

STATE FUNDING PROGRAMS FOR OUTDOOR RECREATION: **Minnesota's Legacy Fund**

SUMMARY

Minnesota passed a constitutional amendment in 2008 that dedicates a portion of sales tax to outdoor recreation, as well as conservation, clean water, and cultural heritage. In total, it has supported more than \$490 million for outdoor recreation in its short history. Distribution of funds is overseen by an advisory committee that makes recommendations to the legislature.

This case study is part of a larger report describing how states fund outdoor recreation across the U.S. Access the full report "State Funding Mechanisms for Outdoor Recreation" here: <http://oia.outdoorindustry.org/headwaters>.

FUNDING TYPE

In 2008, Minnesota voters passed a constitutional amendment increasing sales tax by three-eighths of one percent through 2034, called the Clean Water, Land and Legacy Amendment ([Article XI, Section 15](#)) (the "Legacy Amendment"). Proceeds are directed into four separate Legacy Funds:

- Parks and Trails Fund – 14.25 percent
- Outdoor Heritage Fund – 33 percent
- Clean Water Fund – 33 percent
- Arts and Cultural Heritage Fund – 19.75 percent

Outdoor recreation is supported primarily through the Parks and Trails Fund, but the Outdoor Heritage Fund requires public access for hunting and fishing on any public land acquisitions. In total, the Legacy Amendment has funded more than \$490 million in outdoor recreation projects since its inception.¹



SNAPSHOT

Created in 2008

Constitutional amendment dedicates a portion of sales tax revenue

Funded more than \$490 million in outdoor recreation

Key factors of success:

- Broad range of values supported by constitutional amendment
- Long-term strategic vision spelled out in 25-year plans developed with public input
- Oversight commissions with citizen representatives make appropriation recommendations

As a constitutional amendment, this funding stream is dedicated, predictable, and secure, although it has a sunset clause. The constitutional amendment contains language stating that the funds raised through the measure shall supplement but not “supplant existing funding” streams such as the general fund, and this helps ensure that the funds do not reduce traditional sources for agency budgets, although in practice this is difficult to test and prove.

PROGRAM ORIGINS

Minnesota has a long history of innovative efforts to fund outdoor recreation. In 1963, the state legislature created the Minnesota Outdoor Recreation Resources Commission² to identify statewide needs and develop investment strategies for outdoor recreation. The result was the enactment of a cigarette tax with revenue dedicated to the Future Resources Trust Fund to support outdoor recreation. The Trust Fund lasted until 2003 when the cigarette tax was redirected to the general fund to address budget shortfalls.³

In 1988, Minnesota voters approved a constitutional amendment to create the Environment and Natural Resources Trust Fund (ENRTF), which dedicates a portion of lottery revenue “for the public purpose of protection, conservation, preservation, and enhancement of the state’s air, water, land, fish, wildlife, and other natural resources” ([Article XI, Section 14](#)). With 77 percent voter approval, it was a landmark early victory for conservation ballot initiatives. When first enacted, the Trust Fund did not have a dedicated source of funding, but voters approved amendments in 1990 and 1998 that dedicated 40 percent of lottery revenues and enabled up to 5.5 percent of the ENRTF corpus to be spent on projects. The ENRTF continues to fund conservation and recreation projects, and since its inception has funded more than \$69 million in outdoor recreation projects.

However, by the early 2000s, budget deficits resulted in a decline in general fund appropriations for conservation agencies in Minnesota.⁴ This led to a campaign for an additional constitutional amendment and new funding stream: the Clean Water, Land and Legacy Amendment.

Throughout the early 2000s, several advocacy organizations in Minnesota attempted to work with legislators to statutorily dedicate a portion of the existing sales tax to natural resources with a focus on habitat conservation. By the mid-2000s, legislators sought to add in their own priorities and include other important values for Minnesotans: clean water, parks and trails, and arts and culture.

Initially, there was resistance and in-fighting between constituent groups, but eventually the advocacy organizations realized they could accomplish more, raise more funds, and secure more votes working together. To provide more money to more groups, the proposal changed from one-sixteenth of one percent of existing sales tax to a constitutional amendment creating a new sales tax of three-eighths of one percent. This ensured more funding through a secure mechanism.

As Erika Rivers with Minnesota DNR describes, “Every Minnesotan voter could see themselves and something important to their lives in the amendment.” Mark Johnson, Executive Director for the Lessard-Sams Outdoor Heritage Council noted that in his opinion, including clean water helped throw the votes over the top, as everyone directly understands the importance of clean water.

Despite the economic recession, the Clean Water, Land and Legacy Amendment⁵ was passed by 56 percent of the voters in 2008. At the time, it was the largest conservation financing ballot measure in U.S. history.⁶ Despite the challenging economic circumstances at the time, Minnesotans clearly believed that the values of land, water, and legacy were a priority.

FUNDING ALLOCATION AND ADMINISTRATION

During each funding cycle, oversight commissions for each Legacy Fund request competitive proposals. These oversight commissions evaluate proposals based on established criteria and recommend a slate of projects for appropriation during the legislative session. Each commission has slightly different evaluation criteria, strategic goals, composition, and recommendation processes (see Table 6.1).

The Outdoor Heritage Fund.

The oversight commission for the Outdoor Heritage Fund (the Lessard-Sams Outdoor Heritage Council) includes both legislators and citizens. This approach has benefits and drawbacks. Because of their participation, legislators on the commission can become deeply involved in and supportive of outdoor recreation in the state, but their involvement can also introduce more politics into the funding recommendations. Citizen involvement on the commission is important, and public engagement also helps ensure the process is transparent.

State and local governments as well as nonprofit organizations may apply to the Outdoor Heritage Fund. It does not have match requirements, but demonstrating leverage improves project ranking. The Outdoor Heritage Fund is focused on projects that restore, protect and enhance wetlands, prairies, forest and habitat. Public land acquisitions made with the Outdoor Heritage Fund require public access for hunting and fishing. See Table 6.1 for additional details.

Parks and Trails Fund.

No oversight commission originally existed for the Parks and Trails Legacy Fund, and Minnesota Department of Natural Resources (DNR) managed the funding process for the first few years. During that time, there was extensive competition and disagreement regarding how to prioritize applications to the Parks and Trails Fund. Projects were coordinated by different agencies, or not coordinated at all, depending on jurisdictions and geography.

A public strategic planning process identified the need for greater collaboration among partners and suggested two actions to improve the Parks and Trails Fund, both completed in 2013.

First, the Greater Minnesota Regional Parks and Trails Commission (GMRPTC) was established to coordinate funding to local governments in the 80 counties outside of the Twin Cities metropolitan region. Its members are appointed by the governor. To be eligible for funding, the park or trail must be designated as regionally significant by the GMRPTC through an application process. Today, 49 parks and trails have been designated as regionally significant and are thus eligible to apply for Legacy Funds through the GMRPTC.

Second, the Parks and Trails Legacy Advisory Committee was created to oversee strategic priorities for the Parks and Trails Legacy Fund and make appropriation recommendations to the legislature. It includes representation from the DNR, which oversees state park and trail projects; the Metropolitan Council, which oversees projects in the Twin Cities metropolitan region; and GMRPTC. Establishing the Parks and Trails Legacy Advisory Committee was a difficult, multi-year process, but today the collaboration is strong and all three managing agencies agree that it has improved strategic outcomes for the Legacy Fund.

Each of the three Parks and Trails agencies (DNR, Metropolitan Council, and GMRPTC) present project proposals to the Parks and Trails Legacy Advisory Committee, which makes the final recommendation to the legislature. All three agencies are guided by four pillars outlined in the 2011 Parks and Trails Legacy Plan:⁷ (1) connect people and the outdoors; (2) acquire land and create opportunities; (3) take care of what we have; (4) coordinate among partners. The three agencies follow different processes for identifying and proposing projects for the Parks and Trails Fund, as described in Table 6.1. Other than land acquisitions in the Metropolitan Council's jurisdiction, match is not required.

SUCCESSSES

In total, funding for outdoor recreation from the two Legacy Funds has totaled hundreds of millions of dollars and supported hundreds of projects on state, county, and municipal levels. Projects range from new acquisitions for parks, to securing trail connections, to infrastructure development at trailheads and recreation areas. Deeper collaboration across jurisdictions helps to enact a statewide vision of a well-connected, regionally important outdoor recreation system. A shared online portal provides detailed information about all projects funded through these mechanisms.⁸

The minimal match requirements and open application process in the Outdoor Heritage Fund has generated many creative and diverse projects. For example, the Outdoor Heritage Fund helped purchase a conservation easement and recreational rights on a working forest privately owned by a paper company near Grand Rapids, MN. All the company's nearly 190,000 acres are now open for recreation including hunting, fishing, and hiking.

The first pillar of the Parks and Trails Legacy Plan—connecting people to the outdoors—has spurred innovative projects to help address declining numbers of people, especially children, recreating in nature. For example, the GM RTP helped fund a project that developed environmental learning programs for students in two counties. The program will continue tracking the same individual students for several years to examine whether their exposure from the program helped build habits and expand their families' interests in outdoor recreation.

CHALLENGES

Although the funding stream is secure and consistent through the constitutional amendment, the appropriation process introduces some uncertainty. Recommendations developed by individual commissions are sometimes modified during the legislative appropriation process.

The Legacy Fund is set to sunset in 2034, and having its termination (or renewal) on the horizon causes some concern. Mounting a renewal campaign requires good stories and measures of past success, which is a large task when also managing current and future projects. However, this also keeps the funding agencies accountable and ensures solid data tracking of all projects. Information about every proposal is accessible through a shared website.⁹

In recent years, Minnesota has seen increased opposition to new public land acquisitions. This is amplified by challenges within the state payment in lieu of taxes (PILT) program, where new state acquisitions make payments to counties in the absence of property tax. These dynamics make new land acquisition projects more expensive and difficult, so some agencies are shifting their energy toward projects focused on restoration and rehabilitation, infrastructure improvements, and programming.

LESSONS LEARNED

Broad and inclusive language increased voter support.

Within the Legacy Fund, moving away from competition and toward collaboration has consistently increased effectiveness. Expanding the potential recipients of the Legacy Amendment to include clean water and cultural heritage—beyond conservation and outdoor recreation—also broadened the voter support and constituencies advocating for the amendment. In the end, incorporating more groups helped persuade voters to pass the constitutional amendment.

Bigger can be better.

Proponents of the Outdoor Heritage Fund were only able to promise meaningful support for numerous constituencies after they increased the sales tax allocation from one-sixteenth of one percent of an existing tax, to three-eighths of a percent of a new tax. Broad support may not have been possible with a modest allocation.

Develop a common strategic vision and language.

The 25-year plans required by the legislature forced the agencies working with the Legacy Fund to articulate a statewide vision that serves as a guide for all funding decisions. With the development of the Parks and Trails Legacy Plan, state and local agencies stopped competing for funds and began working together toward a cohesive, strategic vision for a statewide recreation system. The “four pillars” of this plan are now a common framework for describing the public benefit and purpose of projects at every scale in every geography.

Define oversight commissions early and include citizens.

The Outdoor Heritage Fund benefited from the definition of its oversight committee in statute, and it hit the ground running with funding priorities in place. Citizen engagement in the Outdoor Heritage Fund is critical to ensuring that politics are minimized in funding appropriations. Within the Parks and Trails Fund, a long public process helped identify the need for an overarching oversight organization, and the resulting creation of the Parks and Trails Legacy Advisory Committee helped strengthen the cross-jurisdictional collaboration.

Table 6.1 – Clean Water, Land and Legacy Fund^a

	Outdoor Heritage Fund	Parks and Trails Fund		
Funding Source	Sales tax: 33.33 percent of 3/8 of one percent sales tax approved via constitutional amendment in 2008	Sales tax: 14.25 percent of 3/8 of one percent sales tax approved via constitutional amendment in 2008		
Approx. Funding for Outdoor Recreation	\$172 million since 2008 ^b	\$317 million since 2008		
Commission recommending appropriations	Lessard-Sams Outdoor Heritage Council made of 4 legislators and 8 citizens	Parks and Trails Legacy Advisory Committee made of 3 appointments from each administering agency (below), as well as 8 ad-hoc members		
Administering Agency	Lessard-Sams Outdoor Heritage Council	Minnesota DNR, Parks and Trails Division (40 percent of Parks and Trails Fund)	Metropolitan Council, Parks Division (40 percent of Parks and Trails Fund)	Greater Minnesota Regional Parks and Trails Commission^c (20 percent of Parks and Trails Fund)
Eligible projects	Restoration, protection and land acquisitions for wetlands, prairies, forest and habitat. Public land acquisitions must be open to hunting and fishing.	State parks and trails, including restoration, improvements, acquisitions, and programming.	Distributed to local governments by statutory formula ^d based on operations and maintenance responsibilities, population, and visitation. Ten percent available as grants for land acquisitions.	Parks and trails designated regionally significant by GMRPTC. Designation granted through application process.
Eligible recipients	State and local governments and nonprofit organizations	Minnesota DNR	Ten jurisdictions in the greater metro area ^e	Local governments outside of metro area

- a. The Legacy Fund also contains the Clean Water Fund (33.33 percent of the Legacy Fund) and the Arts and Heritage Fund (19.75 percent of the Legacy Fund).
- b. Includes only completed projects with public recreational access component as per Mark Johnson, Executive Director, Lessard-Sams Outdoor Heritage Council.
- c. Commission includes 13 members appointed by the governor: two from each geographic district and one at-large.
- d. [Minnesota Statute 85.53](#)
- e. The counties of Anoka, Washington, Ramsey, Scott, Carver, Dakota, the city of St. Paul, the city of Bloomington, the Minneapolis Park and Recreation Board, and the Three Rivers Park District.

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END NOTES

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2. https://www.leg.state.mn.us/lrl/agencies/agencies_detail?AgencyID=1107.
3. Adapting to Change: Minnesota's State Comprehensive Outdoor Recreation Plan, 2008-2012. <https://www.leg.state.mn.us/docs/2008/other/080347.pdf>.
4. Minnesota Calling: Conservation facts, trends and challenges. Minnesota Campaign for Conservation. 2007. <https://www.nature.org/ourinitiatives/regions/northamerica/unitedstates/minnesota/partners/minnesota-calling-part1.pdf?redirect=https-301>.
5. Legislative Guide: Principles for Use and Expected Outcomes of Funds from Dedicated Sales Tax. Minnesota House of Representatives, Cultural and Outdoor Resources Division. Adopted March 24, 2010. <http://www.legacy.leg.mn/sites/default/files/resources/HouseLegislativeGuide.pdf>.
6. The Trust for Public Land, 2013. Fundamental Principles for State Conservation Finance.
7. http://www.legacy.leg.mn/sites/default/files/resources/parks_trails_legacy_plan_0.pdf.
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