

April 9, 2015

Dear Members,

We write to express our concern over bills currently moving through the Legislature to require the use of constitutionally dedicated funds for payments in lieu of property taxes.

In 2008, Minnesota voters overwhelmingly approved the Clean Water, Land & Legacy Amendment. The constitutional language specifies that the Outdoor Heritage Fund created by the Amendment “may be spent only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife” (Minn. Constitution, Art. XI, Sec. 15). Similarly, the Environmental Trust Fund, which receives a portion of lottery proceeds, is constitutionally dedicated to the “protection, conservation, preservation, and enhancement of the state’s air, water, land, fish, wildlife, and other natural resources” (Minn. Constitution, Art. XI, Sec. 14).

House Files 1706 and 1707 (S.F.1654/1655) would require that Outdoor Heritage Funds and Environmental Trust Funds be used to pay an amount equivalent to future property taxes on certain state lands.

The state currently makes “payments in lieu of taxes” (PILT) to local governments for state owned natural resource lands including parks and trails, forest lands, and wildlife management areas within their jurisdictions (Minn. Stat. 477A). The primary purpose of these payments is to offset the loss of property tax revenue associated with state ownership of land. The funds are largely unrestricted and are used for general operating support of local governments, including roads, bridges, libraries, and emergency services. PILT is one of a number of sources of local government aid in Minnesota.

While some PILT dollars may be applied to land management, there is no overall requirement that PILT payments be used to enhance or even maintain state natural resource land. The provisions in House Files 1706/1707 that would use Outdoor Heritage and Environmental Trust Funds for these local aid payments clearly violates the constitutional requirements that these funds be used only to enhance, protect, or restore the state’s natural resources.

The Minnesota Constitution also requires that Outdoor Heritage Funds “must supplement traditional sources of funding for these purposes and may not be used as a substitute” (Minn. Constitution, Art. XI, Sec. 15). Payments in lieu of taxes have traditionally been funded by the state’s General Fund. House Files 1707/1706 specifically state that the payments from dedicated funds are intended to replace the traditional PILT payments required in Minn. Statute 477A. This is a clear attempt to impermissibly substitute dedicated funds for a local aid payment traditionally funded by the General Fund.

Minnesota’s conservation community has long supported PILT payments to local governments. PILT is an important tax policy that supports local communities and represents a significant source of revenue to some counties with large amounts of public land. In 2011, many of the organizations listed below authored a letter to the Legislature opposing proposed reductions in PILT support for local governments. The proposed cuts were not enacted, and in 2013, the Legislature actually increased PILT payments to counties and townships.

While we strongly support continued funding of PILT through the General Fund, including possible adjustments necessary to ensure fairness and equity to local governments, we do not support the use of dedicated funds for the payment of property taxes or local government aid.

The Clean Water, Land & Legacy Amendment was driven by a need to increase funding for Minnesota's natural heritage after years of budget reductions. Prior to 2001, 2% of state General Funds had been allocated for conservation; by 2006, this number had been cut in half to only 1%. The purpose of the Clean Water, Land & Legacy Amendment was to *increase* funding and provide significant new investment in Minnesota's lakes, rivers, forests, prairies and wetlands. The current attempt to use dedicated funds to pay for property tax support and local aid rather than enhancing and restoring natural resources is directly contrary to the purpose of the Amendment.

For these reasons, we urge you to oppose H.F.1706/1707 and S.F.1654/1655 as well as any other efforts in the current Legislative session to use dedicated funds for the payment of property taxes or local government aid.

Sincerely,

Alliance for Sustainability	Minnesota Deer Hunters Association
Anglers for Habitat	Minnesota Environmental Partnership
Audubon Minnesota	Minnesota Food Association
Audubon Society of St. Paul	Minnesota Land Trust
Conservation Minnesota	Minnesota Ornithologists' Union
CURE (Clean Up the River Environment)	Minnesota Outdoor Heritage Alliance (MOHA)
Ducks Unlimited	Minnesota Project
Environment Minnesota	Minnesota Renewable Energy Society
Fish & Wildlife Legislative Alliance	Minnesota Waterfowl Association
Friends of the Boundary Waters Wilderness	MN350
Friends of the Cloquet Valley State Forest	Pheasants Forever
Friends of The Mississippi River	Renewing the Countryside
Friends of The Parks & Trails of St. Paul & Ramsey County	Sierra Club - North Star Chapter
Izaak Walton League - Minnesota Division	St. Croix River Association
Izaak Walton League Of America - Midwest Office	The Conservation Fund
League Of Women Voters Minnesota	The Nature Conservancy
Lower Phalen Creek Project	Transit For Livable Communities
Mankato Area Environmentalists	Trust for Public Land
Minnesota Center for Environmental Advocacy	Urban Roots
Minnesota Conservation Federation	Voyageurs National Park Association
	WaterLegacy
	Will Steger Foundation