



Minnesota Board of Water and Soil Resources.
Minutes.

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MINUTES OF THE OCTOBER 21, 1987 MEETING
OF THE
BOARD OF WATER AND SOIL RESOURCES

Appointed Members in Attendance

Donald Ogaard, Chairman
John Boulton
John Williamson
Don Warner
Eugene Kalmes
Douglas Bade
Kenneth Schellack
Lowell Moen
James Hoese
Natalie Haas-Steffen
John Brooks, Jr.
Loren Harste
Howard Peterson
Jack Graba
Loni Kemp
William Cofell

Others in Attendance

Roy Thron, Department of Health
Dr. Rollin Dennistoun, Department of Agriculture
Mike Robertson, Pollution Control Agency
Vonny Hagen, Department of Natural Resources
Marilyn Lundberg, State Planning Agency
John Wells, State Planning Agency
Jim King, Department of Finance
Gary Nordstrom, Soil Conservation Service
Duane Johnson, Soil Conservation Service
Carl Anderson, Minnesota Association of Soil & Water Conservation Districts
Mary Peterson, Minnesota Association of Soil & Water Conservation Districts
Dorothy Waltz, Dakota SWCD and PR&I for the MASWCD
Pat Connolly, Association of Minnesota Counties
Ken Schnestl, NSP and citizen at large

Staff in Attendance

Ken Tow
Mel Sinn
Jim Birkholz
Greg Larson
Dan Steward
Karen Schultz
Mary Jo Anderson

Call Meeting to Order

Chairman Ogaard called the meeting to order at 9:00 a.m., in Conference Room A of the Department of Agriculture Building, St. Paul, Minnesota.

The Chairman introduced Mel Sinn, formerly Director of the Water Resources Board and Ken Tow, formerly Director of the Soil and Water Conservation Board.

Adopt Agenda

The following item was added to the agenda: Report from Loni Kemp on the Environmental Quality Board - Water Resources Committee.

87-1 Moved by Cofell, seconded by Haas-Steffen, to adopt the agenda as amended. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

Preliminary Organizational Matters

Chairman Ogaard asked that everyone introduce themselves.

Overview and Briefing - John Wells, State Planning Agency, stated that the basic mission of the Board of Water and Soil Resources is to build a strong local-state partnership on important water and soil resource issues.

John Wells reported that he also works closely with the Environmental Quality Board. The missions of the EQB and BWSR must fit together and work together. He stated that on behalf of the Governor, the SPA, and the EQB, he was happy to be here working with the BWSR.

Parameters of Chairmanship - Chairman Ogaard felt that a vice-chairman is necessary. An election of the vice-chairman will take place at the next meeting. The Chairman asked that staff continue their usual day-to-day duties as necessary at least for the next 60 days. He felt that a strong chairmanship position is needed. In order for the Chairman to serve as the lead spokesman, all board members should keep in contact with the Chairman. He believes the Chairman needs to take a leadership role. Chairman Ogaard reported that he would try to provide a detailed financial statement to board members at the next meeting. He reported that there are problems with the budget, and that the board will probably need to ask the legislature for new money.

Discussion of Dispute Resolution Committee - Chairman Ogaard stated that a dispute resolution committee needs to be appointed. The committee would consist of Donald Ogaard, as Chair of the committee, the three citizen members, and one other member.

Overview of Former Water Resources Board - Mel Sinn reported that the Water Resources Board was established in 1955. Originally as a state entity to create watershed districts. Since 1955, 40 watershed districts have been created in the state. Administration of the Minnesota Watershed Act, Metropolitan Water Management Act, and the Comprehensive Local Water Management Act were the primary responsibilities of the Water Resources Board.

Minnesota Statutes, Chapter 112 is the Watershed Act. Some of the responsibilities of the Board of Water and Soil Resources under 112 are as follows:

- establish watershed districts
- redistribution of district managers among counties
- increase the size of boards of managers
- review and approval of overall plans of watershed districts
- the review and comment on new projects
- approve water use contracts
- hearing appeals to watershed district decisions
- consolidate watershed districts

Mel stressed that one of the policies important to the former WRB was Board member attendance at and participation in statutory hearings, so interested parties could speak directly to the decision-makers.

The Metropolitan Water Management Act was passed by the legislature as Chapter 509, Laws of 1982. It mandated local watershed planning in the seven-county metro area. Some of the responsibilities of the Board under 509 are as follows:

- review and comment on watershed management organization boundaries
- modify watershed district boundaries
- review and approve watershed management organization plans

Mel said no money had been put into the 509 legislation, and no additional staff. Therefore, too little pro-active involvement has been able to occur. He stressed that a tremendous workload was approaching in the form of 42 plans to be reviewed and approved.

Chapter 110B, the Comprehensive Local Water Management Act, became law in 1985. Some of the responsibilities for the Board under 110B are as follows:

- review and approve comprehensive county water plans
- coordinate state assistance to counties
- conduct an active information and education program
- adopt rules governing the content of comprehensive water plans
- resolve inter-local disputes over water plans

Sinn reported that the Water Resources Board went to the State Planning Agency right after the law was passed for help in carrying out this new legislation. The WRB and SPA entered into a memo of agreement to work together on state-level 110B duties.

Sinn also reported that publication of a handbook on comprehensive local water management planning is to be published by the State Planning Agency in the near future. 54 counties are eligible for \$816,000 in LCMR funding to help them prepare comprehensive water plans. Again, Sinn stressed that no new money was appropriated for this initiative, and that the workload and responsibilities facing staff far surpassed its capacity.

Sinn reported that Minnesota Statutes, Sections 105.71 to 105.79 included the Water Resources Board's authorizing legislation. Chapter 105 contains a water policy intervention process, which allows parties to petition the

Board to intervene in certain disputes over interpretation of state water policy. The process has been used infrequently and never developed into the State's primary forum for development of coordinated state water policy envisioned by its original legislative authors.

Sinn said the WRB believed that the essence of its mission was to strengthen local water management.

A recess was called at 11:00 a.m. The meeting reconvened at 11:05 a.m.

Overview of Former Soil and Water Conservation Board - Ken Tow stated that the Soil and Water Conservation Districts (SWCDs) are a product of the dust bowl in the 30's. The Soil and Water Conservation Board was created in 1937. There are presently 91 SWCDs throughout the 87 counties. The SWCDs serve as a vehicle for local, state, and federal practices on the land. There are 235 employees in the SWCDs. The Soil and Water Conservation Board services SWCDs who in turn service and deliver programs.

Jim Birkholz distributed the Soil and Water Conservation Board's Mission Statement for the Board's information. The Mission Statement and Strategic Plan involve: leadership; services to districts; operations; public information and education.

Tow distributed a financial and staff resources appropriation for FY88-89 for the Board's information. The total resources available for the Board of Water and Soil Resources is \$3,789,500 for FY88 and \$3,787,300 for FY89. Tow also distributed a Reinvest In Minnesota (RIM) Reserve Program appropriation for the Board's information. Birkholz distributed an informational fact sheet of the field staff responsibilities for the Board's information. Tow also distributed a listing of priorities of the Soil and Water Conservation Board.

Loni Kemp made a report on the Environmental Quality Board - Water Resources Committee recent activities. She discussed three initiatives: 1) a state groundwater strategy being developed with MPCA taking the lead role; 2) a statewide strategy on ag chemicals being developed with the Water Resource Committee taking the lead role; and 3) Governor Perpich's and Representative Munger's proposals for an Environmental Trust Fund, with a possible source of funds being a state lottery under Perpich's proposal. Discussion to be continued later in the meeting.

Chairman Ogaard adjourned the meeting for lunch at 12:10 p.m. The meeting reconvened at 1:10 p.m.

Natalie Haas-Steffen asked for a chart or other information on where the Board of Water and Soil Resources fits into the whole picture, what its duties are, and what its relationships are with other agencies. Additional information will be made available to all board members at the next meeting.

Chairman Ogaard asked that any board members' concerns, policy issues, etc., should be funneled to him in writing and then he could have that information readily available to them at the next board meeting.

Discussion of the Environmental Trust Fund concept was continued. Loni Kemp reported that the mission statement involved: 1) Research; 2) Monitoring Data; 3) Capitol Investments; and 4) a catch-all category for unique opportunities. Greg Larson, Program Specialist, distributed a packet of information he received while attending a hearing called by Representative Munger. A brief listing of the public hearings statewide was distributed to the board members. It was suggested that board members get involved, if they can do so, to support this concept and to contact staff if additional information is needed. A more detailed listing of public hearings will be mailed to board members.

Items Requiring Board Action

- A. Mustinka-Rabbit River - Bois de Sioux Watershed District Establishment Petition - Mel Sinn reported that this proposed watershed district would cover about 1400 square miles in the six counties of Traverse, Grant, Wilkin, Big Stone, Stevens, and Ottertail. The petition was received by the Water Resources Board in July. The Water Resources Board decided to delay action on this watershed district to allow the new Board of Water and Soil Resources to administer it. A detailed watershed district map and a report from the Director of DNR/Waters has not yet been received. When this information is received from DNR, board members will also receive copies. The earliest hearing date would be mid-December, with Wheaton as the probable location. Sinn reported that contested case hearings are required in proceedings that involve termination of a watershed district; proposed establishment of a watershed district; and appeals of watershed district decisions. Administrative law judges must be used. Chairman Ogaard felt that a Task Force is needed for specific assignments, as it is not feasible nor financially acceptable for 16 board members to attend these hearings.

87-2

Moved by Natalie Haas-Steffen, seconded by Howard Peterson, to authorize staff to make all necessary arrangements for a contested case hearing on the Mustinka-Rabbit River - Bois de Sioux establishment petition; and to prepare, publish, and mail notice and order for hearing; with the hearing not to be conducted before January, 1988. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

- B. Notice of Appeal on Coon Creek Watershed District Ditch No. 58 Maintenance Levy - Mel Sinn reported that this was a landowner's appeal of Coon Creek's decision to levy a \$50,000 maintenance fund for Ditch No. 58. Natalie Haas-Steffen disqualified herself from voting on this issue, as she is from the county affected. The appellants were present and were introduced. Sinn reported that the former WRB's policy on appeals was to promote informal negotiation and settlement, but the history of this particular appeal appeared to preclude that option. He recommended that the Board proceed by ordering a contested case hearing.

87-3

Moved by Jack Graba, seconded by Don Warner, to find the notice of appeal and \$250 check submitted in lieu of bond filed by Mr. Winslow Holasek on September 9, 1987 in the matter of the Coon Creek Watershed District's Resolution 87-4, which ordered an assessment against all properties benefitted by Anoka County Ditch No. 58 to create a \$50,000

maintenance fund, timely and sufficient; to direct staff to make all necessary arrangements for a contested case hearing on the appeal; and to direct staff to prepare and mail notice and order for hearing. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Abstained: Haas-Steffen. Carried.

- C. Resolution Delegating Authorities to Chairman - Ken Tow distributed a Delegation/Recision of Authority form for the Board's information. Mel Sinn briefed the Board on recommended delegations of authority to the Chair to sign Board notices, orders, and to grant time extensions for DNR/Waters Director's reports.

87-4

Moved by Cofell, seconded by Brooks, to approve the staff recommended resolution: "Be it resolved that the Board of Water and Soil Resources, in order to conduct the day-to-day business of the agency, delegates to the chairman, signature authority for the following:

- sign personnel transactions
- sign payroll transactions
- sign payroll rosters
- execute contracts
- sign payment batch cover sheets
- pick up payroll warrants
- sign purchasing documents, and submit biennial budget documents.

It is further understood that the chairman, may in turn, further delegate these authorities to officials and employees within the Board's staff and the Minnesota Department of Agriculture as he deems appropriate." Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

87-5

Moved by Haas-Steffen, seconded by Graba, to amend the previous motion by adding a deadline date of June 30, 1989. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

87-6

Moved by Jim Hoese, seconded by Moen, to authorize the Chairman to approve and sign Board notices of filing of petitions; notices of hearings; and to grant time extensions to the Director of the Division of Waters of the MDNR for submission of preliminary reports on watershed district nominating petitions under Minnesota Statutes, section 112.37, subdivision 3(3). Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

- D. Designation of Advisors to Board - Ken Tow distributed a recommended listing of invited Advisors to the Board:

- U.S. Soil Conservation Service
- U.S. Agricultural Conservation and Stabilization Service
- MN Association of Soil & Water Conservation Districts
- MN Association of Watershed Districts
- MN Association of Counties
- U of M, Institute of Agriculture
- U of M, Extension

After discussion, the following additional Advisors were added to the list:

- Met Council
- U of M, Water Resource Research Center
- Freshwater Foundation
- League of Minnesota Cities
- Minnesota Association of Townships
- Institute of Public Health

The Board agreed that the list was open and that additions could be made on case-by-case basis.

87-7 Moved by Douglas Bade, seconded by John Boulton, to approve the above listed advisors to the Board. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

87-8 Moved by Don Warner, seconded by William Cofell, that advisors receive agenda, and notice of meeting only. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

Chairman Ogaard felt that it was not necessary to name an Executive Director for the Board of Water and Soil Resources for the first 60 days. He asked for discussion by the board members on this. It was suggested that a December 1st deadline be made for filing applications. Chairman Ogaard felt that a personnel committee was needed to make a recommendation on the Executive Director position. The personnel committee would be made up of five members who would review the position and then report to the full board.

87-9 Moved by Natalie Haas-Steffen, seconded by Howard Peterson, that the Chairman is authorized to appoint a five-member personnel committee for the Executive Director position, and to report the appointments of that committee at the November meeting. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

Chairman Ogaard stated that he will appoint the committee and notify the members within one week.

It was suggested that an agenda item for the November meeting be a combined, expanded newsletter.

Discussion and Information Items

- A. Legislative Initiatives for the New Board - Kim Benson, Land Use Specialist was introduced, regarding recording of cost-share practices for the board's information. The law states that cost-share practices must be recorded. It takes legislation to change that law to put a cap on recording cost-share practices. It was recommended that \$3,600 be the minimum amount to be recorded. Discussion followed.

Mark Nelson, Board Representative, was introduced. Mark has been working on the 509 (Water Management Organization Plans) process to set up a uniform process for erosion and sediment control programs. The Board has an opportunity to address this need to improve the Chapter 509 statute.

Chairman Ogaard suggested annual appointments to various committees as follows:

- EQB Water Resources Committee: Loni Kemp and Mel Sinn.
- EQB Technical Committee: Jim Birkholz and Mel Sinn
- SPA/Environmental Resources Data Group: Greg Larson

87-10

Moved by John Boulton, seconded by Ken Schellack, to approve the Chairman's appointments to the various committees: Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Hoese, Haas-Steffen, Brooks, Harste, Peterson, Graba, Kemp, and Cofell. Opposed: None. Carried.

Expense Reports were distributed to the board members for their information. Expense reports were asked to be submitted to the central office on a monthly basis. Per diem for board members is \$35 per meeting per day. Discussion followed. It was asked who would board members be representing when attending various meetings, this board, or their local unit Chairman Ogaard recommended that members should contact the Chairman before attending meetings that are in question.

William Cofell suggested that various board members write letters to the Chairman stating that a larger budget is needed for the Board of Water and Soil Resources.

- B. Upcoming Actions at November and December Meetings
- Staff presentations and RIM items were recommended for upcoming meetings.
- C. Other
- Ken Tow explained that Michele Gran, Communications Manager has resigned. Denice DeFrates has been hired temporarily as Information Officer. Ron Shelito, Board Representative in Marshall, has also resigned effective October 28, 1987.

Plans for Future Meetings

87-11

Moved by Ken Schellack, seconded by John Boulton, to hold board meetings on the fourth Wednesday of the month. Affirmative: Ogaard, Boulton, Williamson, Warner, Kalmes, Bade, Schellack, Moen, Haas-Steffen, Brooks, Peterson, Graba, Kemp, Cofell. Opposed: Harste. Carried.

The next meeting is scheduled for Wednesday, November 25, 1987, in Conference Room A of the Department of Agriculture Building, St. Paul, Minnesota.

87-12

Moved by Jack Graba, seconded by Douglas Bade, to adjourn the meeting at 4:10 a.m. Carried.

#1

Motion Adopt AgendaMoved: William Cofell
Seconded: Natalie Haas-Steffen

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#2

October 21, 1987

Authorize staff to schedule
hearings, w/ January timeline
(Grant Co. has not signed it)

Motion Grant Co. has not signed it
Moved: Natalie Haas-Steffen
Seconded: Howard Peterson

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#3

RE: Coon Creek W.D.

Staff directed to
make necessary
arrangements for hearings

Motion make necessary
arrangements for hearings
Moved: Jack Graba
Seconded: Don Warner

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	declined to vote	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#4

Approve staff recommend.

RE: Chris's delegation
of authority

Motion of authority

Moved: William Cofell
Seconded: John Brooks, Jr.

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#5

Motion Amendment to
previous motion - add - 6/30/89
 Moved: Natalie Hoese-Steffen
 Seconded: Jack Graba

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#6

Motion Chairman authorize ~~mail~~ to sign,
mail notice of hearings,
and file petitions
 Moved: Jim Hoese
 Seconded: Lowell Moen

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#7

Motion Adopt Advisory
Members listing
 Moved: Doug Bade
 Seconded: John Boulton

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#8

Motion Advisors to receive
agenda notice only
 Moved: Don Warner
 Seconded: William Cofell

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#9

Chm. authorized to appoint #10

Motion RE: Executive Director
position + report at Nov. mtg.
 Moved: Natalie Haas-Steffen
 Seconded: Howard Peterson

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

Motion Approve Chm's appointments
to various committees

Moved: John Boulton
 Seconded: Ken Schellack

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	✓	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste	✓	
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#11

Motion 4th Wednesday
for Board meeting
 Moved: Ken Schellack
 Seconded: John Boulton

	For	Against
Don Ogaard	✓	
John Boulton	✓	
John Williamson	✓	
Don Warner	✓	
Eugene Kalmes	✓	
Douglas Bade	✓	
Ken Schellack	✓	
Lowell Moen	✓	
James Hoese	out	
Natalie Steffen	✓	
John Brooks	✓	
Loren Harste		✓
Howard Peterson	✓	
Jack Graba	✓	
Loni Kemp	✓	
William Cofell	✓	

Carried: ✓

#12

Motion Adjourn at 4:10

Moved: Jack Graba
 Seconded: Douglas Bade

	For	Against
Don Ogaard		
John Boulton		
John Williamson		
Don Warner		
Eugene Kalmes		
Douglas Bade		
Ken Schellack		
Lowell Moen		
James Hoese		
Natalie Steffen		
John Brooks		
Loren Harste		
Howard Peterson		
Jack Graba		
Loni Kemp		
William Cofell		

Carried: ✓

FINANCIAL AND STAFF RESOURCES
BOARD OF WATER AND SOIL RESOURCES

Approved Complement - 19

<u>Appropriation</u>	<u>FY88</u>	<u>FY89</u>
<u>Resources</u>	\$ 3,789,500	\$ 3,787,300
1. Operations - All staff salaries, Board per diem, supplies, equipment, telephone, mail, and other administrative expense.	954,800	952,600
2. General Purpose Grants-in-aid to soil and water conservation districts.	814,200	814,200
3. Grants to districts (SWCDs) for technical assistance, education and demonstrations of conservation tillage (TED).	152,300	152,300
4. *Grants to Watershed Districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. (*available until expended.)	198,500	198,500
5. *Grants to Soil and Water Conservation Districts for cost-sharing contracts for erosion control and water quality management. (*available until expended.)	1,501,000	1,501,000
6. Grants-in-aid to soil and water conservation districts and local units of government to solve sediment and erosion control problems (SLR's). Limit: 50% total project cost -or- 50% of local share if federal money is used. Priority to lakeshore, stream bank, and roadside erosion, and to projects eligible for federal matching money.	158,700	158,700
7. For the International Water Coalition	10,000	10,000
<u>TOTAL RESOURCES</u>	\$3,789,500	\$3,787,300

REINVEST IN MINNESOTA (RIM) RESERVE PROGRAM

Approved Complement - 4

RIM Appropriation - to the Minnesota Department of Agriculture,
administered by the Board of Water and Soil
Resources.

For
FY88
&
FY89

- | | |
|--|-------------|
| 1. From General fund appropriation
to the commissioner of agriculture
for technical service and implementation
of the conservation reserve program. | \$1,800,000 |
|--|-------------|

\$1,500,000 of this amount must be
distributed to Soil and Water
Conservation districts. (\$750,000
each year of biennium).

Approval complement of the Department
of Agriculture is increased by three
positions in the classified service.
(RIM engineer, accounting clerk, real
estate specialist).

- | | |
|---|-------------|
| 2. From the bonding fund to pay for
limited duration and permanent
easements for retiring marginal lands,
restoring wetlands, and establishing
living snowfences. (\$4.5 million each
year). | \$9,000,000 |
|---|-------------|

Also establishes complement of one
position in the unclassified service
as a RIM coordinator.

MISSION STATEMENT

"IT IS THE MISSION OF THE SOIL AND WATER CONSERVATION BOARD TO SUPPORT THE CITIZENS OF THE STATE OF MINNESOTA IN PROTECTING SOIL AND WATER RESOURCES."

The Mission will be accomplished by:

"Formulating statewide policy and economic incentives which protect soil from erosion, prevent sedimentation and improve water quality;"

"Advocating the use of Soil and Water Conservation Districts as the local unit of government to provide soil and water conservation services;"

"Strengthening the ability of Soil and Water Conservation Districts in assisting citizens in conserving soil and water resources;"

"Coordinating on-going and innovative efforts which protect soil and water resources;"

"Promoting proper use of soil and water resources."

SWCB FIELD STAFF RESPONSIBILITIES

% of
Time

- 25% 1. Administer and monitor all SWCB programs through the SWCDs to ensure implementation according to statutes, rules and guidelines.

Tasks: Compliance audits, deal with violations, review project applications, answer questions, train supervisors, employees and agency personnel, review and approve plans and reports.

- 20% 2. Provide day to day assistance to SWCDs.

Tasks: Meet regularly with supervisors and employees, assist in communication/education efforts, ensure communication between districts, provide consultation on SWCD management, provide liaison between SWCD and SWCB, troubleshoot problems.

- 10% 3. *WV 207 Q. 21-* Implement the SWCB Strive Toward Excellence in Performance project.

Tasks: Conduct SWCD evaluations and follow-up, conduct formal and informal training.

- 10% 4. Planning and program development.

Tasks: Work individually and in staff groups to develop or change programs.

- 15% 5. Strengthen programs of regional significance.

- 15% 6. Manage regional office/agency coordination.

- 5% 7. Provide professional assistance to area, state and national associations of SWCDs.

Tasks: Assist area director, work on committees, assist on annual convention.

PRIORITIES

- Maintain existing organization with continued emphasis on service to local units of government.
- Determine needed levels of protection for water and soil resources.
- Develop new Mission Statement and Strategic Plan for Board of Water and Soil Resources.
- Strengthen local leadership capability.
- Strengthen role of soil and water conservation districts in water management planning, water quality programs, and groundwater protection efforts.
- Continued involvement for Board and districts in Reinvest In Minnesota (RIM) Reserve Program.
- Continued partnership with soil and water conservation districts and U.S. Soil Conservation Service to reduce erosion losses to wind and water.

Project Update

Soil and Water project improves conservation

Can improving management systems help conserve Minnesota's soil and water resources?

Jim Birkholz thinks so.

Birkholz is project manager of the STEP project, Strengthening Soil and Water Conservation, in the Department of Agriculture. The goal of the project is to improve the services of "perhaps the most complex delivery system ever devised," Birkholz says.

With combined financial and personnel resources of federal, state and local governments, the 91 Soil and Water Conservation Districts in Minnesota were surprisingly effective. However, the staff of the Soil and Water Conservation Board (SWCB), the administrative arm of the program, saw a need for improvement in the overall management of district offices.

Drawing upon ideas developed by the SWCB staff over the last eight or nine years, the STEP project team focused on three areas: providing an orientation process for elected officials and employees of the local districts; improving training for staff, specifically district managers; and conducting on-site evaluations of the districts.

The Board staff was acutely aware that these efforts might not be well received at the local level, but "management encouraged us to take the risk," Birkholz says, "and it paid off. The evaluations, which could have been met with resistance, turned out to be the shining star of the whole project. They have been well accepted across the state."

The reason, he says, is that the evaluations were two-fold. His staff would give the district feedback on what was going right as well as how to deal with problems; at the same time, the district was encouraged to provide feedback on how the state agency's services were helping or hindering local conservation programs.

"And I'm proud of the way the staff has conducted themselves. They knew that people might be uptight, and they handled the situation very professionally," Birkholz says. All 75 evaluations completed to date have been "valuable personal interactions which have helped the district improve and have given our staff more insight into the needs of local districts."

The SWCB has also gained several unexpected benefits, according to Birkholz.

"We have a clearer road map of what specific things we need to work on as a staff to accomplish our long range goals. Before the STEP project, we would have long discussions at staff meetings about the problems in the districts. Now we spend the time planning the solutions. There's a personal commitment and a high trust level between our staff and the districts."

The staff has also changed the way it does business. Before, Birkholz says, staff task forces and work groups would fizzle out without accomplishing their task. Now, however, "we focus on the use of staff work groups to carry out any work that involves the efforts of more than one person. Everyone knows that a product is expected, and that something will happen. In our annual work planning session, we automatically develop and endorse the appropriate work groups for the year."

The staff is also better prepared to take on new challenges. When the RIM (Reinvest in Minnesota) program was initiated just over a year ago, the agency had to scramble to implement it. The program has been tremendously successful and popular, Birkholz says.

"The fact that we were doing the STEP project at the same time is more than mere coincidence. It's an example of how an organization can improve its overall management and take on a new responsibility and get it done."

The challenge now facing the organization is the result of the coming merger Oct. 1 of their board with two others--the Water Resources Board which had been housed in the Department of Natural Resources, and the Southern Minnesota River Basin Council within the State Planning Agency. The new entity, the Board of Water and Soil Resources, will be an independent board housed in the Department of Agriculture.

"It will give us some exciting new responsibilities related to Water management. I think our STEP project helped our organization strengthen its ability to deal with these new responsibilities," Birkholz says.

Although Birkholz feels his staff is committed to its work, he sees the need for "the outside world to know what we're doing, to feel that it's significant." He admits that providing services such as improved personnel management systems doesn't have a direct impact on conservation.

"But if we help the local districts to have productive, efficient employees," he explains, "Minnesota's soil and water resources are going to be protected."



**Committee on Environment
and Natural Resources**

Willard M. Munger

Chairman

Jean Wagenius

Vice Chair

HOUSE OF REPRESENTATIVES

Fred C. Norton, Speaker

479 State Office Building
St. Paul, Minnesota 55155

(612) 296-4282

Ann M. Glumac
Committee Administrator

Elizabeth Gohl
Secretary

ENVIRONMENT & NATURAL RESOURCES COMMITTEE

Rep. Willard Munger, Chairman

Thursday, October 15, 1987

2:00 p.m., Room 10, State Office Building

AGENDA

1. Call to Order
2. Roll Call
3. Approval of Minutes: April 28, 1987
September 10, 1987
4. Environmental & Natural Resources Trust Fund Concept

Willard Munger, Chairman

John Helland, House Research

John Alexander, Commissioner, Mn. DNR

Panel Discussion:

Tom Rulland, Director, Environmental Division,
State Planning Agency

Tom Kalitowski, Executive Director,
Pollution Control Agency

Steve Thorne, Deputy Commissioner, Mn. DNR

Bob Dunn, former state senator, former chair of
Waste Mgmt. Bd., current member of the
Environmental Quality Board

Diane Jensen, Clean Water Action Project

Nelson French, The Nature Conservancy

Judy Erickson, Council on Minnesota Parks

Dorothy Waltz, State Bd. of Water & Soil Resources

Tom McGuigan, Minnesota Audubon Society

Judy Bellairs, The Sierra Club

Bob Buckler, Fish & Wildlife Legislative Alliance

5. Adjournment

D. Battaglia
J. Begich
D. Carlson
J. Himle
G. Hugoson
L. Jennings
A. Johnson
B. Johnson
P. Kahn
D. Knuth
E. Larsen
D. Long
M. Marsh
H. McPherson
D. Nelson
B. Neuenschwander
P. Ogren
S. Pauly
L. Reding
J. Rose
T. Rukavina
G. Schafer
C. Shaver
W. Simoneau
W. Skoglund
P. Thiede
S. Trimble
B. Waltman

MINNESOTA TRUST FUNDS BY STATE CONSTITUTION AND STATUTE

By State Constitution

- Article XI, section eight creates the Permanent School Fund which consists of the proceeds derived from the school lands, the swamp lands and the internal improvement lands granted to the state from the United States, and all cash and investments credited to the Fund.

The Fund is invested by the State Board of Investment. The principal and the income of the Fund is constitutionally dedicated solely for educational purposes. The net interest and dividends arising from the Fund are distributed to the different school districts of the state in proportion to the number of students in each district between the ages of 5 and 21 years.

- Article XIV, sections five to eight create the Highway User Tax Distribution Fund to be solely used for highway purposes by the following three-way split:

- The Trunk Highway Fund 62% (Article XIV, section 6)

Not divided by statutory formula

- The County State-Aid Highway Fund (CSAH) 29% (Article XIV, section 7)

Divided by statutory formula:

10% divided equally among the 87 counties
10% apportioned on the basis of each county's registered motor vehicle population
30% apportioned on the basis of each county's total CSA mileage
50% apportioned according to each county's approved money needs

- The Municipal State-Aid Street Fund (MSAS) 9% (Article XIV, section 8)

Divided by statutory formula:

50% distributed according to population
50% apportioned on the basis of approved money needs

By Statute

Minnesota Statutes, §116J.955, subdivision 1, creates the Rural Rehabilitation Revolving Fund which is invested by the State Investment Board.

The Greater Minnesota Act of 1987 (chapter 386) created the Rural Development Board, consisting of:

the commissioner of energy and economic development, the commissioner of jobs and training the commissioner of agriculture, the president of the Greater Minnesota Corporation board, the state director of vocational technical education, the chancellor of the state university board, the chancellor of the state board for community colleges, the president of the University of Minnesota of the

president's designee, the chair of the regional advisory committee, and six members from the general public appointed by the governor, with at least one public member from each of the economic development regions (6).

The new Board will utilize monies from the Rural Rehabilitation Revolving Fund (\$6 million in 1987-88) for a challenge grant program (50% public funding, 50% private) to provide loans to new and expanding businesses in rural Minnesota to promote economic development.

- Minnesota Statutes, §298.292, creates the Northeast Minnesota Economic Protection Trust Fund with revenues from the production tax on taconite and iron sulfides. The Fund is invested by the State Board of Investment and administered by the Iron Range Resources and Rehabilitation Board.

The revenues are split one-third to the Northeast Minnesota Economic Protection Trust Fund and two-thirds to the Taconite Environmental Protection Fund.

The Northeast Minnesota Economic Protection Trust Fund is to be used for economic rehabilitation and diversification of industrial enterprises as the result of the decline of a single industry.

The Taconite Environmental Protection Fund is to be used for reclaiming, restoring and enhancing these areas of northeast Minnesota that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore.

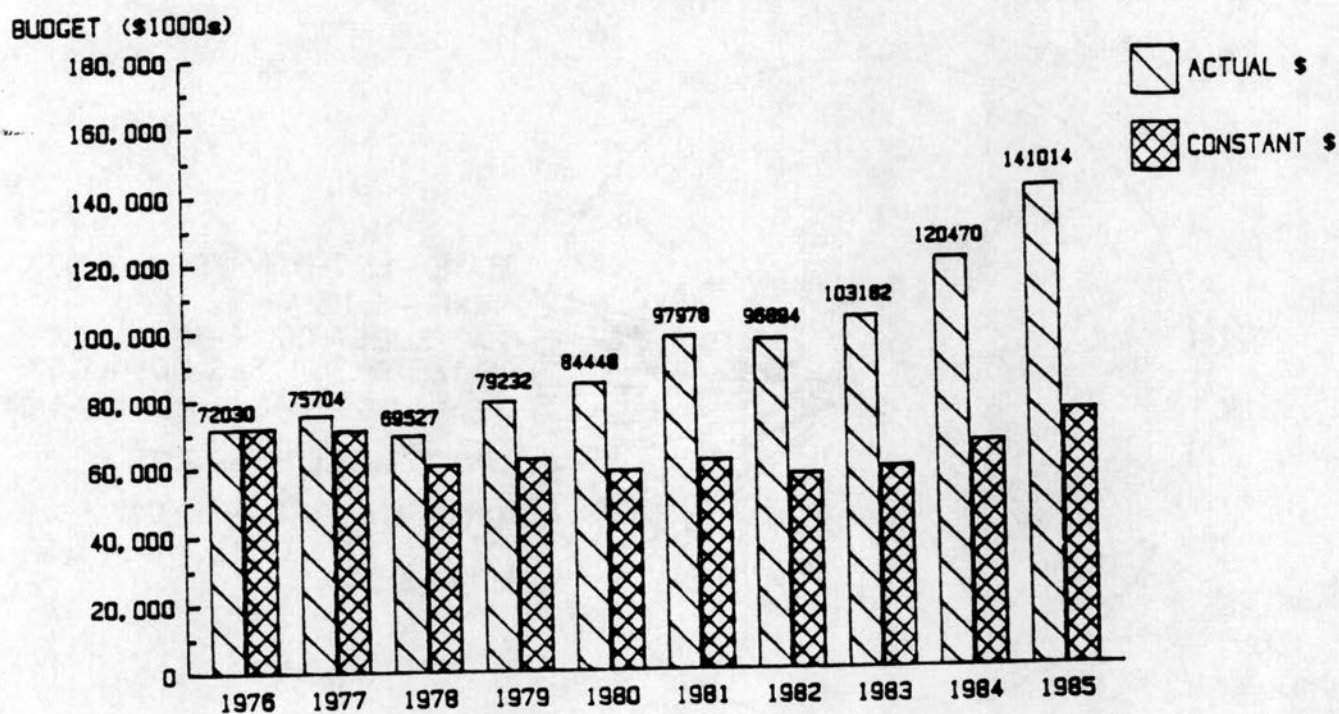
- Minnesota Statutes, §299A.22, creates the Children's Trust Fund for the prevention of child abuse, to be invested by the Board of Investment.

Revenue is received by federal funds for child abuse and a \$2 surcharge for each birth certificate copy (Minnesota Statutes, §144.226). Until the total amount of assets in the Trust Fund exceeds \$20,000,000, not more than 60% of the birth certificate copy surcharge monies and 100% of all earnings credited the previous fiscal year, are available for disbursement. After the Fund exceeds \$20,000,000, only the annual earnings and the federal funds received are available for disbursement.

Using the recommendations of a 15-member advisory committee, the Commissioner of Public Safety may disburse Trust Fund money to any public or private nonprofit agency to fund a child abuse prevention program.

John Helland, Legislative Analyst
House Research Department
Minnesota House of Representatives
October 14, 1987

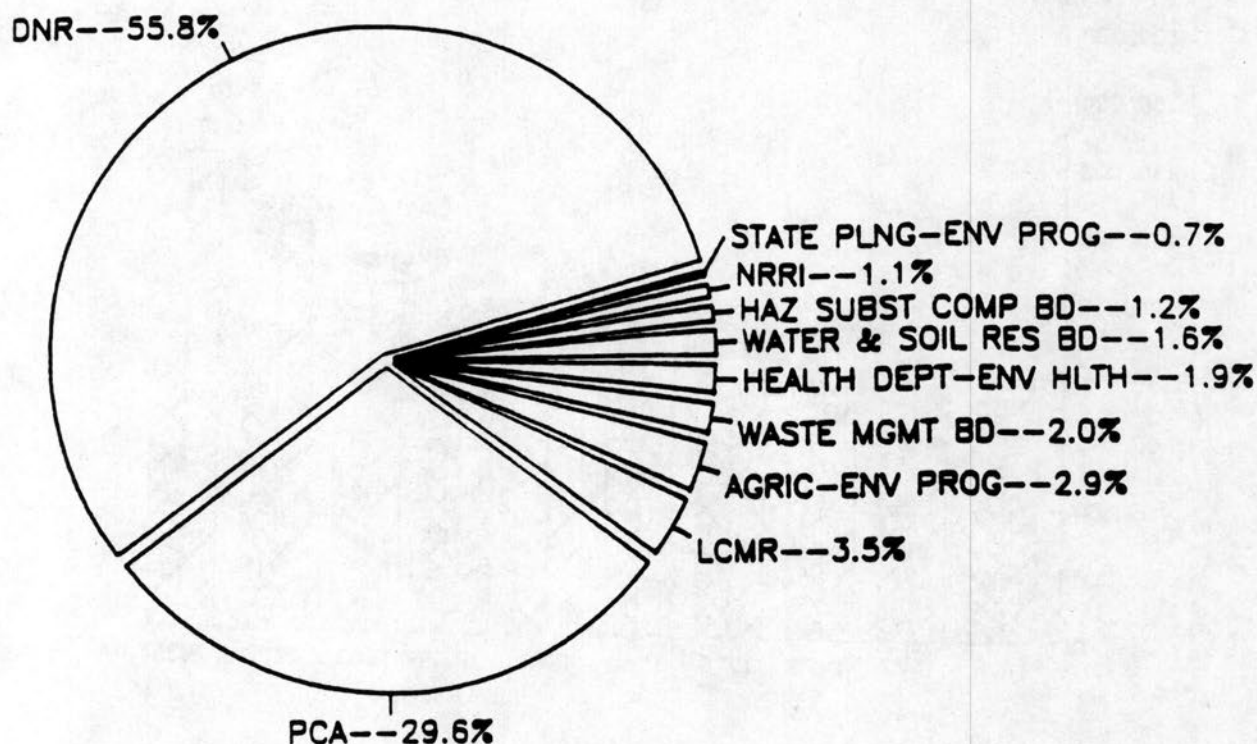
Figure 1
MINNESOTA ENVIRONMENTAL BUDGET
ACTUAL AND CONSTANT DOLLARS
1976 TO 1985



Research Department
MN House of Representatives

Figure 1 presents both the actual and constant dollars of environmental funding for the eight major state environmental agencies over the ten year period of 1976-1985. The actual expenditures have nearly doubled during this period. However, the inflation-adjusted constant dollars actually decreased moderately during this period and only recently have returned to the 1976 level.

ENVIRONMENTAL EXPENDITURES 1987-89 BIENNIUM --- ALL FUNDS (\$ IN THOUSANDS)



DEPARTMENT OF NATURAL RESOURCES
 POLLUTION CONTROL AGENCY
 LCMR
 AGRICULTURE DEPT - ENVIRON PROGRAMS
 WASTE MANAGEMENT BOARD
 HEALTH DEPT - ENVIRON HEALTH
 WATER & SOIL RESOURCES BOARD
 HAZARDOUS SUBST COMPENSATION BOARD
 NATURAL RESOURCE RESEARCH INST
 STATE PLNG - ENVIRON PROGRAMS

\$259,328.9
 137,508.5
 16,241.0
 13,280.0
 9,124.9
 8,623.0
 7,576.8
 5,395.0
 4,900.0
 3,115.6

TOTAL

\$465,093.7

NATURAL RESOURCES TRUST FUNDS IN SELECTED OTHER STATES

I. Trust Funds. The following three states have representative trust funds for natural resources purposes.

- Alabama has two natural resources trust funds: the Alabama Trust Fund and the Heritage Trust Fund.

The Alabama Trust Fund was established in 1985, consisting of revenues accruing to the state through oil and gas exploration in the coastal waters. The \$333 million acquired through an August 1984 oil and gas lease sale, as well as money paid to the state from off shore federal leases and its submerged lands and mineral leases, was also placed in the Fund.

The Heritage Trust Fund, which was established with a \$449 million lease sale in 1981 will automatically be transferred to the Alabama Trust Fund in 2001. The income (i.e., interest) derived from the trust fund will be paid directly into the General Fund. The creation of the trust fund was intended to preserve resources generated from non-reusable resources.

- Florida also has two natural resources trust funds: the Conservation and Recreation Lands Trust Fund (C.A.R.L.) and the Internal Improvement Land Fund.

Florida state policy assures its citizens of the availability of public lands for recreation, with priority given to land in or near counties with the greatest concentration of population. State policy also provides protection for lands of critical state concern.

The C.A.R.L. Trust Fund was set up with the above purposes in mind as a nonlapsing, revolving fund used exclusively for conservation and recreation land acquisitions. It initially was provided with \$240 million in bonds, and currently is being replenished through a 50 percent contribution of the total money collected from an excise on the severance of oil, gas and solid minerals.

The Board of Trustees of the International Improvement Trust Fund allocates money for the C.A.R.L. Fund on the basis of one of these criteria:

- (a) The land is qualified as environmentally endangered.
- (b) The land is determined to be in the public interest.
 - 1. If it will be used and protected as a natural flood plain, marsh or estuary.
 - 2. If it will be used as a state park, recreation area, public beach, state forest, wilderness or wildlife management area.
 - 3. If it will be used for the restoration of altered ecosystems or to correct environmental damage.
 - 4. If it will be used to preserve significant archaeological or historical sites.

The International Improvement Trust Fund is used for the acquisition, conservation, protection, management and administration of state-owned lands. All revenues for the fund are derived from the application fees charged by the Division of State Lands for the use in any manner, lease, or release of any interest in or for the sale of state lands.

- Michigan has a Natural Resources Trust Fund (enacted in 1985) in which revenues from leases and royalties on oil and gas drilling and production are placed in a restricted fund, invested, and used annually to buy land for recreation and protection. Under the legislation, which was initially passed by the voters as a constitutional amendment, the Trust Fund is to accumulate a principal sum of \$150 million. Interest on the principal is to be used to buy public recreation acreage. A small part of the principal may also be spend each year until the Fund reaches \$150 million. A five-member Board of Trustees, including their Department of Natural Resources Director, administers the Fund and submits to the legislature a list of recommended purchases. The legislature decides what will or will not be bought.

II. Dedicated Funding. Two other examples of dedicated funding for natural resources are found in Colorado and Missouri.

- Colorado dedicates half of their net lottery proceeds for state and local park acquisition and development. Ten percent of the money goes for capital construction in state parks, and 40 percent is for local recreational needs.

\$3.5 million, or three cents of every dollar, was available in 1986-87 for Colorado state park use. The lottery dedication was enacted in 1982.

- Missouri has two separate programs for natural resources protection that both utilize a percentage of the state's sales tax.

The first program was established in 1976 by a constitutional amendment. It calls for an addition to the state sales tax of one-eighth of one percent with the money earmarked for acquisition and management of fish, wildlife and forest habitat. Revenues, around \$45 million annually, are recommended to be expended by the Missouri Conservation Commission, a four-member board who administers their Department of Conservation.

In 1984, Missouri voters approved another constitutional amendment for a second natural resources program by adding a one-tenth of one percent sales tax. The revenue, about \$37 million annually, is divided equally between soil conservation and state parks. Missouri's Department of Natural Resources administers this program and money is earmarked for soil and water conservation cost sharing, small watershed protection, local technical aid; and state parks maintenance, management, planning, public information and capital improvements.

John Helland, Legislative Analyst
House Research Department
Minnesota House of Representatives
October 14, 1987

Introduced by Munger, Norton, Redalen,
G. Anderson, Rose
March 26, 1987
Referred to Committee on ENVIRONMENT & NATURAL RESOURCES

H.F. No. 1257

Companion S.F. No. _____

Reproduced by PHILLIPS LEGISLATIVE SERVICE

1 A bill for an act

2 proposing an amendment to the Minnesota Constitution
3 by adding a section to article XI; establishing a
4 Minnesota environmental and natural resources trust
5 fund; providing implementing legislation; proposing
6 coding for new law as Minnesota Statutes, chapter 115C.

7

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

9 Section 1. [CONSTITUTIONAL AMENDMENT PROPOSED.]

10 Subdivision 1. The following amendment to the Minnesota
11 Constitution, adding a section to article XI, is proposed to the
12 people. If the amendment is adopted, the section will read as
13 follows:

14 Sec. 14. One percent of all proceeds derived from taxes
15 imposed by the state upon personal and corporate income and
16 general sales and four cents per pack from taxes on cigarettes
17 shall annually be placed in a permanent trust fund to be
18 established, known as the "Minnesota environmental and natural
19 resources trust fund." The trust fund shall be governed by a
20 board of trustees composed of the governor, the attorney
21 general, the state treasurer, the state auditor, the secretary
22 of state, the speaker of the house of representatives, the
23 majority leader of the senate, the chair of the house committee
24 on appropriations, and the chair of the senate committee on
25 finance. A legislative commission of 14 members, seven members
26 of the senate appointed by the majority leader and seven members

1 of the house appointed by the speaker, shall make
2 recommendations to the board of trustees on approval or
3 disapproval of expenditures from the trust fund. Expenditures
4 from the trust fund shall only be used for the protection,
5 conservation, restoration and enhancement of air, water, land
6 and other natural resources located within the state. The
7 principal of the trust fund and any unexpended interest shall be
8 invested and reinvested by the state board of investment.

9 Subd. 2. [SUBMISSION TO VOTERS.] The proposed amendment
10 must be submitted to the people at the 1988 general election.
11 The question submitted shall be:

12 "Shall the Minnesota Constitution be amended to establish a
13 Minnesota environmental and natural resources trust fund
14 financed by a transfer to the fund of one percent of all
15 proceeds derived from taxes imposed upon personal and corporate
16 income and general sales and four cents per pack from taxes on
17 cigarettes for the protection, conservation, restoration and
18 enhancement of air, water, land and other natural resources of
19 the state?

20 Yes

21 No"

22 Sec. 2. [115C.01] [CREATION OF TRUST FUND.]

23 Subdivision 1. [ESTABLISHMENT OF ACCOUNT AND INVESTMENT.]

24 A Minnesota environmental and natural resources trust fund
25 pursuant to section 1, is established as an account in the state
26 treasury. The commissioner of finance shall credit to the trust
27 fund all amounts authorized under section 1, and shall ensure
28 that trust fund money is invested under section 11A.24. All
29 money earned by the trust fund must be credited to the trust
30 fund. The trust fund earns its proportionate share of the total
31 annual state investment income.

32 Subd. 2. [GIFTS AND DONATIONS.] Gifts and donations,
33 including land or interests in land, may be made to the trust
34 fund, and any gifts or donations are not subject to the
35 limitation of section 5, subdivision 1, clause 3.

36 Sec. 3. [115C.02] [PURPOSE OF TRUST FUND.]

1 Expenditures from the Minnesota environmental and natural
2 resources trust fund shall only be made for acceleration of
3 programs that exist on January 1, 1989, or creation of new
4 programs after that date.

5 Sec. 4. [115C.03] [AUTHORITY TO DISBURSE FUNDS.]

6 Subdivision 1. [PURPOSES.] The board of trustees of the
7 Minnesota environmental and natural resources trust fund,
8 assisted by the legislative commission on Minnesota resources,
9 must develop a budget plan to disburse money from the trust fund
10 for the purposes contained in subdivisions 2 and 3 of this
11 section. The plan must be given to the legislature by September
12 1 of each even-numbered year.

13 Subd. 2. [GRANTS; LOANS; STATE EXPENDITURES.] Funds may be
14 spent on grants or loans to local units of government, or direct
15 expenditures by the appropriate state agency to:

16 (1) abate water, air, and land pollution in situations
17 where federal or state loans or grants are not adequate for the
18 abatement, and the pollution presents a danger to the health of
19 Minnesota citizens;

20 (2) protect natural resources lands, including but not
21 limited to wetlands, prairie lands, and other environmentally
22 sensitive lands that are not included as part of the outdoor
23 recreation system under chapter 86A;

24 (3) improve fish and wildlife habitat;

25 (4) implement the reinvest in Minnesota purposes of section
26 84.95, subdivision 2;

27 (5) develop, operate and maintain the outdoor recreation
28 system under chapter 86A;

29 (6) implement the forest resource management plan required
30 by section 89.011;

31 (7) develop and implement state and local water
32 conservation, management or allocation plans required by
33 chapters 105 and 110B and sections 473.878 and 473.879;

34 (8) implement floodplain, shoreland, and wild and scenic
35 river requirements contained in chapter 104 and section 105.485;

36 (9) develop and implement soil and water conservation

1 programs pursuant to chapter 40;

2 (10) implement watershed district and lake improvement
3 district programs carried out under chapters 112 and 378;

4 (11) implement the dam safety and stream maintenance
5 programs under sections 105.475 and 105.482; and

6 (12) conduct research necessary for the protection,
7 conservation, restoration and enhancement of air, water, land
8 and other natural resources.

9 Subd. 3. [ADMINISTRATIVE EXPENSE.] The board of trustees
10 may appoint personnel within their respective agencies that may
11 be necessary to administer the trust fund and advise the board.
12 Expenses of the board shall be paid as follows:

13 (1) from the biennial budget of the commissioner of natural
14 resources until the principal balance in the trust fund reaches
15 \$200,000,000; and

16 (2) from the trust fund when the principal balance exceeds
17 the sum of \$200,000,000; however, the expenses of the board may
18 not exceed an amount equal to five percent of the total interest
19 earned by the trust fund in the preceding calendar year.

20 For the purpose of clause (1), the commissioner of natural
21 resources shall include the administrative expense of the board
22 of trustees in the biennial budget request to the legislature.

23 Subd. 4. [EXCEPTIONS.] Expenditures from the Minnesota
24 environmental and natural resources trust fund may not include
25 money for:

26 (1) purposes of environmental compensation and liability
27 under chapter 115B; or

28 (2) purposes of municipal water pollution control under the
29 authority of chapters 115 and 116, including combined sewer
30 overflow under section 116.162.

31 Subd. 5. [REPORTS REQUIRED.] The board of trustees must
32 detail expenditures from the Minnesota environmental and natural
33 resources trust fund and make a report available to the
34 governor, the legislative commission on Minnesota resources, the
35 house and senate committees on appropriations and finance and
36 the general public by June 1 of each odd-numbered year.

1 Sec. 5. [115C.04] [AVAILABILITY OF FUNDS FOR
2 DISBURSEMENT.]

3 Subdivision 1. [EXPENDITURE RESTRICTION.] There is
4 annually appropriated to the board of trustees the following
5 sums from the Minnesota environmental and natural resources
6 trust fund:

7 (1) any interest earned by the trust fund in the preceding
8 year;

9 (2) 30 percent of the sum deposited in the trust fund in
10 the preceding year; and

11 (3) when the trust fund balance exceeds \$1,000,000,000, no
12 further money shall be deposited in the trust fund and the
13 trustees may expend only the interest generated by the fund.

14 Subd. 2. [PURPOSES.] The appropriation in this section may
15 only be used for the purposes outlined in section 4.

16 Sec. 6. [EFFECTIVE DATE.]

17 Sections 2 to 5 are effective upon approval by the voters
18 of the constitutional amendment proposed by section 1.

Introduced by Lessard

March 5, 1987

Ref. to Com. on General Legislation & Public Gaming

Reproduced by PHILLIPS LEGISLATIVE SERVICE, INC.

S.F. No. 727

Companion H.F. No. _____

Ref. to H. Com. on _____

1 A bill for an act

2 relating to lotteries; creating a Minnesota lottery
3 agency and providing for its powers and duties;
4 authorizing the sale of lottery tickets; providing
5 penalties; requiring profits from the lottery to be
6 dedicated to the reinvest in Minnesota resources fund
7 and to the general fund to be used for economic
8 development in greater Minnesota; establishing the
9 reinvest in Minnesota resources endowment fund;
10 appropriating money; amending Minnesota Statutes 1986,
11 sections 10A.01, subdivision 18; 15A.081, subdivision
12 1; 290.09, by adding a subdivision; and 609.761;
13 proposing coding for new law in Minnesota Statutes,
14 chapters 84 and 297A; proposing coding for new law as
15 Minnesota Statutes, chapter 240A.

16

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

18 Section 1. [84.96] [REINVEST IN MINNESOTA RESOURCES
19 ENDOWMENT FUND.]

20 Subdivision 1. [ESTABLISHMENT.] The reinvest in Minnesota
21 resources endowment fund is established as a fund in the state
22 treasury.

23 Subd. 2. [REVENUE SOURCES.] The revenue in the reinvest in
24 Minnesota resources endowment fund consists of:

25 (1) amounts credited to the fund under section 12,
26 subdivision 7;

27 (2) gifts, appropriations, and receipts from other sources;
28 and

29 (3) interest attributable to investment of the fund.

30 Subd. 3. [INTEREST.] The interest attributable to the

1 investment of amounts in the reinvest in Minnesota resources
2 endowment fund shall be credited to the reinvest in Minnesota
3 resources endowment fund.

4 Subd. 4. [ENDOWMENT.] Money in the reinvest in Minnesota
5 resources endowment fund may not be spent for any purpose until
6 the balance is \$500,000,000. The balance of \$500,000,000 may
7 not be spent but is an endowment for the reinvest in Minnesota
8 resources endowment fund under section 84.95.

9 Sec. 2. [240A.01] [DEFINITIONS.]

10 Subdivision 1. [TERMS.] For the purpose of this chapter
11 the terms defined in this section have the meanings given them.

12 Subd. 2. [AGENCY.] "Agency" means the state lottery agency.

13 Subd. 3. [COMMISSION.] "Commission" means the Minnesota
14 lottery commission.

15 Subd. 4. [DIRECTOR.] "Director" means the director of the
16 state lottery agency.

17 Subd. 5. [LOTTERY.] "Lottery" means any and all lottery
18 games conducted by the state lottery agency.

19 Subd. 6. [LOTTERY AGENT.] "Lottery agent" or "agent" means
20 a person with whom the state lottery agency has contracted to
21 sell lottery tickets to the public.

22 Subd. 7. [LOTTERY TICKET.] "Lottery ticket" or "ticket"
23 means any tangible evidence issued by a lottery agent to prove
24 participation in a lottery game.

25 Subd. 8. [LOTTERY VENDOR.] "Lottery vendor" or "vendor"
26 means any person who has entered into a major procurement
27 contract with the state lottery agency.

28 Subd. 9. [MAJOR PROCUREMENT CONTRACT.] "Major procurement
29 contract" means a contract to provide lottery products and
30 services. Major procurement contract does not include a
31 contract to provide materials, supplies, equipment, and services
32 common to the ordinary operations of state agencies.

33 Sec. 3. [240A.02] [LOTTERY COMMISSION.]

34 Subdivision 1. [ESTABLISHED.] The Minnesota lottery
35 commission is created with the powers and duties established
36 under this chapter.

1 Subd. 2. [MEMBERSHIP.] The commission consists of 11
2 members who shall be appointed by the governor with the advice
3 and consent of the senate. At least one member must be a
4 resident of each congressional district in this state, and no
5 more than five of the members may belong to the same political
6 party. The governor shall designate the chair of the
7 commission. Of the members first appointed, three are for terms
8 expiring June 30, 1990, three are for terms expiring June 30,
9 1992, and three are for terms expiring June 30, 1994. After the
10 expiration of the initial terms, appointments are for terms of
11 six years. An appointment to fill a vacancy in an unexpired
12 term is for the remainder of the term and is with the advice and
13 consent of the senate.

14 Subd. 3. [QUALIFICATIONS.] A member of the commission must
15 have been a resident of Minnesota for at least five years before
16 appointment.

17 Subd. 4. [COMPENSATION.] The compensation of commission
18 members is \$35 per day spent on commission activities, when
19 authorized by the commission, plus expenses in the same manner
20 and amount as provided in the commissioner's plan adopted
21 according to section 43A.18, subdivision 2.

22 Subd. 5. [REMOVAL; VACANCIES.] The removal of commission
23 members is as provided in section 15.0575.

24 Subd. 6. [ACTIONS.] The commission may sue and be sued in
25 its own name but no action may be brought against the commission
26 or any of its members for actions taken in good faith in the
27 performance of their duties. Suits and actions may be commenced
28 against the commission or any of its members in any court of
29 competent jurisdiction in this state by service, in the manner
30 provided in Minnesota rules of court, of any summons, process,
31 or pleadings authorized by the laws of this state. The attorney
32 general is the legal counsel for the commission.

33 Sec. 4. [240A.03] [LOTTERY AGENCY.]

34 Subdivision 1. [ESTABLISHED.] There is established a state
35 lottery agency under the control of the commission.

36 Subd. 2. [DIRECTOR.] The governor shall appoint the

1 director of the agency, with the advice and consent of the
2 senate, who serves at the pleasure of the governor, and is in
3 the unclassified service. The director must have such
4 background and qualifications as would qualify for the position
5 of the director of the state lottery agency. The director must
6 devote full time to the duties of the office and not be engaged
7 in any other profession or occupation while holding the office.

8 Subd. 3. [POWERS AND DUTIES.] The director has the
9 following powers and duties:

10 (1) to implement, supervise, and administer a state lottery
11 at the earliest feasible time to produce the maximum amount of
12 net revenue to the state consistent with the public interest;

13 (2) to recommend to the commission rules for the operation
14 and administration of the lottery;

15 (3) to recommend to the commission lottery game procedures;

16 (4) to enter into contracts for the operation and promotion
17 of the lottery and the supply of necessary goods and services
18 with the approval of the commission;

19 (5) to issue subpoenas to compel the attendance of
20 witnesses and the production of documents, books, records, and
21 other evidence relating to the lottery;

22 (6) to enforce all laws governing the state lottery;

23 (7) to employ and supervise personnel;

24 (8) to enter into written agreements or compacts with one
25 or more states, with the approval of the commission, for the
26 operation, marketing, and promotion of a joint lottery;

27 (9) prepare a budget for the agency, subject to the
28 approval of the commission; and

29 (10) to take all necessary steps to ensure the integrity of
30 the lottery in Minnesota.

31 Sec. 5. [240A.04] [EMPLOYEES.]

32 Subdivision 1. [DEPUTY DIRECTORS.] The director shall
33 appoint a deputy director of security, deputy director of
34 marketing, and a deputy director of administration, who shall
35 serve in the unclassified service at the pleasure of the
36 director. The deputy director of security shall be responsible

1 for ensuring the integrity, honesty, and fairness of the
2 operation and administration of the lottery, including
3 conducting background checks of prospective employees of the
4 agency, prospective lottery agents, and prospective lottery
5 vendors. The deputy director of security shall have had at
6 least five years experience in law enforcement.

7 Subd. 2. [OTHER EMPLOYEES.] Subject to applicable laws,
8 the director may employ and assign duties to other employees and
9 agents as necessary to administer and operate the lottery.

10 Subd. 3. [BACKGROUND CHECKS.] The director shall conduct
11 background checks on all prospective employees and require all
12 persons employed by the agency to be fingerprinted.

13 Subd. 4. [COMPENSATION.] The compensation of all agency
14 employees shall be as provided in chapter 43A.

15 Subd. 5. [ASSISTANCE.] The director may request assistance
16 from any department or agency of the state in fulfilling the
17 director's duties and shall make appropriate reimbursement for
18 all assistance.

19 Sec. 6. [240A.05] [CONFLICT OF INTEREST.]

20 No member of the board, the director, or employee of the
21 agency and no member of their immediate families residing in the
22 same household may:

23 (1) have shares or a management interest in a lottery
24 vendor or lottery agent; or

25 (2) receive a gift, gratuity, or other thing of value
26 having an aggregate value in excess of \$100 in any calendar year
27 from a lottery vendor or lottery agent.

28 Sec. 7. [240A.06] [LOTTERY AGENTS.]

29 Subdivision 1. [CONTRACTS.] The director may enter into
30 contracts with persons to act as lottery agents with those
31 persons the director determines meet the qualifications of this
32 section and will serve the public convenience. Before entering
33 into any contract under this section, the director must consider:

34 (1) the financial responsibility and security of the
35 applicant as shown by, among other things, the applicant's
36 credit history;

- 1 (2) the accessibility to the public of the applicant's
2 place of business;
3 (3) the adequacy of existing lottery agents to serve the
4 public convenience;
5 (4) the volume of expected sales; and
6 (5) the effect of the applicant becoming a lottery sales
7 agent on the public health, welfare, and safety as shown by,
8 among other things, public comments in response to the notice
9 posted under subdivision 3.

10 Subd. 2. [QUALIFICATIONS.] A lottery agent must:

- 11 (1) be at least 18 years of age;
12 (2) be a resident of Minnesota;
13 (3) have never been convicted of a felony during the
14 previous ten years in a state or federal court or have a state
15 or federal felony charge pending;
16 (4) have never been connected with an illegal business;
17 (5) have never been convicted of a gambling-related offense
18 or of a crime involving fraud or misrepresentation; or
19 (6) be a member of the immediate family residing in the
20 same household of an employee of the agency, director, or member
21 of the commission.

22 An organization, firm, partnership, or corporation that has
23 as an officer, director, or a stockholder who owns more than
24 five percent of the stock of the corporation that does not meet
25 the requirements of clauses (3) to (6) is not eligible to be a
26 lottery agent under this section.

27 Subd. 3. [NOTICE.] Before entering any contract with an
28 applicant, the director shall require that the applicant
29 prominently post in the place of business a notice announcing
30 that the person has applied to become a lottery agent. The
31 notice must contain the date on which it was first posted and
32 must state that persons, including political subdivisions, who
33 wish to comment to the director on the applicant's fitness to
34 become a lottery agent and the effect of the applicant becoming
35 a lottery agent on the public health, welfare, and safety may do
36 so within 45 days of the date on the notice. The applicant must

1 notify the director of the date on which the notice was first
2 posted and must keep the notice prominently posted for at least
3 20 consecutive business days. The notice must be on a form
4 prescribed by the director. The director may not enter into any
5 contract until the period for receiving comments has expired.

6 Subd. 4. [GOVERNMENT AGENCIES.] A contract may not be
7 entered into with a department, commission, agency, or
8 instrumentality of the state or its political subdivisions, but
9 a contract may be entered into with a person engaged in
10 nongovernmental business on governmental property.

11 Subd. 5. [BOND.] The commission shall by rule require
12 lottery agents to post a bond in an amount the commission
13 determines is sufficient to protect the interests of the state
14 before undertaking the sale of lottery tickets. The bond must
15 be payable to the state and be conditioned on the agent's timely
16 payment of all money due from the sale of lottery tickets.

17 Subd. 6. [CRIMINAL HISTORY.] The director may request the
18 assistance of the bureau of criminal apprehension in
19 investigating lottery agents and applicants and the director may
20 require applicants to reimburse the bureau for this assistance.
21 The director has access to all criminal history data compiled by
22 the bureau on lottery agents and applicants.

23 Subd. 7. [TRANSFERS.] A contract entered into under this
24 section may not be transferred or assigned.

25 Subd. 8. [DURATION.] Contracts entered into under this
26 section are for a period of one year.

27 Subd. 9. [RECORDS.] Lottery agents shall keep full sets of
28 books of account, correspondence, and all other records
29 necessary to show fully the lottery transactions of the agent.
30 The director may require an audit to be made of the books of the
31 agent. The costs of any examination, inspection, or audit must
32 be assessed against the agent. The director may inspect the
33 premises of an agent and examine the agent's books and records
34 relating to the lottery at any reasonable time without a search
35 warrant.

36 Subd. 10. [PRIVATE DATA.] All reports filed by lottery

1 agents with the agency are private data under chapter 13.

2 Subd. 11. [PROCEEDS OF SALES.] All proceeds from the sale
3 of lottery tickets received by a lottery agent shall constitute
4 a trust fund until paid to the director. The lottery agent
5 shall be personally liable for all proceeds which shall be kept
6 separate and apart from all other funds and assets and shall not
7 be commingled with any other funds or assets.

8 Subd. 12. [RESTRICTIONS.] The sale of lottery tickets by a
9 lottery agent are subject to the restrictions in the agent's
10 contract and must be made at the location specified in the
11 contract.

12 Subd. 13. [CERTIFICATE.] Each lottery agent shall be
13 issued a certificate by the director which must be conspicuously
14 displayed at the place where the agent is authorized to sell
15 lottery tickets.

16 Subd. 14. [CONTRACT SUSPENSION AND CANCELLATION.] The
17 director may summarily suspend or cancel a contract with a
18 lottery agent for:

19 (1) failure to account for tickets received or proceeds
20 from the tickets;

21 (2) failure to comply with bond requirements under
22 subdivision 5;

23 (3) a violation of law, rule, or order of the director;

24 (4) failure to file a return or keep records as required by
25 this section or rules of the commission;

26 (5) fraud, misrepresentation, or conduct detrimental to
27 public confidence in the lottery; or

28 (6) a material change in any of the factors considered by
29 the director under subdivisions 1 and 2.

30 A contract suspension under this subdivision may not exceed
31 60 days.

32 Subd. 15. [REFUSAL TO RENEW LICENSES.] The director may
33 refuse to renew a contract for any cause in subdivision 14 or
34 for insufficient sales to justify continuation as a lottery
35 agent.

36 Subd. 16. [APPEALS.] A lottery agent whose contract has

1 been canceled, suspended, or not renewed by the director, may
2 appeal the director's action to the commission within 20 days of
3 receiving a notice of the cancellation, suspension, or refusal
4 to renew. An appeal of the director's decision under this
5 subdivision is a contested case under sections 14.57 to 14.69 of
6 the administrative procedure act.

7 Sec. 8. [240A.07] [VENDOR CONTRACTS.]

8 Subdivision 1. [AUTHORITY.] The director may contract for
9 the design, operation, and promotion of the lottery or any part
10 of it with the approval of the commission. A contract entered
11 into by the director may not be assigned except with the
12 director's and commission's specific written approval. A
13 contract entered into under this section must be for a period of
14 at least one year.

15 Subd. 2. [BIDS.] The director shall utilize an open and
16 competitive bid process and weighted evaluation criteria which
17 reflects the best interests of the lottery and the state of
18 Minnesota. In awarding a contract, the director and commission
19 must consider all relevant factors including security,
20 competence, experience, timely performance, and maximization of
21 net revenues to the state.

22 Subd. 3. [INVESTIGATION.] Before entering into any major
23 procurement contract the director shall conduct, or request the
24 bureau of criminal apprehension to conduct, a comprehensive
25 background and financial investigation of the person or
26 corporation seeking to enter into the contract. The director
27 may charge the person or corporation a fee to cover the cost of
28 the investigation.

29 Subd. 4. [BOND.] The director shall require a performance
30 bond to be executed by the person or corporation that is awarded
31 a major procurement contract in an amount at least equal to the
32 price of the contract.

33 Subd. 5. [EXEMPTION.] Major procurement contracts entered
34 into under this section are not subject to the provisions of
35 chapter 16B.

36 Subd. 6. [PRIVATE DATA.] Any bid submitted by any person

1 for a major procurement contract is private data under chapter
2 13.

3 Sec. 9. [240A.08] [RULES AND GAME PROCEDURES.]

4 Subdivision 1. [RULES.] The commission shall upon
5 recommendation of the director adopt rules, including emergency
6 rules, under chapter 14 for the operation and administration of
7 the lottery. The rules may include:

8 (1) the manner of payment of prizes to the holders of
9 winning tickets;

10 (2) the number and types of locations at which tickets are
11 sold;

12 (3) the qualifications for lottery agents;

13 (4) the procedures for applications for lottery agents;

14 (5) the investigation of lottery agent applicants;

15 (6) the compensation of lottery agents;

16 (7) the deposit of lottery revenue by agents;

17 (8) the distribution of lottery tickets;

18 (9) the manner in which proceeds of ticket sales are
19 maintained, reported, and otherwise accounted;

20 (10) procedures necessary to ensure the security and
21 integrity of the lottery and lottery funds; and

22 (11) all other rules deemed necessary for the efficient
23 operation and administration of the lottery in the public
24 interest.

25 Subd. 2. [GAME PROCEDURES.] The commission shall upon
26 recommendation of the director adopt lottery game procedures.

27 Adoption of lottery game procedures are not subject to chapter
28 14. Lottery game procedures shall include:

29 (1) the types of lotteries to be conducted;

30 (2) the price of tickets;

31 (3) the number and size of prizes on winning tickets;

32 (4) the manner of selecting winning tickets; and

33 (5) the frequency of drawings.

34 Lottery game procedures shall be effective upon publication
35 in the State Register.

36 Sec. 10. [240A.09] [LOTTERY PRIZES.]

1 Subdivision 1. [MINIMUM AGE FOR PURCHASE.] A lottery
2 ticket may not be sold to any person under the age of 18, but a
3 person 18 years of age or older may make a gift of a lottery
4 ticket to a person under the age of 18. The purchaser of a
5 ticket sold in violation of this section is not eligible to
6 receive any prize won by that ticket.

7 Subd. 2. [ASSIGNABILITY.] The right of any person to a
8 lottery prize is not assignable, except that:

9 (1) a prize may be paid to the estate of a deceased prize
10 winner; and

11 (2) a person under an appropriate judicial order may be
12 paid a prize to which another person is entitled.

13 Subd. 3. [DISCHARGE OF LIABILITY.] Payment of a prize
14 discharges the director and the commission of all further
15 liability.

16 Subd. 4. [INELIGIBLE PERSONS.] No lottery prize may be
17 paid to a member of the commission, director, or an employee of
18 the agency, or a member of the immediate family residing in the
19 same household of the member, director, or employee, or to an
20 officer or employee of a vendor currently engaged in supplying
21 equipment or services under a major procurement contract.

22 Subd. 5. [INSTALLMENT PAYMENTS.] If the commission decides
23 to pay all or part of a prize in the form of installments over a
24 period of years, the commission shall provide for the payment of
25 all installments by authorizing the director to:

26 (1) enter into a contract with a financially responsible
27 person or firm to provide for the payment of the installments;
28 or

29 (2) establish and maintain as a separate and independent
30 fund outside the state treasury a reserve account with
31 sufficient funds for the payment of the installments as they
32 become due.

33 Subd. 6. [UNCLAIMED PRIZES.] Unclaimed prizes must be
34 retained by the director for the person or persons entitled to
35 them for one year after the drawing at which they were
36 determined to be winning tickets or one year after the announced

1 end of the game in the case of a prize determined in a manner
2 other than by means of a drawing. If no claim is made for the
3 prize within that time, the prize must be retained in the state
4 lottery fund and the winner of the prize shall have no further
5 claim to the prize. Any prize won by a person that is
6 ineligible to be awarded the prize under subdivision 1 or 4 must
7 be treated as an unclaimed prize under this subdivision.

8 Sec. 11. [240A.10] [LOTTERY ODDS.]

9 The director shall include on each preprinted lottery
10 ticket and all printed advertising a prominent and clear
11 statement of the chances of winning each prize offered in the
12 lottery game for which the ticket is offered for sale or in
13 which the advertising material refers. Each lottery agent must
14 prominently post at or near the point of ticket sale a notice or
15 notices, printed and provided by the director, of the odds of
16 winning each prize in each game for which the lottery agent
17 sells tickets.

18 Sec. 12. [240A.11] [LOTTERY FUNDS.]

19 Subdivision 1. [FUND ESTABLISHED.] There is created
20 outside the state treasury a separate fund to be known as the
21 state lottery fund that consists of all revenues received by the
22 director from the sale of lottery tickets and all other money
23 credited or transferred to it by law. The fund is under the
24 control of the director and no appropriation is required to
25 permit expenditures and payment of obligations from it.

26 Subd. 2. [USE OF MONEY.] Money in the state lottery fund
27 may be used only for:

- 28 (1) payment of prizes to the holders of winning tickets;
29 (2) deposit into the lottery operations fund created under
30 subdivision 3; and
31 (3) payment to the state treasurer.

32 The director, with the approval of the commission, shall
33 determine the percentage of the state lottery fund to be
34 allocated among the above purposes, except that the percentage
35 allocated for clause (1) in a fiscal year may not be less than
36 45 percent, the percentage allocated for clause (2) in a fiscal

1 year may not be more than 15 percent excluding payments to and
2 retentions by lottery agents, and the percentage allocated for
3 clause (3) in a fiscal year may not be less than 30 percent.

4 Subd. 3. [OPERATIONS FUND.] There is created outside the
5 state treasury a separate fund to be known as the lottery
6 operations fund into which the director shall deposit sufficient
7 money to provide for the payment of the costs of operating and
8 administering the lottery. The fund is under the control of the
9 director and no appropriation is required to permit expenditures
10 from it.

11 Subd. 4. [DEPOSIT OF RECEIPTS.] (a) The director may
12 require any or all lottery agents:

13 (1) to deposit to the credit of the state lottery fund in
14 banks designated by the state treasurer all money received by
15 them from the sale of lottery tickets less the amount retained
16 as compensation; and

17 (2) to file with the director reports of the agents'
18 receipts and transactions in ticket sales in a form that the
19 director prescribes.

20 (b) The director may make arrangements for any person,
21 including a financial institution, to perform functions,
22 activities, or services in connection with the receipt and
23 distribution of lottery revenues.

24 (c) A lottery agent who fails to pay any money due to the
25 director within 30 days of being due shall pay interest on the
26 amount owed at the rate of one percent per month or fraction of
27 a month from the date when the money was due and a penalty at
28 the rate of ten percent of the amount due.

29 Subd. 5. [INVESTMENT OF FUNDS.] The director with the
30 approval of the commission shall invest the money in the lottery
31 fund and operations fund to maximize the return and to assure
32 the continuing availability of money with which to pay lottery
33 prizes, to pay the expenses of the agency, and to make
34 authorized transfers of money under subdivision 6. All interest
35 earned must be credited to the state lottery fund.

36 Subd. 6. [DETERMINATION OF NET PROCEEDS.] Within 30 days

1 after the end of each quarter, the director shall determine the
2 net proceeds from the lottery for that quarter. The net
3 proceeds must be arrived at by deducting from gross income to
4 the agency for that quarter:

5 (1) total prizes paid out in that quarter;
6 (2) an amount the director determines to be reasonably
7 required to pay future prize obligations resulting from lottery
8 drawings in that quarter; and

9 (3) total deposits in the lottery operations fund in that
10 quarter.

11 Within five days of making the determination of net
12 proceeds, the director shall deposit the proceeds in the state
13 treasury.

14 Subd. 7. [USE OF NET PROCEEDS.] (a) The amount deposited
15 by the director under subdivision 6 shall be credited as follows:

16 (1) 25 percent to the reinvest in Minnesota resources
17 endowment fund established under section 84.95;

18 (2) 25 percent to the reinvest in Minnesota resources
19 endowment fund established under section 1; and

20 (3) the balance of the deposit to the general fund to be
21 used for economic development in greater Minnesota.

22 (b) When the amount in the endowment fund established under
23 section 1 is \$500,000,000, the amounts credited under paragraph
24 (a), clauses (1) and (2), shall be credited to the general fund.

25 Subd. 8. [AUDIT.] The state auditor shall conduct an
26 annual postaudit of all accounts and transactions of the
27 agency. The state auditor or an agent conducting an audit under
28 this section shall have access and authority to examine all
29 records of the division and lottery agents. The director shall
30 pay the total cost of the audit from the operating fund, and all
31 collections received by the state auditor under this section
32 must be deposited in the general fund.

33 Subd. 9. [REPORTS.] The director shall file quarterly and
34 annual financial reports with the commission, governor, and the
35 legislature. The reports shall be based on generally accepted
36 accounting principles and include a full and complete statement

1 of lottery revenues, prize disbursements, expenses, net
2 revenues, and other financial transactions for that time period.

3 Sec. 13. [240A.12] [PROHIBITED ACTS.]

4 Subdivision 1. [ILLEGAL SALES.] It is unlawful for a
5 person to:

6 (1) sell a lottery ticket at a price other than that fixed
7 by the commission;

8 (2) sell a lottery ticket unless authorized by the director
9 to do so, however, this does not prohibit lottery tickets from
10 being given as gifts; or

11 (3) sell a lottery ticket at a place other than that
12 specified in a lottery agent contract.

13 Subd. 2. [ILLEGAL TICKETS.] It is unlawful for a person to:

14 (1) alter or forge a lottery ticket;

15 (2) claim a lottery prize or share of a ticket by means of
16 fraud, deceit, or misrepresentation; or

17 (3) conspire, aid, abet, or agree to aid another person or
18 persons to claim a lottery prize or share of a ticket by means
19 of an altered or forged ticket or by other fraud, deceit, or
20 misrepresentation.

21 Subd. 3. [FALSE STATEMENT.] It is unlawful for a person to:

22 (1) make a false or misleading statement in a book or
23 record required to be maintained or in a report required to be
24 submitted under this chapter;

25 (2) willfully refuse to produce for inspection when
26 required under this chapter a book, record, or document required
27 to be maintained; or

28 (3) make a false or misleading statement in information
29 submitted to the director in an application for a lottery agent
30 or a document related to a bid.

31 Subd. 4. [VIOLATION OF RULE.] It is unlawful for a person
32 to violate a rule made by the commission under this chapter.

33 Subd. 5. [LOTTERY AGENTS AND VENDORS.] A person who is a
34 lottery agent, or is applying to be a lottery agent, a person
35 applying for a contract from the agency, or a person under
36 contract with the agency to supply lottery games, equipment, or

1 services may not pay, give, or make any economic opportunity,
2 gift, loan, gratuity, special discount, favor, hospitality, or
3 service having an aggregate value of over \$100 in any calendar
4 year to a member of the commission, the director, or employee of
5 the agency, or to a member of the immediate family residing in
6 the same household of a member of the commission, director, or
7 employee of the agency.

8 Sec. 14. [240A.13] [PENALTIES.]

9 Subdivision 1. [FELONIES.] A violation of section 13,
10 subdivisions 1, clauses (1) and (2), and 2, is a felony.

11 Subd. 2. [GROSS MISDEMEANOR.] A violation of section 13,
12 subdivisions 1, clause (3), 3, and 5 is a gross misdemeanor.

13 Subd. 3. [MISDEMEANORS.] A violation of any provision of
14 this chapter for which another penalty is not provided is a
15 misdemeanor.

16 Sec. 15. [DEPOSIT TO GREATER MINNESOTA FUND.]

17 If S.F. No. 1 or H.F. No. 2 is enacted in the 1987
18 legislative session, section 12, subdivision 7, is repealed and
19 a subdivision is added to section 12 to read as follows:

20 Subd. 7a. [USE OF NET PROCEEDS.] (a) The amount deposited
21 by the director under subdivision 6 shall be credited as follows:

22 (1) 25 percent to the reinvest in Minnesota resources
23 endowment fund established under section 84.95;

24 (2) 25 percent to the reinvest in Minnesota resources
25 endowment fund established under section 1; and

26 (3) the balance of the deposit to the greater Minnesota
27 fund established under S.F. No. 1 or H.F. No. 2, whichever is
28 enacted.

29 (b) When the amount in the endowment fund established under
30 section 1 is \$500,000,000, the amounts credited under paragraph
31 (a), clauses (1) and (2), shall be credited to the general fund.

32 Sec. 16. Minnesota Statutes 1986, section 10A.01,
33 subdivision 18, is amended to read:

34 Subd. 18. "Public official" means any:

35 (a) member of the legislature;

36 (b) constitutional officer in the executive branch and the

1 officer's chief administrative deputy;

2 (c) member, chief administrative officer or deputy chief
3 administrative officer of a state board or commission which has
4 at least one of the following powers: (i) the power to adopt,
5 amend or repeal rules, or (ii) the power to adjudicate contested
6 cases or appeals;

7 (d) commissioner, deputy commissioner or assistant
8 commissioner of any state department as designated pursuant to
9 section 15.01;

10 (e) individual employed in the executive branch who is
11 authorized to adopt, amend or repeal rules or adjudicate
12 contested cases;

13 (f) executive director of the state board of investment;

14 (g) executive director of the Indian affairs intertribal
15 board;

16 (h) commissioner of the iron range resources and
17 rehabilitation board;

18 (i) director of mediation services;

19 (j) deputy of any official listed in clauses (e) to (i);

20 (k) judge of the workers' compensation court of appeals;

21 (l) administrative law judge or compensation judge in the
22 state office of administrative hearings or hearing examiner in
23 the department of jobs and training;

24 (m) solicitor general or deputy, assistant or special
25 assistant attorney general;

26 (n) individual employed by the legislature as secretary of
27 the senate, legislative auditor, chief clerk of the house,
28 revisor of statutes, or researcher or attorney in the office of
29 senate research, senate counsel, or house research; or

30 (o) member or chief administrative officer of the
31 metropolitan council, regional transit board, metropolitan
32 transit commission, metropolitan waste control commission,
33 metropolitan parks and open spaces commission, metropolitan
34 airports commission or metropolitan sports facilities
35 commission; or

36 (p) the director or deputy director of the state lottery

1 agency.

2 Sec. 17. Minnesota Statutes 1986, section 15A.081,
3 subdivision 1, is amended to read:

4 Subdivision 1. The governor shall set the salary rate
5 within the ranges listed below for positions specified in this
6 subdivision, upon approval of the legislative commission on
7 employee relations and the legislature as provided by section
8 43A.18, subdivisions 2 and 5: .

9	Salary Range
10	Effective
11	July 1, 1983
12 Commissioner of education;	\$57,500-\$70,000
13 Commissioner of finance;	
14 Commissioner of transportation;	
15 Commissioner of human services;	
16 Executive director, state board of	
17 investment;	
18 <u>Director, state lottery agency;</u>	
19 Commissioner of administration;	\$50,000-\$60,000
20 Commissioner of agriculture;	
21 Commissioner of commerce;	
22 Commissioner of corrections;	
23 Commissioner of jobs and training;	
24 Commissioner of employee relations;	
25 Commissioner of energy and economic	
26 development;	
27 Commissioner of health;	
28 Commissioner of labor and industry;	
29 Commissioner of natural resources;	
30 Commissioner of revenue;	
31 Commissioner of public safety;	
32 Chair, waste management board;	
33 Chief administrative law judge; office of	
34 administrative hearings;	
35 Director, pollution control agency;	
36 Director, state planning agency;	

1 Executive director, housing finance
2 agency;
3 Executive director, public employees
4 retirement association;
5 Executive director, teacher's
6 retirement association;
7 Executive director, state retirement
8 system;
9 Chair, metropolitan council;
10 Chair, regional transit board;
11 Coordinator of full productivity and
12 opportunity;
13 Commissioner of human rights; \$40,000-\$52,500
14 Director, department of public service;
15 Commissioner of veterans' affairs;
16 Director, bureau of mediation services;
17 Commissioner, public utilities commission;
18 Member, transportation regulation board.

19 Sec. 18. Minnesota Statutes 1986, section 290.09, is
20 amended by adding a subdivision to read:

21 Subd. 32. [LOTTERY PRIZES.] Gross income does not include
22 prizes won in the state lottery conducted under sections 2 to 14.

23 Sec. 19. [297A.259] [SALE OF LOTTERY TICKETS.]

24 The sale of lottery tickets authorized under sections 2 to
25 14 is exempt from the sales and use tax imposed by this chapter.

26 Sec. 20. Minnesota Statutes 1986, section 609.761, is
27 amended to read:

28 609.761 [OPERATIONS PERMITTED.]

29 Subdivision 1. Notwithstanding sections 609.755 and
30 609.76, an organization may conduct lawful gambling as defined
31 in section 349.12, if authorized under chapter 349, and a person
32 may manufacture, sell, or offer for sale a gambling device to an
33 organization authorized under chapter 349 to conduct lawful
34 gambling, and pari-mutuel betting on horse racing may be
35 conducted under chapter 240.

36 Subd. 2. Sections 609.755 and 609.76 do not prohibit the

1 operation of a state lottery or the sale, purchase, or
2 possession of tickets for a state lottery under sections 2 to 14.

3 Sec. 21. [APPROPRIATION.]

4 Subdivision 1. [LOTTERY ADVANCE.] There is appropriated
5 from the general fund to the state lottery agency for deposit in
6 the state lottery fund the sum of \$..... The appropriation
7 is available until expended.

8 Subd. 2. [REPAYMENT.] The director shall pay to the state
9 treasurer from the lottery fund a sum sufficient to repay the
10 advance made by subdivision 1 with interest at the rate of eight
11 percent per year by June 30, 1989. The treasurer shall deposit
12 this payment in the general fund.

13 Sec. 22. [EFFECTIVE DATE.]

14 Sections 1 to 21 are effective the day following final
15 ratification of the constitutional amendment authorizing the
16 state to conduct a lottery.



RUDY PERPICH
GOVERNOR

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR

ST. PAUL 55155

ENVIRONMENTAL TRUST FUND

PUBLIC HEARINGS

GOVERNOR PERPICH WILL HOLD A SERIES OF PUBLIC HEARINGS AROUND THE STATE TO LISTEN TO THE PUBLIC'S IDEAS ON CREATION OF A "MINNESOTA ENVIRONMENTAL AND NATURAL RESOURCES TRUST FUND."

THE HEARING SCHEDULE IS:

OCTOBER 28:

MANKATO	9:00 A.M. TO 11:00 A.M.
BEMIDJI	3:30 P.M. TO 5:30 P.M.

NOVEMBER 4:

ST. CLOUD	10:00 A.M. TO 12:00 P.M.
DETROIT LAKES	1:30 P.M. TO 3:30 P.M.

NOVEMBER 10:

ROCHESTER	9:00 A.M. TO 11:00 A.M.
ST. PAUL	2:00 P.M. TO 4:00 P.M.

IN ADDITION, A MEETING WILL SCHEDULED FOR DULUTH FOR MID-NOVEMBER.

MEETING LOCATIONS WILL BE ANNOUNCED WITHIN THE NEXT WEEK.

AN EQUAL OPPORTUNITY EMPLOYER

► INSTRUCTIONS

- DETERMINE STATUTORY AUTHORITY
- DETERMINE POWERS AND/OR DUTIES
- COMPLETE FORM AND SIGN
- SUBMIT TO SECRETARY OF STATE
- SEND COPIES TO AFFECTED AGENCIES
- EXECUTE SEPARATE RESCINDING ORDER FOR PREVIOUS HOLDER OF THIS POSITION AND SUBMIT TO THE SECRETARY OF STATE

NAME OF DESIGNEE (INCLUDE TITLE)



DELEGATION / RESCISION
OF AUTHORITY

DEPARTMENT (BUREAU, AGENCY, ETC.)

PERSON DELEGATING/RESCINDING (INCLUDE TITLE)

☐ I HEREBY DELEGATE THE FOLLOWING POWERS
AND/OR DUTIES TO THE ABOVE NAMED DESIGNEE,
EFFECTIVE: _____

Month

Day

Year

AUTHORITY CITED:

☐ PURSUANT TO: M.S. 15.06, SUBD. 6

☐ PURSUANT TO: M.S. 16B.06, SUBD. 2

☐ PURSUANT TO: _____

☐ SIGN PERSONNEL TRANSACTIONS

☐ SIGN PAYMENT TRANSACTIONS

☐ SIGN PAYROLL ROSTERS

☐ EXECUTE CONTRACTS

☐ SIGN PAYMENT BATCH COVER SHEETS

☐ PICK UP PAYROLL WARRANTS

☐ SIGN PURCHASING DOCUMENTS

☐ OTHER (EXPLAIN) _____

☐ I HEREBY RESCIND ALL PRIOR DELEGATIONS OF AUTHORITY ON FILE FOR THE ABOVE NAMED
PERSON, EFFECTIVE: _____

Month

Day

Year

SIGNATURES

DELEGATING/RESCINDING AUTHORITY

DESIGNEE

► THE SIGNATURE OF THE COMMISSIONER OF
ADMINISTRATION IS REQUIRED ONLY IF THE DELEGATION IS
PURSUANT TO M.S. 16.06B, SUBD. 2 (CONTRACTS).

SIGNATURE

► RESERVED FOR USE BY THE SECRETARY
OF STATE

APPROVED, COMMISSIONER OF ADMINISTRATION

Copies to:

RECOMMENDED RESOLUTION

Be it resolved that the Board of Water and Soil Resources, in order to conduct the day-to-day business of the agency, delegates to the chairman, signature authority for the following:

- sign personnel transactions
- sign payment transactions
- sign payroll roster
- execute contracts
- sign payment batch cover sheets
- pick up payroll warrants
- sign purchasing documents, and submit biennial budget documents

It is further understood that the chairman, may in turn, further delegate these authorities to officials and employees within the Board's staff and the Minnesota Department of Agriculture as he deems appropriate.

6/30/89

Recommended list of invited Advisors to the Board:

- ° U.S. Soil Conservation Service
- ° U.S. Agricultural Conservation and Stabilization Service
- ° Minnesota Association of Soil and Water Conservation Districts
- ° Minnesota Association of Watershed Districts
- ° Minnesota Association of Counties
- ° University of Minnesota, Institute of Agriculture
- ° University of Minnesota Extension

- Met Council
- U of M - Water Resource Research Center
- Freshwater Foundation
- (City + Township officials)
- League of Cities
- Assn. of Townships
- Institute of Public Health
-

with add. on case-by-case

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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1 Other Meetings

8 x Desirable days for meetings

1	2	3	4	5	6	7
8	9	10	11	12 Lincoln's Birthday	13	14 Valentine's Day
15	16 Washington's Birthday	17	18	19	20 x x x x	21
22	23	24	25 x x x x	26 x x x x	27	28

JANUARY
S M T W T F S
4 5 6 7 8 9 10
11 12 13 14 15 16 17
18 19 20 21 22 23 24
25 26 27 28 29 30 31

MARCH
S M T W T F S
1 2 3 4 5 6 7
8 9 10 11 12 13 14
15 16 17 18 19 20 21
22 23 24 25 26 27 28
29 30 31

Friday's



STATE OF MINNESOTA
BOARD OF WATER AND SOIL RESOURCES

90 WEST PLATO BOULEVARD
ST. PAUL, MINNESOTA 55107
TELEPHONE: (612)296-3767

Regional Offices

Northwest Region
1819 Bemidji Ave.
Bemidji, MN 56601
218-755-3963

North east Region
Government Service Center
320 W. 2nd Street
Room 603
Duluth, MN 55802
218-723-4752

West Central Region
611 Iowa Avenue
Staples, MN 56479
218-894-1692

South Central Region
Box 756
New Ulm, MN 56073
507-354-2196

Southeast Region
Friedell Bldg., Room 140
1200 S. Broadway
Rochester, MN 55904
507-285-7458

Southwest Region
Box 111
1400 E. Lyon Street
Marshall, MN 56258
507-537-7260

East Central Region
90 W. Plato Blvd.
St. Paul, MN 55107
612-296-3767

October 12, 1987

Sister Mary Madonna Ashton, Commissioner
Minnesota Department of Health
717 Delaware Street, SE
Minneapolis, MN 55440

Dear Commissioner Ashton:

As you are aware, as Commissioner of the Minnesota Department of Health, you are one of four ex-officio, non-voting members of the newly created Board of Water and Soil Resources.

The new Board will hold its first meeting on Wednesday, October 21, 1987. Attached is a meeting notice for your information. Please let me know if you would like to continue receiving the meeting notices or if you intend to designate an alternate to serve as your agency's contact person to the Board.

Thank you for your time and consideration.

Sincerely,

Kenneth R. Tow

KRT:mja
Enc.
cc: Dr. Ray Throne



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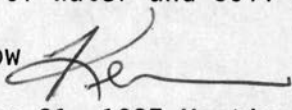
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October 12, 1987

TO: Board of Water and Soil Resources Members
FROM: Ken Tow 
SUBJECT: October 21, 1987 Meeting

The Board of Water and Soil Resources will meet on Wednesday, October 21, 1987, starting at 9:00 a.m., in Conference Room A of the Department of Agriculture Building, 90 West Plato Boulevard, St. Paul.

Attached is a preliminary agenda for your review. If you have additional items for the agenda, please contact our office by Tuesday, October 20th.

KRT:mja
Enc.
cc: Don Ogaard
Mel Sinn

BOARD OF WATER AND SOIL RESOURCES
Conference Room A
90 West Plato Boulevard
St. Paul, Minnesota 55107

October 21, 1987

9:00 a.m.	Call Meeting to Order
	* Introductions and Remarks by Board Members * Outline Parameters of Chairmanship * Discuss Need for Subcommittees
10:00 - 11:00	Water Resources Board - Mel Sinn
	* Historic Functions * Current Workload * Near Future Priorities
11:00 - 12:00	Soil and Water Conservation Board - Ken Tow and Jim Birkholz
	* Historic Functions * Current Workload * Near Future Priorities
Noon	Lunch
1:00 - 4:00	Staff Presentation of Information and Action Items for Board Consideration
4:15	Adjourn



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October 16, 1987

TO: Board Members

FROM: Ken Tow and Mel Sinn *KT MS*

SUBJECT: October 21st Board Meeting

Chairman Ogaard met with us yesterday afternoon to firm-up the first meeting agenda. Enclosed is a more detailed agenda and additional supporting materials. Also enclosed is a location map of the Board's office.

We look forward to seeing you on Wednesday.

The office is located across the river from downtown St. Paul a couple blocks west of Wabasha Street as shown on the map below.

