 1. CONSTITUTIONAL AMENDMENT.

*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, 2034, the sales and use tax rate shall be increased by three-eighths 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, for the benefit of Minnesotans, to the following funds: 33 percent of the receipts shall be deposited in the outdoor heritage fund and may be spent only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife; 33 percent of the receipts shall be deposited in the clean water fund and may be spent only to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation, and at least five percent of the clean water fund must be spent only to protect drinking water sources; 14.25 percent of the receipts shall be deposited in the parks and trails fund and may be spent only to support parks and trails of regional or statewide significance; and 19.75 percent shall be deposited in the arts and cultural heritage fund and may be spent only for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage. An outdoor heritage fund; a parks and trails fund; a clean water fund and a sustainable drinking water account; and an arts and cultural heritage fund are created in the state treasury. The money dedicated under this section shall be appropriated by law. The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute. Land acquired by fee with money deposited in the outdoor heritage fund under this section must be open to the public taking of fish and game during the open season unless otherwise provided by law. If the base of the sales and use tax is changed, the sales and use tax rate in this section may be proportionally adjusted by law to within one-thousandth of one percent in order to provide as close to the same amount of revenue as practicable for each fund as existed before the change to the sales and use tax.

PRINCIPLES THAT APPLY TO ALL FOUR FUNDS

Legal Compliance

- Legislation should ensure that funds are spent only for the purposes specified in Article XI, section 15 of the constitution, and that funds are spent only to supplement traditional sources of funding, and not as a substitute for these sources.
- Expenditure of funds must comply with all principles, definitions and other requirements specified in state law.

Accountability and Administration

- All of the funds are subject to audit by the Legislative Auditor. Private entities who are not accustomed to being audited in this manner should be advised of potential audits before receiving funds. The legislature should ensure that the Office of the Legislative Auditor has appropriate resources to conduct audits.
- Grants must be implemented according to standards, including conflict of interest standards, developed by the Office of Grants Management.
- The legislature should ensure the establishment and maintenance of systems that track spending of funds, track outcomes achieved through expenditure of funds, and make all of this information easily available to the public.
- Projects funded with constitutionally-dedicated money should be identified as such, with signage or other appropriate means of credit.
- As much as possible existing systems and agencies should be used to distribute the funds rather than creating new or outsourced administrative systems. Agencies should be appropriated sufficient funds to carry out administrative responsibilities.

Priorities and Substantive Principles

- Laws 2009, chapter 172 established processes for stakeholder groups to develop plans and frameworks for use of the dedicated sales tax money. In making decisions for the period covered by this guide (2010–2015), the legislature should carefully consider the frameworks and plans developed by these groups.
- The needs of the entire state should be considered in allocation of funds. Funding proposals over time should reflect geographical and regional fairness
- To the extent consistent with statutory and constitutional requirements, priority should be given to projects that leverage and maximize non-state money, improve the state or regional economy, create jobs, or increase community involvement.
- Outreach efforts should be made to encourage broad participation in the legislative and grant making process, so that a wide variety of Minnesotans and organizations have an opportunity to receive funds.
- Priority should be given to projects for which each dollar provides multiple benefits.
- Projects should encourage a high level of local input and participation. Local units of government and local interest groups, such as lake associations, local historical societies, or community artist co-ops, should have an opportunity to have input into where and how money is spent at the local level.

Future Costs

- When making funding decisions, project proposers should give the legislature a clear understanding of what future costs may be incurred to maintain the benefits of the project being funded. The legislature should understand who is likely to pay the ongoing costs and with what funds.
- To the extent practical, anticipated future costs for a project should be arranged for at the time of initial funding, either by providing funds to meet anticipated future costs or by clearly assigning responsibilities for these costs.

OUTDOOR HERITAGE FUND

Principles

- Public benefits should be clearly identified and protected.
- Priority acquisitions should provide multiple outcomes and be located throughout the state.
- Endangered species, threatened species, or species of concern should be protected.
- Prairies, forests, wetlands and other habitat should be protected, restored and enhanced to support healthy and diverse fish, game, and wildlife populations.
- Protection investments that have to do with the spread of infectious pests or diseases should be focused on the outcome of reducing the risk to public resources, not narrowly construed to focus only on resource ownership in a manner that allows the risk of loss to grow.
- Prairies, wetlands, forests and habitat may be restored or enhanced on existing public property to improve quality.
- Existing public properties should be complemented by acquisitions that provide expansions, connections, or otherwise close gaps providing less fragmented ecosystems and habitat.
- Scientific and natural areas containing prairies, forests, wetlands and other habitat should be protected, restored and enhanced.
- State agencies should not enter into or propose permanent easements or land transfers with outdoor heritage funds until they establish a policy to ensure full disclosure of all rights being purchased and those retained by sellers in easements, including resource credits, and the impact on the state budget.
- Anticipated future costs for a project, including payment in lieu of taxes (PILT) and land stewardship costs, should be identified at the time of initial funding, either by providing funds to meet anticipated future costs or by clearly identifying the source/responsibility for these costs.
- Public benefits should include not only increased hunting, fishing, and other outdoor activities, but also increased biological diversity and enhanced water quality.

OUTDOOR HERITAGE FUND

Outcomes

The following are desired outcomes for use of the **Outdoor Heritage Fund**:

- Increase in the percentage of Minnesotans of all ages, ethnicities, abilities, and income who participate in the enjoyment of the outdoors.
- It is acknowledged that some of the game species in Minnesota are not native, but are desired and that this money may be used to protect their habitat.
- Increase in the fish, game and wildlife populations in the state.
- Existing public properties will be complemented by acquisitions that provide expansions, connections, or otherwise close gaps providing less fragmented ecosystems and habitat.
- Endangered, threatened or species of concern will be protected.
- Invasive species will be prevented or mitigated.
- The biodiversity and functions of prairies, forests, wetlands and other habitat will be increased to improve the production and protection of fish, game and wildlife.

Principles

- The following activities should be funded:
 - Drinking water protection focused on public health; achievable results should be expected.
 - Sufficient assessment of water quality to identify impaired and high quality waters on a timeline of at least once every 10 years.
 - Total Maximum Daily Load (TMDL) development for all impaired waters in a timely manner in accordance with federal TMDL requirements.
 - TMDL implementation to restore impaired waters.
 - Targeted assistance, enforcement, and incentives to begin restoration of waters listed as impaired but which do not yet have an approved TMDL addressing the impairment.
 - Targeted assistance, enforcement, and incentives to prevent ground and surface waters from becoming degraded or impaired.
- Prioritization should occur on a watershed basis to focus on immediate and achievable results.
- Funds may be used for new studies that provide the science needed to protect, enhance and/or restore waters.
- Funds may be used to set water quality standards for surface water, groundwater, and drinking water.
- Groundwater and drinking water recharge areas may be acquired through permanent easement or fee title acquisition for the purpose of preventing, reducing or eliminating contamination.
- Protection activities may be targeted at contaminants and aquatic invasive species which may degrade lakes, rivers and streams.
- Protection of groundwater used for drinking water should be emphasized and highly effective. Efforts to protect drinking water should be very visible.

CLEAN WATER FUND

Outcomes

The following are desired outcomes for use of the **Clean Water Fund**:

- Measurable improvements to groundwater, drinking water sources and surface waters.
- Assessments of the state's waters are completed on a ten year cycle.
- Assessment of measurable improvement in the biological integrity in Minnesota lakes, rivers and streams are completed on a ten year cycle.
- A reduction in the number of impaired and degraded waters in the state.
- An increase in the percentage of Minnesotans of all ages, ethnicities, abilities, and income who use Minnesota's lakes, rivers, and streams for recreation.

PARKS AND TRAILS FUND

Principles

- Parks and Trails Fund expenditures shall include adequate funding to protect and restore land and water in order to complete existing, and in some cases create new, parks and trails in the areas of our state where population growth is occurring.
- Overall planning shall be coordinated so that, to the extent possible, opportunities are not duplicated across political boundaries, trails are connected to one another, and, where appropriate, provide opportunities for commuting.
- Priority will be given to maintenance efforts that are for public safety purposes.
- Priority will be given to retrofitting existing systems for energy efficiency, water management and accessibility.

Outcomes

The following are desired outcomes for use of the **Parks and Trails Fund**:

- Increase in the percentage of Minnesotan's of all ages, ethnicities, abilities, and income that use parks and trails.
- Increase in the percentage of Minnesotans who report having visited a regional or state park or state recreation area or used a regional trail in the past year broken down by city of residence.
- Increase in the percentage of Minnesotans who visited a state or regional park or state recreation area significantly outside their immediate area.

ARTS AND CULTURAL HERITAGE FUND

Principles

- Priority should be given to investments in arts, history, music and cultural activities to demonstrably help student achievement in schools.
- Funds should be used in part to create a sustainable climate in which artists can live and work.
- Funds for long-term activities should be allocated strategically so that the activity or organization funded can be successful beyond the life of the arts and cultural heritage fund.
- Expenditures from the fund should reflect the fact that art can describe several things: a study of creative skill, a process of using the creative skill, a product of the creative skill, or the audience's experience with the creative skill.
- Funding for arts education should include lifelong educational activities meant to impart knowledge, teaching a new creative skill, or further developing an existing skill in any arts discipline.
- Funding for preservation of our cultural heritage should involve funding of both tangible and intangible cultural heritage
- In addition to public schools, community education, local arts councils, museums and libraries should be recognized as venues for providing arts and culture experiences.
- Grant-giving organizations and the legislature should consider funding new and emerging organizations and venues, to develop organizational capacity. In these instances, match requirements may be reduced or eliminated depending on the capacity of the organization funded.
- Funding should be used to make investments that ensure that historic structures and resources will be preserved for future generations.
- Investments in public broadcasting should expand Minnesotans' access to knowledge, information, and access to arts, and Minnesota's history and cultural heritage.

ARTS AND CULTURAL HERITAGE FUND

Outcomes

Desired outcomes for use of the **Arts and Cultural Heritage Fund** are:

- Arts, culture and history will be interwoven into every facet of community life.
- There will be an increase in the number of Minnesotans of all ages, ethnicities, abilities and incomes who participate in the arts, culture and history.
- People will trust Minnesota's stewardship of public arts, culture and history funding.
- Arts, culture and history will thrive in Minnesota.
- Increased student exposure to professional performing arts, and the work of professional artists.
- Increased number of K-12 students who can affordably learn to read music and play a musical instrument, participate in dance, choral, drama and other performing arts for which financial barriers can limit access to this educational experience.
- Increase in the visual and literary artists in Minnesota who report that they earn over half of their income from their art.
- Increase in the locally focused content and Minnesota focused content produced by public television and radio, and an increase in the number of local artists, historians, writers and others that have their work showcased through public broadcasting.
- Increased focus on Minnesota artists in Minnesota museums and literary performances.
- Increased knowledge and awareness of the way that history affects people's lives and how that knowledge can help people make informed decisions for the future.