



**Transfer of
Consolidated Conservation (Con-Con)
Land Administration
From the Department of Natural Resources
To the Counties**

Analysis of Fiscal Impacts

Final Report

**Prepared For the
Minnesota Department of Natural Resources**

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April 15, 2000

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Executive Summary

During the 1999 legislative session, a proposal surfaced to transfer administration of Consolidated Conservation (Con-Con) land from the Department of Natural Resources (DNR) to the seven northern Minnesota counties where the land is located. The affect of the proposed transfer would be to convert approximately 1.5 million acres of land from Con-Con status, under the administration of the DNR commissioner, to county-administered tax forfeit status.

Such a transfer would shift statutory authority for the land from MS 84A to MS 282 and other sections related to county management of tax forfeit lands. In addition, the transfer would shift the land from the "commissioner-administered other natural resources land" class in MS 477A.11-14 (the payment in lieu of tax, or PILT, statute), to the "county-administered other natural resources land" class. This change would double the PILT payment rate under current law from \$0.375 per acre to \$0.75 per acre, and change the local distribution of PILT as well (see the PILT Land Classes diagram in the introductory section of the report).

In November of 1999, Pinnacle Consulting Group was contracted by the DNR to conduct a fiscal analysis of the proposed land transfer. The contract also calls for updating a 1994 fiscal study of the impact of converting PILT made under MS 477A.11-14, to *ad valorem* payments (i.e., payments based on land value) at the same rates as private land. This report is submitted to the DNR in fulfillment of the first requirement, for a fiscal analysis of the proposed Con-Con land transfer. The PILT study update is in process, and will be completed in June 2000.

Note: This report is based on Con-Con land ownership data provided by DNR in December 1999 and January 2000. Subsequent to completion of this analysis in February 2000, DNR released revised Con-Con land ownership data. *This study has not been updated to reflect those revisions. Consequently, summaries of Con-Con land ownership in this report may conflict with more recent information from DNR on Con-Con land ownership.* The primary effect of those revisions was to shift Con-Con land between administrative categories; total Con-Con land area remains substantially unchanged.

Con-Con Land History

- Con-Con land was acquired by the state as a result of action by the Legislature in 1929, 1931, and 1933 to prevent seven northern Minnesota counties (Aitkin, Beltrami, Koochiching, Lake of the Woods, Mahnomon, Marshall and Roseau) from defaulting on drainage bonds the counties had issued to finance massive drainage projects. The counties were seriously delinquent on the bonds due to widespread tax-forfeitures of land in the drainage project areas. In return for paying off the delinquent bonds, the state took title to the land free of trust to the taxing district. Subsequently, much of the original Con-Con land was resold and returned to the tax rolls. Some land forfeited again, returning to Con-Con status.

- Originally, the Department of Conservation was responsible for managing the land on behalf of the state. Later, the DNR assumed that responsibility. Under the provisions of MS 84A.51, DNR is responsible to manage the land for conservation purposes.
- Any revenue generated by the department must be shared 50/50 with the counties in which the revenue is generated. In addition, the DNR pays \$0.375 per acre of Con-Con land in each county as part of its annual PILT payments under MS 477A.11-14.

Con-Con Land Ownership

The following information on Con-Con land ownership is based on data provided by DNR in December 1999 and January 2000. Acreages shown here may conflict with data released more recently by DNR.

- The DNR currently administers approximately 1.55 million acres of Con-Con land in the seven Con-Con counties. (See Figure 1)
- Most Con-Con land (80%) is concentrated in an area between Upper Red Lake and Lake of the Woods, in Beltrami, Koochiching, Lake of the Woods, and Roseau Counties. A secondary concentration of Con-Con land (15%) occurs in Aitkin County, north and east of Lake Mille Lacs. (Figure 1 and Map 1)
- The majority (87%) of Con-Con land is administered by the Division of Forestry. The Section of Wildlife administers another 12%. The Division of Parks and Recreation and Trails and Waterways Unit administer the remaining one-percent. (Figure 1)
- Con-Con land represents a substantial portion of the DNR land base, especially in Region 1 (northwestern Minnesota), where it amounts to 61% of total DNR land. It accounts for 27% of DNR land in Region 3 (central Minnesota), and only 8% of DNR land in Region 2 (northeastern Minnesota). (Figure 2 and Map 2)
- Loss of such a large percentage of the DNR land base due to transfer of Con-Con land administration to the counties would lead to a reduction in DNR management costs. However, because the majority of the state's current land base would remain under state control, albeit in a more fragmented and scattered form, the proposed transfer would probably increase per-acre management costs on the state's remaining land base.
- Transfer of Con-Con land to the counties would mean a substantial percentage increase in the tax-forfeit land base for county management in each of the seven counties. (Figure 3)
- The smallest proportional increase would be in Koochiching County (69%), with an increase of nearly 200,000 acres. Other counties with substantial land management programs, Aitkin and Beltrami, would double and more than quadruple, respectively, adding a combined 728,000 acres to their programs. (Figure 3)
- The most dramatic impact would be in Lake of the Woods County, where county-administered tax-forfeit land would increase from 1,334 acres to 419,190 acres. (Figure 3)

- In some counties, an expansion of county-managed land base of this magnitude will be difficult using only existing staff and administrative infrastructure. Some counties might find themselves forced to create whole new programs.

Con-Con Revenues

- Counties currently receive PILT payments (discussed below, under “Assumptions”) and shared revenues on Con-Con lands. The revenues are generated mainly from timber sales (approximately 96%), with the balance from minerals, including sand, gravel, and peat (2%) and land rent and land sales (1% each). (Figure 4)
- Con-Con timber revenues have risen steadily since FY1995, due to demand and price increases as well as resource considerations (based on consultation with the DNR Forest Economist). (See Appendix 1)
- Con-Con revenues are projected to decline over the next two years due to sales of storm-damaged timber at discounted prices, then resume growing at a more moderate rate of 5% for timber, 4.5% overall (based on consultation with the DNR Forest Economist). (Figure 4a)
- Revenue generation is not consistent across the seven Con-Con counties, due to local timber demand and resource factors (based on consultation with the DNR Forest Economist). Over the last three fiscal years, revenues averaged \$1.65 per acre of Con-Con land, but ranged from a low of \$0.06 per acre in Mahnommen County to \$2.04 per acre in Lake of the Woods County and \$2.18 per acre in Roseau County on the high end. Note that revenues rose sharply for some counties in FY1999, moving Beltrami and Marshall Counties up to the high end of revenues per acre, with Lake of the Woods and Roseau Counties. (Figure 5)

Assumptions For Fiscal Analysis

We made the following assumptions for our fiscal analysis of the proposed transfer of Con-Con land to the counties:

- Net Acres Subject to Transfer. We assumed that 13,851 acres of Con-Con land in State Parks would not be part of a transfer to the counties, because of the provisions of MS 85.012. This statute transfers control of tax-forfeit land inside State Parks to the commissioner of natural resources free of trust to the taxing district. Most of the land in question, 10,466 acres, is in Savanna Portage State Park in Aitkin County, where it constitutes 66% of the land in the park. (Figure 6)

We similarly assumed that 64,609 acres of Con-Con land in peatland Scientific and Natural Areas (SNAs) would not be part of a transfer to the counties (Figure 6). These SNAs were established by MS 84.035 and MS 84.036, known as the “Minnesota Peatland Protection Act.” Most of these lands are in the “Big Bog” area north of Upper Red Lake, in Beltrami, Koochiching and Lake of the Woods Counties.

Given these assumed exceptions from transfer, the net Con-Con land area subject to transfer to the counties is 1,473,129 acres. (Figure 6)

- Land Management Costs. We assumed that county management of Con-Con land would be comparable to DNR management regarding methods, intensity, scope and quality. We further assumed that comparable management would have comparable costs. In other words, we assumed that county management costs would be substantially the same for the same management activities. We distinguish “management” costs, which vary with the size of the land base, from “administration” costs, which are incurred regardless of the size of the land base.

Since Forestry- and Wildlife-administered land accounts for virtually 100% of the net Con-Con acreage subject to transfer (see Figure 6), we used management costs for those two units for the fiscal analysis. We obtained average costs per acre for various management activities from the Division of Forestry (developed in their FY1999 MS 16A.125 forest management cost certification process), and worked with the Section of Wildlife to calculate average cost per acre for wildlife-related management activities based on FY1998 and FY1999 expenditures. (Figure 7 and Appendix 2)

- Resource Management (Variable) Costs. We assumed management costs of \$1.223 per acre on forestry land for forest resource management and forest roads and \$0.393 per acre (\$1.573x 25% management intensity on Con-Con land) for wildlife resource management on wildlife land. We assumed these costs under both scenarios. We further assumed that DNR costs would be reduced by these amounts if the counties take over management of the land. *Note:* DNR costs may not be reduced to this extent if the loss of management efficiency due to fragmenting of the DNR land base results in higher per-acre costs for management of the residual land base.
- Administrative (Fixed) Costs. We assumed that counties would be forced to expand their administrative infrastructures, or to create new infrastructure, to support management of a much larger county tax-forfeit land base. At the same time, we assumed that DNR costs would *not* be reduced by this amount if the land were transferred to the counties because DNR would be obligated to maintain its administrative infrastructure to manage the remaining DNR land base. Thus, these management costs are duplicated in the county management scenario. To estimate new county expenditures, we applied the average current state per-acre administration costs (\$0.263 per acre for forestry land and \$0.360 per acre for wildlife land).
- Fire Protection and Coordination Costs. We assumed costs of \$0.374 per acre for fire protection and \$0.298 per acre for wildlife coordination, technical guidance and area-wide resource assessments. These costs are assumed to remain with DNR in the county management scenario.
- County Ditch Assessments. The State presently pays drainage ditch assessments on Con-Con lands. We assume that these assessments would be transferred to the counties under the proposed legislation. We assume that the present outstanding balance of \$728,000 would be negotiated separately as a one-time expenditure.
- PILT Allocation. We assumed that PILT payment rates would double from the \$0.375 per acre payment that applies to Con-Con land under MS 477A.12, to the \$0.75 per acre payment specified in that section for tax-forfeit land. The county PILT allocation would actually increase \$0.45 per acre, more than the total payment increase per acre, because in addition to receiving all of the \$0.375 per acre payment increase, the counties would receive the \$0.075 per acre formerly allocated to organized townships.

Townships would receive no direct PILT allocation for the former Con-Con land. (Figure 8 and Appendix 3)

- Revenue Allocation. Transfer of Con-Con land to county-administered tax-forfeit status would shift revenue allocation from the provisions of MS 84A.51 and MS 84A.32 to MS 282.08, and would change as follows (see Figure 8 and Appendix 3 for more detail):

DNR Revenue Share. The DNR revenue share would go to 0%.

Local Revenue Share. The local revenue share would double to 100% of revenues generated.

County Revenue Allocation. The total county allocation would increase from 25% to 70% of total revenues (plus the allocation for unorganized townships) except in Marshall County, where it would increase less, from 55% to 70% of total revenues due to road cost reimbursements currently received per MS 84A.32. The county resource development allocation would increase from 15% to 30% of total revenue. The county general revenue allocation would increase from 10% to 20% of total revenue, plus the township allocation for unorganized townships. The county parks acquisition allocation would increase from 0% to 20% of total revenue.

Township Revenue Allocation. The township allocation would increase from 5% to 10% of total revenues, but would no longer be designated to the road and bridge fund, except in Marshall County, where the township allocation will drop from 25% to 10% of total revenue with the loss of road cost reimbursements under MS 84A.32. In both scenarios, the township allocation for unorganized townships is credited to the county. The township share of revenues is divided proportionately between organized and unorganized townships based on acreage of Con-Con land.

School District Allocation. The school district allocation would remain at 20% of total revenue, but would no longer be designated to the capital outlay fund.

- State School Aid Impacts. Based on consultation with House Research staff, we assumed that the proposed transfer of Con-Con land to the counties would not impact state school aid. We assumed this because: (1) there is no school district allocation from PILT under current provisions of MS 477A.14, either for Con-Con land or county-administered tax-forfeit land; and (2) the share of revenues apportioned to school districts (20% of total revenues) doesn't change. (See Figure 8 and Appendix 3)

Findings and Conclusions

- Combined state and county management/administration costs for Con-Con land will increase. Given our assumptions, DNR net expenditures will fall \$1.64 million, but county net expenditures will increase by an estimated \$2.05 million. (Figure 9 and Appendix 4) All expenditures and revenues are for a "typical" year after the transfer of Con-Con lands to the counties. We do not consider one-time settlements such as the present outstanding balance on ditch assessments, nor do we estimate one-time personnel and infrastructure transition costs.

- Most but not all of the estimated reduction in DNR land management costs would benefit the state General Fund. Of the total estimated cost reduction of \$1.64 million, \$1.57 million (96%) represents General Fund cost savings. The balance of approximately \$70,000 represents savings to various other sources of funding for wildlife land management, mainly the Game & Fish Fund. (Figure 9 and Appendix 4)
- State General Fund management cost savings would be more than offset by increased PILT costs and the loss of shared revenue from Con-Con land. With current PILT payment rates (MS 477A.12), PILT transfers to the counties would increase approximately \$552,000 ($\$0.375 \times 1,473,129$ acres transferred). (Figure 10 and Appendix 5)

The General Fund's share of Con-Con land revenue was \$1,415,396 in FY1999. With the proposed transfer of Con-Con land to the counties, the General Fund would receive none of that revenue in the future. Based on FY1999 revenues and costs, the General Fund would lose approximately \$347,000, net (Figure 11 and Appendix 6). With projected changes in revenues and costs, the estimated net loss to the General Fund would drop to about \$176,500 by FY2001, then grow thereafter to about \$233,000 in FY2006 (Figure 12 and Appendix 7).

- Overall, transferring management of Con-Con land to the counties would result in a net loss for the state and counties combined. It means that the state and counties will together be paying an estimated \$404,000 more in land management and administration costs to generate the same amount of revenue. This assumes that the counties would generate the same amount of revenue as the DNR. (Figure 11 and Appendix 6)
- Transferring management of Con-Con land to the counties would have mixed fiscal impacts on individual counties. While the overall impact on counties is an estimated net loss of approximately \$126,900, two counties (Beltrami and Roseau) are estimated to gain from the transfer, based on FY1999 revenues and costs. These two counties are distinguished from the others in that they had significantly higher total revenues per acre on Con-Con land in FY1999 than the average for all seven counties (\$2.324 per acre for Beltrami County and \$2.823 per acre for Roseau County vs. \$2.083 per acre average). (Figure 11 and Appendix 6)

A third county with significantly higher than average revenue per acre, Marshall County, with FY1999 revenue of \$2.819 per acre would realize a gain from the transfer of Con-Con land if not for one fact: that county already receives 100% of revenue from Con-Con land in the county due to the road cost reimbursement provision of MS 84A.32, and so has nothing to gain by taking on responsibility for land management. The county's increase in PILT (\$25,483) is not sufficient to offset the loss of DNR's ditch assessment payments (\$21,305 in FY1999) and addition of land management costs (estimated at \$50,700). The estimated net loss to the county is approximately \$46,500, with most of that incurred by townships that would lose the road cost reimbursement they currently receive under MS 84A.32. (Figure 11 and Appendix 6)

- Most of the counties would have to pay for Con-Con land management with appropriations from their general revenues. Present PILT allocations in MS 477A.14 and tax-forfeit land revenue apportionment provisions in MS 282.08 for resource development fall short of the amounts required to cover estimated management costs for Con-Con land in all but one county. The exception, Marshall County, has low enough

estimated management costs at \$0.746 per acre that the funds designated for resource development are actually more than sufficient to cover estimated management costs. The overall deficit in county resource development funding to be made up with general revenues is estimated at approximately \$577,000 based on FY1999 revenues and costs. (Figure 13 and Appendix 6)

Note: This represents a “best case” estimate in that the analysis assumes the maximum level of funding for resource development under MS 282.08, 30% of total revenue.

- Organized township allocations and overall county allocations (including payments for unorganized townships) would drop by 26% and 7%, respectively, while school district allocations would be unaffected (except for the change in designation noted in Figure 8). The overall net impact on organized townships would be a reduction of approximately \$27,000 in PILT allocations and revenue sharing. Slight gains for organized townships in Beltrami and Roseau Counties would be offset by a substantial loss of road cost reimbursements under MS 84A.32 for townships in Marshall County. While county allocations would drop by approximately \$100,000 overall, Beltrami and Roseau Counties would actually realize gains of \$62,000 and nearly \$31,000, respectively, due to relatively high revenues per acre. (Figure 14 and Appendix 6)

Note: Estimates of organized township revenue allocations assume that revenues are evenly distributed across townships, even though revenues actually tend to be concentrated locally. Because DNR revenues are not geo-referenced, it wasn't possible to estimate individual township revenue impacts. Consequently, the estimated net township impact for a county can mask sharply contrasting impacts among townships within the county. Townships in which revenues are generated may realize significant gains due to their increased share of total revenues under the county management scenario, despite the loss of PILT allocations. Other townships in the same county would lose their PILT allocations with no offsetting revenues.

- If the State's goal is to increase local government revenues in the Con-Con counties, a straightforward increase in PILT payment rates and/or an increase in the local share of Con-Con revenues, while leaving Con-Con land under DNR management, would lead to a lower overall expenditure than would be incurred under the proposed transfer. This approach might avoid the duplication of management costs and loss of management efficiencies likely to occur if DNR's land base were to be fragmented by transferring Con-Con land management to the counties. These alternatives are being examined in the second phase of the present study, to be completed by June 2000.

Issues for Further Study

Following are a few issues not examined in this analysis, but worthy of a closer look:

- To what extent would Con-Con counties be likely to try to return former Con-Con land to the tax rolls rather than retain it for county management as tax-forfeit land? What would the impacts be on local land markets and prices?

- To the extent that the counties sell off former Con-Con land, what are the implications for new or expanded drainage to support agriculture, and the related impacts on downstream flooding (a controversial issue in these counties)?
- The State, through DNR management, has made a significant investment in Con-Con land development (i.e., roads, reforestation, forest and habitat development, etc.). If Con-Con land is transferred to the counties, they presumably will receive the future benefits of those investments, especially in the form of future timber sale revenues. What is the value of these investments on Con-Con land, and will there be some form of compensation to the State if Con-Con land is transferred to the counties?
- Transfer of Con-Con land to the counties would likely require them to incur significant one-time costs for expansion of their land departments, or creation of new land departments, in order to take on management of a substantially increased land base. These costs could include expenses related to hiring of additional staff and costs for building or acquiring additional office, shop and storage space.
- Substantial reduction of the DNR land base would probably mean layoff of a number of full-time employees, and their replacement with seasonal employees, especially for fire protection. Layoffs would involve one-time severance costs for the state. Replacement of full-time employees with seasonal employees on fire crews and in other activities may result in a loss of efficiency and ultimately increase management costs.

Introduction

During and following the 1999 legislative session, there was much discussion of a proposal to transfer administrative control of approximately 1.5 million acres of Consolidated Conservation (Con-Con) lands from the Department of Natural Resources (DNR) to the seven northern Minnesota counties in which the lands are located. The proposal followed a DNR commissioner's order in January 1999 which designated 187,397 acres of Con-Con land as either Forestry-administered or Wildlife-administered management areas.

This designation was controversial with the counties that contain Con-Con land. They were already concerned about a similar designation of approximately 105,000 acres of Con-Con land as Wildlife Management Areas in January of 1991. The 1999 commissioner's order only heightened those concerns. The counties' concerns apparently stem from a belief that such designation will restrict DNR management of the designated lands and thus limit the revenue generated from those lands. Under current state law (MS 84A.51), the counties receive half of the revenue generated by DNR management of Con-Con lands, hence their concern.¹

Pinnacle Consulting Group was contracted in November of 1999 by the DNR to conduct a fiscal analysis of the proposed transfer of Con-Con land administration to the counties. The contract also calls for updating a 1994 fiscal study of the impact of converting payments in lieu of taxes (PILT), made under MS 477A.11-14, to *ad valorem* payments (i.e., payments based on land value) at the same rates as private land. That analysis is scheduled to be completed in June 2000. This report is submitted to the DNR in fulfillment of the requirement for a fiscal analysis of the proposed Con-Con land transfer.

Background

Con-Con land was acquired by the state as a result of action taken by the Legislature in 1929, 1931, and 1933 to prevent seven northern Minnesota counties from defaulting on drainage bonds issued by the counties to finance massive drainage projects. The counties were seriously delinquent on the bonds due to widespread tax-forfeitures of land in the drainage project areas.

In 1929, in the first of three Con-Con acts, the Legislature created the Red Lake Game Preserve in Koochiching, Beltrami and Lake of the Woods Counties (MS 84A.01-11; Laws of 1929, Chap. 258). In return for paying off delinquent drainage bonds, the state took title to the forfeited land within the preserve area, free of trust to the taxing district, meaning that the counties did not exercise the control they normally have over management and disposition of tax-forfeited land.

¹ One of the seven counties, Marshall County, receives 100% of the revenue generated from Con-Con land in that county as a result of MS 84A.32, which requires the DNR to reimburse local road authorities for road maintenance and development costs in Con-Con areas out of its half of the revenues. To date, road costs certified by the county have exceeded DNR's share of the revenue, so the county has received the entire DNR share in addition to its own share. This provision applies to Marshall County exclusively.

In 1931 and again in 1933, the Legislature allowed any county to request that the state take over forfeited land in areas that met eligibility requirements. These requirements related to the acreage of tax-delinquent land as a percent of total taxable land, and the counties' bonded ditch indebtedness as a percent of total assessed valuation (MS 84A.20; Laws of 1931, Chap. 407; and MS 84A.31; Laws of 1933, Chap. 402).

Income from the land acquired by the state pursuant to these three acts was later consolidated into a single "consolidated conservation areas" account, hence the name by which the land is known today (MS 84A.51; Laws of 1949, Chap. 498). Subsequent to the state's acquisition of the land, nearly 400,000 acres of the original Con-Con land was resold and returned to the tax rolls (based on DNR data). Some of this land forfeited again, returning to Con-Con status.

Originally, the Department of Conservation was responsible for managing the land on behalf of the state. Later, the DNR assumed that responsibility. Under the provisions of MS 84A.51, DNR is responsible to manage the land for conservation purposes. Any revenue generated by the department must be shared 50/50 with the counties in which the revenue is generated.² In addition, the DNR currently pays \$0.375 per acre of Con-Con land in each county as part of its annual PILT transfers under MS 477A.11-14.

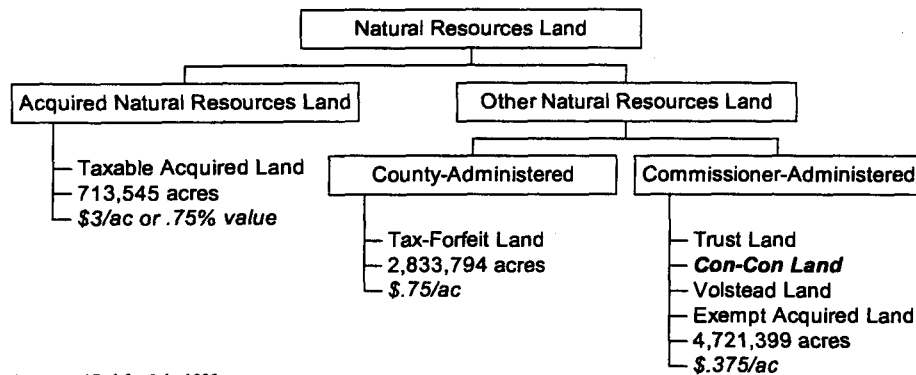
General Effects of Con-Con Land Transfer

The proposed repeal of Con-Con land provisions in MS 84A would have two general effects. One effect relates to payments in lieu of taxes (PILT) made under MS 477A.11-14. Under the provisions of that statute, Con-Con land is included in the "commissioner-administered other natural resources land" class, for which DNR pays \$.375 per acre, as shown in the diagram below. Repeal of the Con-Con provisions would shift Con-Con land from "commissioner-administered" status to "county-administered" status, where the PILT payment rate would double to \$.75 per acre, and change the local distribution of PILT as well.

A second effect of repealing Con-Con land provisions would be to shift management responsibility for the land from the DNR to the respective counties, under the authority of MS 282 and other sections related to county management of tax forfeit lands. Revenue from management of the lands would accrue exclusively to the counties, rather than being shared with the DNR. In addition, the counties, rather than the DNR, would be responsible for land management and related costs. However, as will be shown, some costs for managing the land would remain with DNR (e.g., fire protection costs).

² See footnote No. 1.

PILT Land Classes (MS 477A.11-14)



Acres certified for July 1999 payments.

Current Con-Con Land Ownership

The following information on Con-Con land ownership is based on data provided by DNR in December 1999 and January 2000. Note that subsequent to completion of this analysis in February 2000, DNR released revised Con-Con land ownership data. *This study has not been updated to reflect those revisions. Consequently, summaries of Con-Con land ownership in this report may conflict with more recent information from DNR on Con-Con land ownership.*³

The DNR currently administers approximately 1.55 million acres of Con-Con land in the seven Con-Con counties. As shown in Figure 1, most Con-Con land (80%) is concentrated in an area between Upper Red Lake and Lake of the Woods, in Beltrami, Koochiching, Lake of the Woods, and Roseau Counties. A secondary concentration of Con-Con land (15%) occurs in Aitkin County, north and east of Lake Mille Lacs. (Also see Map 1, which illustrates the distribution of Con-Con land by DNR management program.)

³ The most significant effects of the revisions to Con-Con land ownership data are to shift approximately 200,000 acres from the Forestry-administered category to the Wildlife-administered category, and to increase the total area of Con-Con land in Scientific and Natural Areas (SNAs) by 30,777 acres. The additional SNA acres were reclassified from State Forest, undesignated Forestry-administered, and Wildlife Management Area (WMA) status. The total acreage of Con-Con land remains substantially unchanged.

Figure 1.
Acres of Con-Con Land by County and Administrator

County	Acres By DNR Administering Division *				Total Acres *
	Fish & Wildlife	Forestry	Parks & Recreation	Trails & Waterways	
Aitkin	8,858	217,296	10,466		236,620
Beltrami	69,568	421,793			491,361
Koochiching		198,428			198,428
Lake of the Woods	27,891	387,580	2,385		417,856
Mahnomen	4,226	320			4,546
Marshall	67,454	500			67,954
Roseau	11,134	122,672	1,000	18	134,824
Total	189,131	1,348,590	13,850	18	1,551,589
Percent	12%	87%	1%	0%	100%

Source: DNR Land Records as of 1/28/2000 for Aitkin County, 12/9/1999 for other counties.
 * Acres adjusted for undivided partial interest (ie, actual acres multiplied by percent interest). Figures may not add exactly to totals due to rounding.

Figure 1 also shows that the majority (87%) of Con-Con land is administered by the Division of Forestry. The Section of Wildlife administers another 12%. The Division of Parks and Recreation and Trails and Waterways Unit administer the remaining one-percent.

As illustrated in Map 1, most Con-Con WMA lands are located in northwestern Beltrami County and eastern Marshall County, with smaller concentrations in Lake of the Woods and Aitkin Counties. Con-Con SNA lands are concentrated in the Big Bog area north of Upper Red Lake, in Beltrami County. Most of the Con-Con land in State Parks is in Aitkin County (Savanna Portage State Park), with smaller amounts in Lake of the Woods County (Zippel Bay State Park) and Roseau County (Hayes Lake State Park). The land shown in Map 1 as "Unassigned" is largely Forestry-administered land not in any designated management unit. This land is managed in essentially the same manner as Forestry-administered land in State Forests, according to Division of Forestry personnel.

Con-Con Land and the DNR Land Base

Con-Con land represents a substantial portion of the DNR land base, as shown in Figure 2. This is especially true in Region 1 (northwestern Minnesota), where Con-Con land amounts to 61% of total DNR land, including nearly 74% of Forestry-administered land and 36% of Wildlife-administered land. In the other regions where Con-Con land is located, it accounts for smaller, but still significant percentages of the DNR land base: 27% of DNR land in Region 3 (central Minnesota), including roughly one-third of Forestry-administered land; and 8% of DNR land in Region 2 (northeastern Minnesota).

Figure 2.**Con-Con Land as a Percent of Total DNR Land, Regions 1, 2 & 3**

DNR Region	Administering Division	Total Acres *	Con-Con Acres	Con-Con Percent
1 (Bemidji)	DNR Administration	37	-	-
	Enforcement	0	-	-
	Fish & Wildlife	505,607	180,273	35.6%
	Forestry	1,265,028	932,866	73.7%
	Lands & Minerals	3	-	-
	Miscellaneous	20	-	-
	Parks & Recreation	53,785	3,385	6.3%
	Trails & Waterways	1,923	18	0.9%
	Waters	220	-	-
	Region Total	1,826,622	1,116,541	61.1%
2 (Grand Rapids)	DNR Administration	318	-	-
	Fish & Wildlife	37,237	-	-
	Forestry	2,356,032	198,428	8.4%
	Lands & Minerals	2,884	-	-
	Miscellaneous	35	-	-
	Parks & Recreation	41,821	-	-
	Trails & Waterways	24,737	-	-
	Waters	2	-	-
	Region Total	2,463,066	198,428	8.1%
3 (Brainerd)	DNR Administration	683	-	-
	Enforcement	3	-	-
	Fish & Wildlife	131,607	8,858	6.9%
	Forestry	666,546	217,296	32.6%
	Lands & Minerals	61	-	-
	Miscellaneous	7	-	-
	Parks & Recreation	68,964	10,466	15.1%
	Trails & Waterways	4,708	-	-
Waters	16	-	-	
	Region Total	872,593	236,620	27.1%
Total, Regions 1, 2 & 3		5,162,281	1,551,589	30.1%

Sources: DNR Land Records - Total Acres as of 2/2/2000 and Con-Con Acres as of 1/28/2000 for Aitkin County, 12/9/1999 for other counties.

* Total acres adjusted for undivided partial interest (ie, actual acres multiplied by percent interest). Figures may not add exactly to totals due to rounding.

Another important aspect of Con-Con land as a component of the DNR land base is that it is interspersed with other land types. This fact is readily apparent in Map 2, which displays the distribution of Con-Con land relative to other types of state land administered by the DNR. In many areas, Con-Con land is part of large, contiguous blocks of DNR land that include other types of DNR land in addition to Con-Con land. These large blocks of DNR land can generally be managed more efficiently (lower per-acre management costs) than is possible with smaller, more scattered tracts of land. Transfer of Con-Con land to the counties would leave many small, scattered tracts of land for DNR to manage in the Con-Con areas.

- Loss of a large percentage of the DNR land base due to transfer of Con-Con land administration to the counties would lead to a reduction in state management costs. However, because the majority of the state's current land base would remain under state control, albeit in a more fragmented and scattered form, the proposed transfer would probably increase per-acre management costs on the state's remaining land base.

Con-Con Land and the County Land Base

Transfer of Con-Con land to the counties would mean a dramatic percentage increase in the tax-forfeit land base for county management in each of the seven counties. As shown in Figure 3, the smallest proportional increase would be in Koochiching County (69%), with an increase of nearly 200,000 acres. Other counties with substantial land management programs, Aitkin and Beltrami, would double and more than quadruple, respectively, adding a combined 728,000 acres to their programs.

Figure 3.

Con-Con Land as a Percent Increase In County Tax-Forfeit Land

County	County Tax-Forfeit Acres	Con-Con Acres	Combined Acres	Percent Increase
Aitkin	222,531	236,620	459,151	106%
Beltrami	146,584	491,361	637,946	335%
Koochiching	285,913	198,428	484,342	69%
Lake of the Woods	1,334	417,856	419,190	31325%
Mahnomen	4,022	4,546	8,568	113%
Marshall	41	67,954	67,995	165944%
Roseau	8,393	134,824	143,217	1606%
Total, Seven Counties	1,116,932	1,551,589	2,521,937	139%

Sources: DNR Land Records - Tax-Forfeit Acres as of 2/2/2000 and Con-Con Acres as of 1/28/2000 for Aitkin County, 12/9/1999 for other counties.

* Total acres adjusted for undivided partial interest (ie, actual acres multiplied by percent interest).

The most dramatic impact on county land base would be in Lake of the Woods County, where county-administered tax-forfeit land would increase from 1,334 acres to 419,190

acres. In other words, this county would go from having essentially no county land base to being responsible for a land base substantially larger than any Con-Con county currently manages. The smallest acreage increase would occur in Mahnomon County, with 4,546 acres added to the county land base. Even there, however, the land base for county management would more than double in size.

Another observation about the county land base, as Map 2 illustrates, is the fact that most Con-Con land is not situated near other county-administered tax forfeit land, where the county already has a management presence. As a result, the counties would face limited opportunities to realize greater management efficiencies with existing staff and infrastructure. An exception to this pattern exists in Aitkin County, where much of the Con-Con land is located adjacent to county-administered tax forfeit land.

- In some counties, an expansion of the county-managed land base of the magnitude described above will be difficult using only existing staff and administrative infrastructure. Some counties might find themselves forced to create whole new programs.

Con-Con Revenues

Counties currently receive revenues from Con-Con land in two ways: through PILT transfers (discussed below, under Assumptions); and through shared revenues from DNR management of Con-Con lands, as provided by MS 84A.51. As shown in Figure 4, these land management revenues are generated mainly from timber and related forest products sales (approximately 96%), with the balance from minerals, including sand, gravel, and peat (2%) plus land rent and land sales (1% each).

Figure 4.
Con-Con Revenues by Fiscal Year and Source
FY 1997 - FY 1999

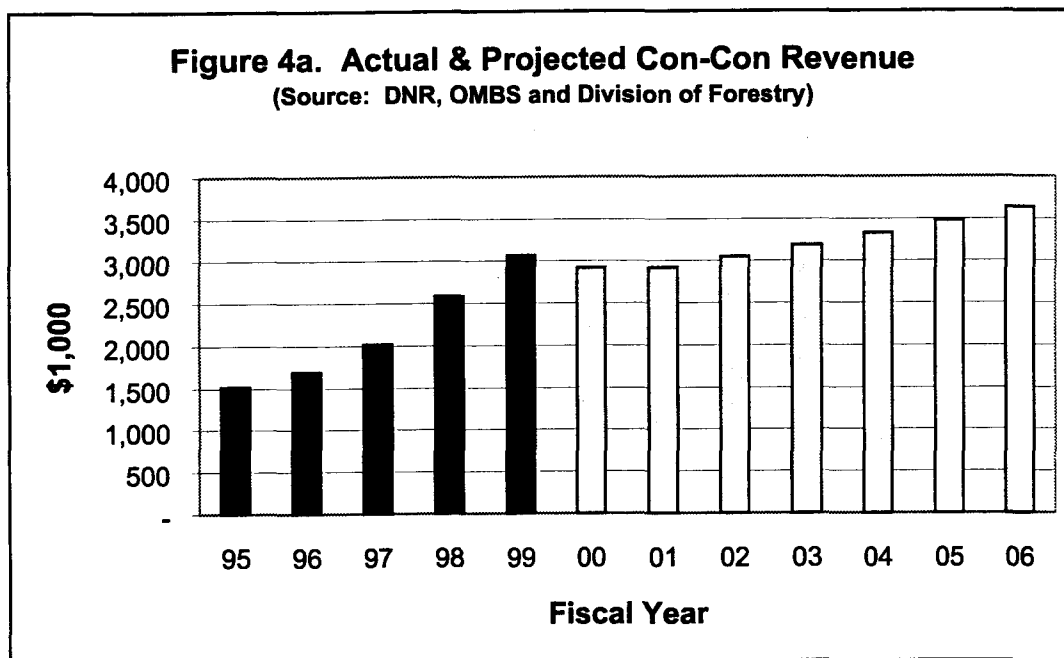
<u>Revenue Source</u>	<u>FY 1997</u>	<u>FY 1998</u>	<u>FY 1999</u>
Timber Sales	1,930,689	2,432,511	2,965,250
Minerals (metallic and non-metallic)	32,146	85,177	44,016
Land Rent	34,591	23,274	31,422
Land Sales	21,324	45,474	28,299
Total Revenues	2,018,751	2,586,435	3,068,986
Total Payments per MS 84A.51	1,026,072	1,317,392	1,557,799
Total Payments per MS 84A.32	2,821	11,534	95,791 <i>Est</i>
Total Payments per MS 84A	1,028,893	1,328,926	1,653,590
Percent Paid to Counties	51.0%	51.4%	53.9%

Source: DNR, Office of Management and Budget Services.

The revenue numbers displayed in Figure 4 represent total revenues by source, *before* distribution of county revenue shares. Payments to counties under the two revenue sharing provisions of MS 84A are also displayed, along with the net percent of revenues distributed to counties. Note that the total amount distributed to counties is greater than 50%, mainly due to distributions under MS 84A.32, previously described.

Recent Trend

Con-Con revenues have risen steadily since FY1995, a trend highlighted in Figure 4a (also see Appendix 1). This revenue growth has been due almost entirely to rising timber sale revenues, due to demand and price increases as well as resource considerations (based on consultation with the DNR Forest Economist).



However, as illustrated in Figure 4a, the growth of Con-Con revenues is expected to slow over the next several years, even dropping a little from FY1999 levels. Revenues are projected to decline over the next two years due to sales of storm-damaged timber at discounted prices, then resume growing at a more moderate rate of 5% for timber, 4.5% overall (based on consultation with the DNR Forest Economist).

Revenues by County

An examination of Con-Con revenues by county reveals that while revenues have risen steadily in recent years, revenue generation has not been consistent across the seven Con-Con counties (Figure 5). This has been due to local timber demand and resource factors (based on consultation with the DNR Forest Economist). Revenues in some counties have risen over the last three years (Beltrami and Marshall Counties), while revenues in other

counties have fluctuated (Aitkin, Lake of the Woods, and Roseau Counties), or fallen (Koochiching).

Figure 5.
Con-Con Revenues By County
FY 1997 - FY 1999

County	Total Revenue, All Sources				Con-Con Acres	Avg Rev. Per Acre
	FY 1997	FY 1998	FY 1999	Avg		
Aitkin	261,797	408,076	336,660	335,511	236,620	1.42
Beltrami	516,498	654,343	1,042,196	737,679	491,361	1.50
Koochiching	278,714	272,485	247,346	266,182	198,428	1.34
Lake of the Woods	694,765	977,651	878,793	850,403	417,856	2.04
Mahnomen	630	-	170	267	4,546	0.06
Marshall	5,642	23,069	191,581	73,431	67,954	1.08
Roseau	260,704	250,812	372,239	294,585	134,824	2.18
Total	2,018,751	2,586,435	3,068,986	2,558,057	1,551,589	1.65

Source: DNR, Office of Management and Budget Services.

In addition, over the last three fiscal years, revenues per acre of Con-Con land have varied significantly from county to county. As shown in Figure 5, revenues averaged \$1.65 per acre of Con-Con land, but ranged from a low of \$0.06 per acre in Mahnomen County to \$2.04 per acre in Lake of the Woods County and \$2.18 per acre in Roseau County on the high end. Note that revenues rose sharply for some counties in FY1999, moving Beltrami and Marshall Counties up to the high end of revenues per acre, with Lake of the Woods and Roseau Counties.

Assumptions For Fiscal Analysis

This section details the assumptions we employed for our fiscal analysis of the proposed transfer of Con-Con land to the counties.

Net Acres Subject to Transfer

We assumed that 13,851 acres of Con-Con land in State Parks would not be part of a transfer to the counties, because of the provisions of MS 85.012. This statute transfers control of tax-forfeit land inside State Parks to the commissioner of natural resources free of trust to the taxing district. Most of the land in question, 10,466 acres, is in Savanna Portage State Park in Aitkin County, where it constitutes 66% of the land in the park (Figure 6).

Figure 6.
Net Con-Con Acres Subject to Transfer

<u>County</u>	<u>Total Acres *</u>	<u>State Park Acres**</u>	<u>State SNA Acres^</u>	<u>Net Acres</u>
Aitkin	236,620	10,466		226,154
Beltrami	491,361		42,838	448,523
Koochiching	198,428		11,041	187,387
Lake of the Woods	417,856	2,385	8,768	406,703
Mahnomen	4,546			4,546
Marshall	67,954			67,954
Roseau	134,824	1,000	1,962	131,862
Total	1,551,589	13,851	64,609	1,473,129

Source: DNR Land Records as of 1/28/2000 for Aitkin County, 12/9/1999 for other counties.

* Acres adjusted for undivided partial interest (ie, actual acres multiplied by percent interest). Figures may not add exactly to totals due to rounding.

** Acres inside the boundaries of State Parks, subject to provisions of MS 85.012.

^ Acres in Scientific and Natural Areas designated by MS 84.035-036.

We similarly assumed that 64,609 acres of Con-Con land in peatland Scientific and Natural Areas (SNAs) would not be part of a transfer to the counties (Figure 6). These SNAs were established by MS 84.035 and MS 84.036, known as the "Minnesota Peatland Protection Act." Most of these lands are in the "Big Bog" area north of Upper Red Lake, in Beltrami, Koochiching and Lake of the Woods Counties.

- Given these assumed exceptions from transfer, the net Con-Con land area subject to transfer to the counties is 1,473,129 acres.

Land Management Practices and Costs

We assumed that county management of Con-Con land would be comparable to DNR management regarding methods, intensity, scope and quality. This assumption was based on discussions with DNR managers familiar with county land management. We further assumed that comparable management would have comparable costs. In other words, we assumed that county management costs would be substantially the same for the same management activities.

Variable vs. Fixed Costs

We distinguish resource "management" costs, which vary with the size of the land base, from "administration" costs, which are incurred by DNR regardless of the size of the land base, due to the need to maintain management infrastructure. However, we assumed that

county administration costs would *not* be fixed, unlike DNR administration costs, due to the magnitude of the proportional increase in the county-managed land base that would result from transfer of Con-Con land to the counties. That is, we assumed that counties would have to add administration costs.

Given these assumptions, one can anticipate that a reduction in acres managed by DNR would result in reduced variable management costs for DNR. Based on our assumption of comparable costs, a reduction in DNR variable management cost would be matched by a corresponding increase in county management cost, so no overall change in variable management cost is expected. However, the assumption that counties would add administration costs while DNR administration costs remain unchanged, means that overall administration costs would increase due to duplication of infrastructure.

Note: The above assumptions imply that resource management costs are perfectly variable. In other words, they imply that following a transfer of Con-Con land to the counties, DNR would be able to manage its remaining land base as efficiently as it manages now on a per-acre cost basis. However, this may not be the case if the loss of management efficiency due to fragmenting of the DNR land base results in higher per-acre costs for management of the residual land. Ultimately, DNR management costs may not be reduced as much as county management costs would be increased.

Per-Acre Costs

Since Forestry- and Wildlife-administered land accounts for virtually 100% of the net Con-Con acreage subject to transfer (see Figure 6), we used management and administration costs for those two units for the fiscal analysis. We obtained average costs per acre for various management activities from the Division of Forestry, developed in their FY1999 MS 16A.125 forest management cost certification process (Figure 7). We worked with the Section of Wildlife to calculate average cost per acre for wildlife-related management activities based on FY1998 and FY1999 expenditures (Figure 7 and Appendix 2).

Figure 7 displays per-acre costs for each of several management and administration activities for the two DNR units. In addition, it displays a management intensity factor used to adjust average per-acre costs for application to Con-Con land (i.e., the percent of average cost assumed to be incurred for management of Con-Con land). The intensity factor, or percent of average cost applied for forestry land was 100%, based on the judgment of Division of Forestry managers that their management of Con-Con land does not differ from their management of other types of land.

Section of Wildlife managers, by contrast, estimated that they manage Con-Con wildlife land with only 25% of the intensity with which they manage wildlife land generally (variable resource management costs only). Thus, our fiscal analysis used 25% of the per-acre resource management costs displayed in Figure 7 to estimate wildlife management costs for Con-Con land. The intensity factor for administration costs, including the "Administration" activity as well as certain other activities, was assumed to be 100% for both forestry and wildlife land.

Figure 7 contains two additional columns in which we indicate for each activity whether or not counties would take on the cost of the activity, and whether or not DNR costs would be reduced, in the event of a Con-Con land transfer.

Figure 7.
DNR Land Management Cost Summary
Forestry and Wildlife Land

Forestry Land Management Costs				
Division of Forestry				
MS 16A.125 Certified Costs, FY 1999				
Cost Per Acre Administered:	<u>\$/Acre</u>	<u>% Applied to CC Land</u>	<u>Transferred to County?</u>	<u>DNR Cost Reduction</u>
Forest Management	\$ 0.202	100%	Yes	Yes
Timber Sales	\$ 0.545	100%	Yes	Yes
Forest Development	<u>\$ 0.459</u>	100%	Yes	Yes
Subtotal, Resource Mgt. Costs	\$ 1.206			
Forest Roads	\$ 0.017	100%	Yes	Yes
Administration	\$ 0.263	100%	Yes	None
Fire Protection (per acre protected)	\$ 0.374	100%	No	None
Total Cost Per Acre	<u>\$ 1.860</u>			
Wildlife Land Management Costs				
Section of Wildlife				
Estimated for FY 1999				
Cost Per Acre Managed: *	<u>\$/Acre</u>	<u>% Applied to CC Land</u>	<u>Transferred to County?</u>	<u>DNR Cost Reduction</u>
Habitat Development	\$ 0.992	25%	Yes	Yes
Habitat Maintenance	\$ 0.209	25%	Yes	Yes
Facility Development	\$ 0.316	25%	Yes	Yes
Facility Maintenance	<u>\$ 0.056</u>	25%	Yes	Yes
Subtotal, Resource Mgt. Costs	\$ 1.573			
Coord./Tech.Guidance/Assessments **	\$ 0.298	100%	No	None
Administration **	\$ 0.360	100%	Yes	None
Total Cost Per Acre	<u>\$ 2.231</u>			
* Includes easement, lease, and cooperatively managed acres as well as DNR-owned acres.				
** Cost per acre for all DNR and county-administered land, and leased federal land.				

Following is a description of each activity in Figure 7:

Forestry Land Management

Forest Management	Forest management activities not specifically related to timber sales, reforestation, or stand improvement. Includes activities such as insect and disease control, resource assessments, lease and permit management, forest recreation management, etc. We assumed these costs would be taken over by the counties.
Timber Sales	Activities related to timber sales, including sale planning, preparation and administration. We assumed these costs would be taken over by the counties.
Forest Development	Activities related to site preparation, reforestation, and timber stand improvement. We assumed these costs would be taken over by the counties.
Forest Roads	Activities related to development and maintenance of forest roads and bridges. Because the forest roads in Con-Con areas are used almost exclusively for Con-Con land, we assumed these costs would be taken over by the counties.
Fire Protection	Activities related to fire prevention, pre-suppression, suppression, and related operations (fire cache, air support, air tanker, helicopter). We assumed these costs would remain with DNR.
Administration	Administration activities, including general office and clerical activities, meetings, fiscal management, and facility/equipment maintenance. We assumed that DNR would continue to incur these costs and that the counties would take on them on as well.

Wildlife Land Management

Habitat Development	Activities related to habitat improvement or restoration. We assumed these costs would be taken over by the counties.
Habitat Maintenance	Activities related to maintenance of existing habitat. We assumed these costs would be taken over by the counties.
Facility Development	Activities related to improvement of existing facilities or development of new facilities, such as roads and gates, buildings, trails, and boundary fences. We assumed these costs would be taken over by the counties.
Facility Maintenance	Activities related to maintenance of existing facilities, including maintenance of roads, fences and signs. We assumed these costs would be taken over by the counties.
Coordination/Tech. Guidance/ Assessments	Activities related to intra- and inter-agency wildlife coordination, assistance to other landowners, and resource

assessments, including Forestry/Wildlife coordination, technical guidance, area-wide resource assessments, ecosystem assessments, and wildlife lake assessments. We assumed these costs would remain with DNR.

Administration

Activities including clerical support, fleet/equipment management, headquarters operations, paid leave, operational management planning, supervision and management. We assumed that DNR would continue to incur these costs and that the counties would take on them on as well.

Forestry land management costs are well documented in their annual MS 16A.125 cost certification process, which has withstood repeated scrutiny by the Legislative Auditor, so we have not duplicated that cost determination process in this report. Because the Section of Wildlife has no comparable annual cost certification process, we employed a methodology similar to that used by the Division of Forestry, to determine average costs per acre. This cost determination process is detailed in Appendix 2.

Working with Section of Wildlife personnel, we identified expenditures for pertinent activities then divided total activity expenditures by the acreage over which the activities are applied to calculate cost per acre. The activities included relate to Wildlife field operations, and do not include costs for wildlife research, hunting season management, non-game wildlife management, and so on. Unlike Forestry costs, which are calculated statewide each year, we calculated average annual wildlife management costs for DNR Regions One and Three, where all the Wildlife-administered Con-Con land is located, over a two-year period.

The acreage figures in Appendix 2 were obtained from DNR land ownership records (Division of Lands & Minerals) for owned acres, and from Section of Wildlife records for easement, lease (federal Land Utilization Project) and cooperative acres managed. As noted in Appendix 2, region and field-level expenditures were divided by combined acres for the two regions, while central office expenditures were divided by statewide acres. The Section of Wildlife identified an additional category of land they call "coordinated" acres, on which the Coordination/Technical Guidance/Assessment group of activities is practiced. This broader category of land includes all DNR and county-administered state land as well as leased land.

Resource Management (Variable) Costs

On forestry land, we assumed management costs of \$1.223 per acre for forest resource management and forest roads. We assumed that this cost applies 100% to Con-Con land (i.e., that Con-Con land is managed as intensively as other forestry land), based on discussions with Division of Forestry personnel. On wildlife land, we assumed resource management costs of \$0.393 per acre ($\$1.573 \times 25\%$ management intensity on Con-Con land) for wildlife resource management. We assumed these costs under both DNR management and county management scenarios.

Note: We assumed that DNR costs would be reduced by these amounts if the counties take over management of the land. As previously noted, DNR variable management costs may not be reduced to the above extent if the loss of management efficiency due to fragmenting

of the DNR land base results in higher per-acre costs for management of the residual land base.

Administrative (Fixed) Costs

As explained above, we assumed that counties would be forced to expand their administrative infrastructures, or to create new infrastructure, to support management of a much larger county tax-forfeit land base. At the same time, we assumed that DNR costs would *not* be reduced by this amount if the land were transferred to the counties because DNR would be obligated to maintain its administrative infrastructure to manage the remaining DNR land base. Thus, these management costs are duplicated in the county management scenario. To estimate new county expenditures, we applied the average current state per-acre administration costs (\$0.263 per acre for forestry land and \$0.360 per acre for wildlife land).

Fire Protection and Coordination Costs

We assumed costs of \$0.374 per acre for fire protection and \$0.298 per acre for wildlife coordination, technical guidance and area-wide resource assessments. These costs are assumed to remain with DNR in the county management scenario. DNR is responsible for these management activities across land types, not on DNR-administered land only.

County Ditch Assessments

The State presently pays drainage ditch assessments on Con-Con lands, where the DNR commissioner determines that DNR-administered land benefits, as provided in MS 84A.55. We assume that these assessments would be transferred to the counties under the proposed legislation. Presently, there is an outstanding assessment balance of \$728,000 that the commissioner has not approved for payment under the provisions of MS 84A.55, and for which sufficient funds have not been appropriated by the legislature for DNR to pay. We assume that this balance would be negotiated separately as a one-time expenditure.

PILT Allocation

We assumed that PILT payment rates would double from the \$0.375 per acre payment that applies to Con-Con land under MS 477A.12, to the \$0.75 per acre payment specified in that section for tax-forfeit land (see the PILT Land Classes diagram in the introductory section of this report).

As outlined in Figure 8 and Appendix 3, the county PILT allocation would actually increase \$0.45 per acre, more than the total payment increase per acre. This results because in addition to receiving all of the \$0.375 per acre payment increase, the counties would receive the \$0.075 per acre formerly allocated to organized townships. The county resource development allocation would increase from none to \$.375 per acre, while the county general revenue allocation would increase \$.075 per acre, from \$.30 to \$.375. Townships would receive no direct PILT allocation for the former Con-Con land. School districts receive no PILT allocation under MS 477A in either management scenario. In other words, as far as PILT allocations are concerned, the counties would gain, townships would lose, and school districts would be unaffected.

Figure 8.
Summary of PILT and Revenue Allocation
Current Law vs Proposed Transfer of Con-Con Land

<u>Type of Payment / Local Unit</u>	<u>Allocation, Current Law</u>	<u>Allocation, After Transfer</u>	<u>Change in Allocation</u>
<i>Payment In Lieu of Tax (MS 477A.11-14)</i>			
Per-Acre PILT	\$0.375	\$0.750	\$0.375
County Allocation (per acre)	\$0.300	\$0.750	\$0.450
Resource Development	\$0.000	\$0.375	\$0.375
General Revenue	\$0.300	\$0.375	\$0.075
Township Allocation (per acre)	\$0.075	\$0.000	(\$0.075)
School District Allocation (per acre)	\$0.000	\$0.000	\$0.000
<i>Revenue Sharing</i>			
DNR Share of Revenues (excl. Marshall Co.) (Percent of Total Revenue)	50% (MS 84A.51)	0%	-50%
Local Share of Revenues (all counties) (Percent of Total Revenue)	50% (MS 84A.51)	100% (MS 282.08)	50%
County Allocation (excl. Marshall Co.)	25%	70%	45%
<i>Marshall County Allocation</i>	55% (incl. MS 84A.32)	70%	15%
<i>Breakdown of County Allocation:</i>			
Resource Development	15%	30%	15%
General Revenue *	10%	20%	10%
Parks Acquisition	0%	20%	20%
Township Allocation (excl. Marshall Co.)	5%	10%	5%
<i>Township Allocation (Marshall Co.)</i>	25% (incl. MS 84A.32)	10%	-15%
School District Allocation			
Capital Outlay Fund	20%	0%	-20%
Undesignated	0%	20%	20%
* Township payments for unorganized townships are allocated to county General Revenue in addition to these percentages.			

Revenue Allocation

Figure 8 also summarizes the effect of a transfer of Con-Con land to county-administered tax-forfeit status on allocation of land management revenues. It shows that such a transfer would shift revenue allocation from the provisions of MS 84A.51 and MS 84A.32 to MS 282.08, and would result in the following changes (see Appendix 3 for more detail):

DNR Revenue Share: The DNR share of revenues, 50%, would be eliminated.

Local Revenue Share: The local (combined county, township and school district) revenue share would double to 100% of revenues generated.

County Revenue Allocation: The total county allocation would increase from 25% of total revenues to 70% of total revenues (plus the allocation for unorganized townships) except in Marshall County, where it would increase less, from 55% to 70% of total revenues due to road cost reimbursements currently received per MS 84A.32. The county resource development allocation would increase from 15% to 30% of total revenue.⁴ The county general revenue allocation would increase from 10% to 20% of total revenue, plus the township allocation for unorganized townships. The county parks acquisition allocation would increase from 0% to 20% of total revenue.

Township Revenue Allocation: The township allocation would increase from 5% to 10% of total revenues, but would no longer be designated to the township road and bridge fund, except in Marshall County, where the township allocation will drop from 25% to 10% of total revenue with the loss of road cost reimbursements under MS 84A.32. In both scenarios, the township allocation for unorganized townships is credited to the county. In our calculations, the township share of revenues is divided proportionately between organized and unorganized townships based on the acreage of Con-Con land in each.

School District Revenue Allocation: The school district allocation would remain at 20% of total revenue, but would no longer be designated to the capital outlay fund, as provided in MS 84A.51.

State School Aid Impacts

Based on consultation with House Research staff, we assumed that the proposed transfer of Con-Con land to the counties would not impact state school aid. We assumed this because: (1) there is no school district allocation from PILT under current provisions of MS 477A.14, either for Con-Con land or county-administered tax-forfeit land; and (2) the share of revenues apportioned to school districts (20% of total revenues) doesn't change. (See Figure 8 and Appendix 3.)

⁴ For the sake of comparison, revenue allocations for counties, townships, and school districts are expressed as a percent of total revenues. Remember, however, that under current law (MS 84A.51), revenue allocations to local government are prescribed as a portion of the 50% local share (e.g., 30% allocation to county resource development X 50% local revenue share = 15% of total revenues for resource development under current law).

Methodology

We developed a spreadsheet model using the land ownership, management cost and revenue data obtained from DNR in order to evaluate the fiscal impacts of transferring Con-Con land to the counties. The model uses FY1999 as a baseline reference for comparison of management costs and revenues; i.e., we estimate what FY1999 costs and revenue allocations would have been if the counties took over management of Con-Con land, and compare to estimates for FY1999 under current law to determine the net impact in each county. We do not consider one-time settlements such as the present outstanding balance on ditch assessments, nor do we estimate one-time personnel and infrastructure transition costs. We used the model to project cash flows out through FY2006 under both management scenarios, for the state as a whole (not by county). The model is detailed in Appendices 4 through 7.

Management Costs

Actual Con-Con land management costs are not known, since DNR does not consistently report management costs by specific land type. Therefore, the model estimated Con-Con land management costs for both management scenarios based on the net acreage of Con-Con land subject to transfer and the per-acre management costs identified in the Assumptions section. We estimated management and administration costs in each Con-Con county by multiplying the net acres for the county by the assumed cost per acre for each of the various activities. Costs were projected for future fiscal years using a 3% annual inflation rate. Cost calculations are detailed in Appendix 4.

Payments to counties

The model was not required to estimate 1999 PILT transfers and FY1999 Con-Con land revenues and county payments, since those figures were provided for each county by DNR. However, actual PILT and revenue allocations among local units of government were not available from DNR, or (in the time allowed for this study) from the counties. Consequently, the model estimated PILT and revenue allocations under both management scenarios based on the actual payments and the allocation percentages documented in the Assumptions section (see Figure 8).

For each type of local unit (i.e., county, township, school district), we estimated the PILT and revenue allocation by multiplying actual PILT and revenue amounts by the appropriate allocation percentages. Revenues were projected for future fiscal years using a 4.5% annual growth rate, based on consultation with the DNR Forest Economist (see the Con-Con Revenues section.) PILT and revenue calculations are detailed in Appendix 5.

Net Fiscal Impact

The model estimated net fiscal impacts of transferring Con-Con land to the counties by subtracting estimated net cash flows under current law from estimated net cash flows with the proposed transfer. Net cash flows were estimated by subtracting estimated costs from estimated PILT and revenue allocations. Positive net fiscal impacts represent estimated gains from the transfer, while negative net fiscal impacts represent estimated losses. These calculations were made for DNR, for each county, and for the DNR and counties combined,

under both management scenarios, for the FY1999 comparison. Cash flows were projected out through FY2006 for the state as a whole (not by county), to project future net fiscal impacts. Net fiscal impact calculations are detailed in Appendices 6 and 7.

Findings and Conclusions

Following are the findings and conclusions of our analysis, based on the assumptions and methodology described in the foregoing sections of this report:

- Combined state and county management/administration costs for Con-Con land will increase.

Given our assumptions, DNR net expenditures will fall \$1.64 million, but county net expenditures will increase by an estimated \$2.05 million, as shown in Figure 9 and Appendix 4. The estimated increase in Con-Con land management costs works out to \$.274 per acre, or about 16% over current estimated costs. All expenditures and revenues are for a "typical" year after the transfer of Con-Con lands to the counties. We do not consider one-time settlements such as the present outstanding balance on ditch assessments, nor do we estimate one-time personnel and infrastructure transition costs.

Figure 9.

Estimated Con-Con Land Management Cost Summary Current Law vs Proposed Transfer of Con-Con Lands

	Estimated Total Cost	Cost to State Gen'l Fund	Cost, Other State Funds*
DNR Mgt. Cost - Current Law	2,586,700	2,411,100	175,600
Cost Per Acre	1.756	1.637	0.119
Total Mgt. Cost - Proposed Transfer			
Ongoing DNR Management Cost	942,100	836,445	105,655
County Management Cost	2,048,900		
Total Cost	2,991,000	836,445	105,655
Cost Per Acre	2.030	0.568	0.072
Net Change in Cost			
DNR Net Change in Cost	-1,644,600	-1,574,655	-69,945
County Net Change in Cost	2,048,900		
Combined Change in Cost	404,300	-1,574,655	-69,945
Net Change Per Acre	0.274	-1.069	-0.047

* Cost to other sources of funding for Wildlife land management, mainly Game & Fish Fund.

- Most but not all of the estimated reduction in DNR land management costs would benefit the state General Fund.

Of the total estimated cost reduction of \$1.64 million estimated for DNR, \$1.57 million (96%) represents General Fund cost savings. The balance of approximately \$70,000 represents savings to various other sources of funding for wildlife land management, mainly the Game & Fish Fund, which comprises the majority of funding for wildlife management. (Figure 9)

- State General Fund management cost savings would be more than offset by increased PILT costs and the loss of shared revenue from Con-Con land.

With current PILT payment rates (MS 477A.12), PILT transfers to the counties would increase approximately \$552,000 (\$0.375 x 1,473,129 acres transferred), as shown in Figure 10 and Appendix 5.

Figure 10.
Summary of Payments to Counties
Current Law vs Proposed Transfer of Con-Con Lands
(Based on FY1999 Revenues and Payments)

	Payments Counties	General Fund Impact
Current Law		
PILT @ \$0.375/ac (MS 477A.12)	552,423	-552,423
Revenue Sharing (MS 84A.51, 32)	1,653,590	1,415,396
Con-Con Ditch Assessments Paid	45,806	-45,806
Total Payments - Current Law	2,251,820	817,166
County/Unorg. Township Allocations	1,534,401	
Organized Township Allocations	103,621	
School District Allocations	613,797	
Proposed Transfer		
PILT @ \$0.75/ac (MS 477A.12)	1,104,847	-1,104,847
Revenue Sharing (MS 282.08)	3,068,986	0
Con-Con Ditch Assessments Paid	0	0
Total Payments - Current Law	4,173,833	-1,104,847
County/Unorg. Township Allocations	3,483,237	
Organized Township Allocations	76,798	
School District Allocations	613,797	
Net Change in Payments	1,922,013	-1,922,013
Net Change to Counties/Unorg. Twps.	1,948,836	
Net Change to Organized Townships	-26,823	
Net Change to School Districts	0	

The General Fund's share of Con-Con land revenue (net of estimated payments under MS 84A.32) was \$1,415,396 in FY1999.

With the proposed transfer of Con-Con land to the counties, the General Fund would receive none of that revenue in the future. Based on FY1999 revenues and costs, the General Fund would lose approximately \$347,000, net (Figure 11 and Appendix 6). With projected changes in revenues and costs, the estimated net loss to the General Fund would drop to about \$176,500 by FY2001, then grow thereafter to about \$233,000 in FY2006 (Figure 12 and Appendix 7).

Figure 11.
Net Fiscal Impact of Con-Con Land Transfer
Summary By County
 (Based on FY1999 Revenues and Costs)

County	Estimated Net Impact (Dollars)		
	DNR (State)	County	Combined
Aitkin	17,978	-78,278	-60,300
Beltrami	-192,391	67,691	-124,700
Koochiching	35,257	-84,557	-49,300
Lake of the Woods	-100,217	-9,283	-109,500
Mahnomen	7,370	-8,470	-1,100
Marshall	22,822	-46,522	-23,700
Roseau	-68,231	32,531	-35,700
Total	-277,413	-126,887	-404,300
State Gen'l Fund	-347,358		
Other State Funds*	69,945		

* Includes various funding sources for Wildlife land management costs, mainly the Game & Fish Fund.

- Overall, transferring management of Con-Con land to the counties would result in a net loss for the state and counties combined.

As shown in Figure 11, the state and counties together would pay an estimated \$404,000 more in land management and administration costs to generate the same amount of revenue. This assumes that the counties would generate the same amount of revenue as the DNR. (Also see Appendix 6.)

Figure 12.
Projected Fiscal Impact of Con-Con Land Transfer
Summary By Fiscal Year
(Based on FY1999 Revenues and Costs)

Fiscal Year	Estimated Net Impact (Dollars)			
	DNR	State Gen'l Fund	County	Combined
2000	-154,040	-226,528	-262,460	-416,500
2001	-101,840	-176,502	-327,160	-429,000
2002	-108,300	-185,198	-333,600	-441,900
2003	-115,920	-195,124	-339,280	-455,200
2004	-124,700	-206,278	-344,200	-468,900
2005	-134,900	-218,925	-348,100	-483,000
2006	-146,620	-233,163	-350,880	-497,500

- Transferring management of Con-Con land to the counties would have mixed fiscal impacts on individual counties.

While the overall impact on counties is an estimated net loss of approximately \$126,900, two counties (Beltrami and Roseau) are estimated to gain from the transfer, based on FY1999 revenues and costs (Figure 11). These two counties are distinguished from the others in that they had significantly higher total revenues per acre on Con-Con land in FY1999 than the average for all seven counties (\$2.324 per acre for Beltrami County and \$2.823 per acre for Roseau County vs. \$2.083 per acre average). (Also see Appendix 6.)

A third county with significantly higher than average revenue per acre, Marshall County, with FY1999 revenue of \$2.819 per acre, would realize a gain from the transfer of Con-Con land if not for one fact: that county already receives 100% of revenue from Con-Con land in the county due to the road cost reimbursement provision of MS 84A.32, and so has nothing to gain by taking on responsibility for land management. The county's increase in PILT (\$25,483) is not sufficient to offset the loss of DNR's ditch assessment payments (\$21,305 in FY1999) and addition of land management costs (estimated at \$50,700). The estimated net loss to the county is approximately \$46,500, with most of that incurred by townships that would lose the road cost reimbursement they currently receive under MS 84A.32 (Figure 11 and Appendix 6).

- Most of the counties would have to pay for Con-Con land management with appropriations from their general revenues.

Present PILT allocations in MS 477A.14 and tax-forfeit land revenue apportionment provisions in MS 282.08 for resource development fall short of the amounts required to cover estimated management costs for Con-Con land in all but one county (Figure 13). The exception, Marshall County, has low enough estimated management costs at \$0.746 per acre that the funds designated for resource development are actually more than sufficient to cover estimated management costs. The overall deficit in county resource development

funding to be made up with general revenues is estimated at approximately \$577,000 based on FY1999 revenues and costs.

Note: This represents a “best case” estimate in that the analysis assumes the maximum level of funding for resource development under MS 282.08, 30% of total revenue.

Figure 13.
Estimated Funding Available For County Land Management
Summary By County
 (Based on FY1999 Revenues and Costs)

County	Resource Development Allocations			Land Mgt. Cost	Surplus (Deficit)
	PILT*	MS 282.08^	Total		
Aitkin	84,808	100,998	185,806	329,500	-143,700
Beltrami	168,196	312,659	480,855	615,400	-134,500
Koochiching	70,270	74,204	144,474	278,500	-134,000
Lake of the Woods	152,514	263,638	416,151	583,800	-167,600
Mahnomen	0	51	51	3,100	-3,000
Marshall	25,483	57,474	82,957	50,700	32,300
Roseau	49,448	111,672	161,120	187,900	-26,800
Total	550,719	920,696	1,471,414	2,048,900	-577,300

* Assumes 50% of PILT is allocated to resource development, per MS 477A.14.
 ^ Assumes maximum apportionment to timber development under MS 282.08, 30% of total revenue.

- Organized township allocations and overall county allocations (including payments for unorganized townships) would drop by 26% and 7%, respectively, while school district allocations would be unaffected (except for the change in designation noted in Figure 8).

The overall net impact on organized townships would be a reduction of approximately \$27,000 in PILT allocations and revenue sharing. As shown in Figure 14, slight gains for organized townships in Beltrami and Roseau Counties would be offset by a substantial loss of road cost reimbursements under MS 84A.32 for townships in Marshall County. While county allocations would drop by approximately \$100,000 overall, Beltrami and Roseau Counties would actually realize gains of \$62,000 and nearly \$31,000, respectively, due to relatively high revenues per acre. (Also see Appendix 6.)

Note: Estimates of organized township revenue allocations assume that revenues are evenly distributed across townships, even though revenues actually tend to be concentrated locally. Because DNR revenues are not geo-referenced, it wasn't possible to estimate individual township revenue impacts. Consequently, the estimated net township impact for a county can mask sharply contrasting impacts among townships within the county. Townships in which revenues are generated may realize significant gains due to their increased share of total revenues under the county management scenario, despite the loss

of PILT allocations. Other townships in the same county would lose their PILT allocations with no offsetting revenue gains.

Figure 14.
Net Impact of Con-Con Land Transfer
On Local PILT and Land Revenue Allocations
Summary By County
(Based on FY1999 Revenues and Costs)

County	Net Change in Local Allocation		
	County (Net)*	Organized Township	School
Aitkin	-78,209	-70	0
Beltrami	62,037	5,655	0
Koochiching	-84,556	0	0
Lake of the Woods	-9,283	0	0
Mahnomen	-8,138	-332	0
Marshall	-12,686	-33,835	0
Roseau	30,771	1,760	0
Total	-100,064	-26,823	0

* Change in total county allocations (including resource development, parks acquisition, and general revenue allocations) net of management costs. Include: allocations for unorganized townships.

Appendix 8 displays estimated Con-Con PILT allocations for each organized township in the Con-Con areas, under current law (MS 477A.14). There are a total of 358,744 Con-Con acres in 83 organized townships, with an average of 4,322 acres per township. Total estimated PILT allocation for the 83 townships is \$26,914. Estimated allocations range from \$1 to \$2,055, with an average of \$324 per township. As previously noted, these township allocations would be reallocated to county general revenues if Con-Con land were to be transferred to the counties. Township allocations were estimated by multiplying Con-Con acres in each organized township by the prescribed amount per acre (\$.075 per acre for "other natural resources land").

- If the State's goal is to increase local government revenues in the Con-Con counties, a straightforward increase in PILT payment rates and/or an increase in the local share of Con-Con revenues, while leaving Con-Con land under DNR management, could achieve the goal with a lower overall expenditure than would be incurred under the proposed transfer.

This approach might avoid the duplication of management costs and loss of management efficiencies likely to occur if DNR's land base were to be fragmented by transferring Con-

Con land management to the counties. These alternatives are being examined in the second phase of the present study, to be completed by June 2000.

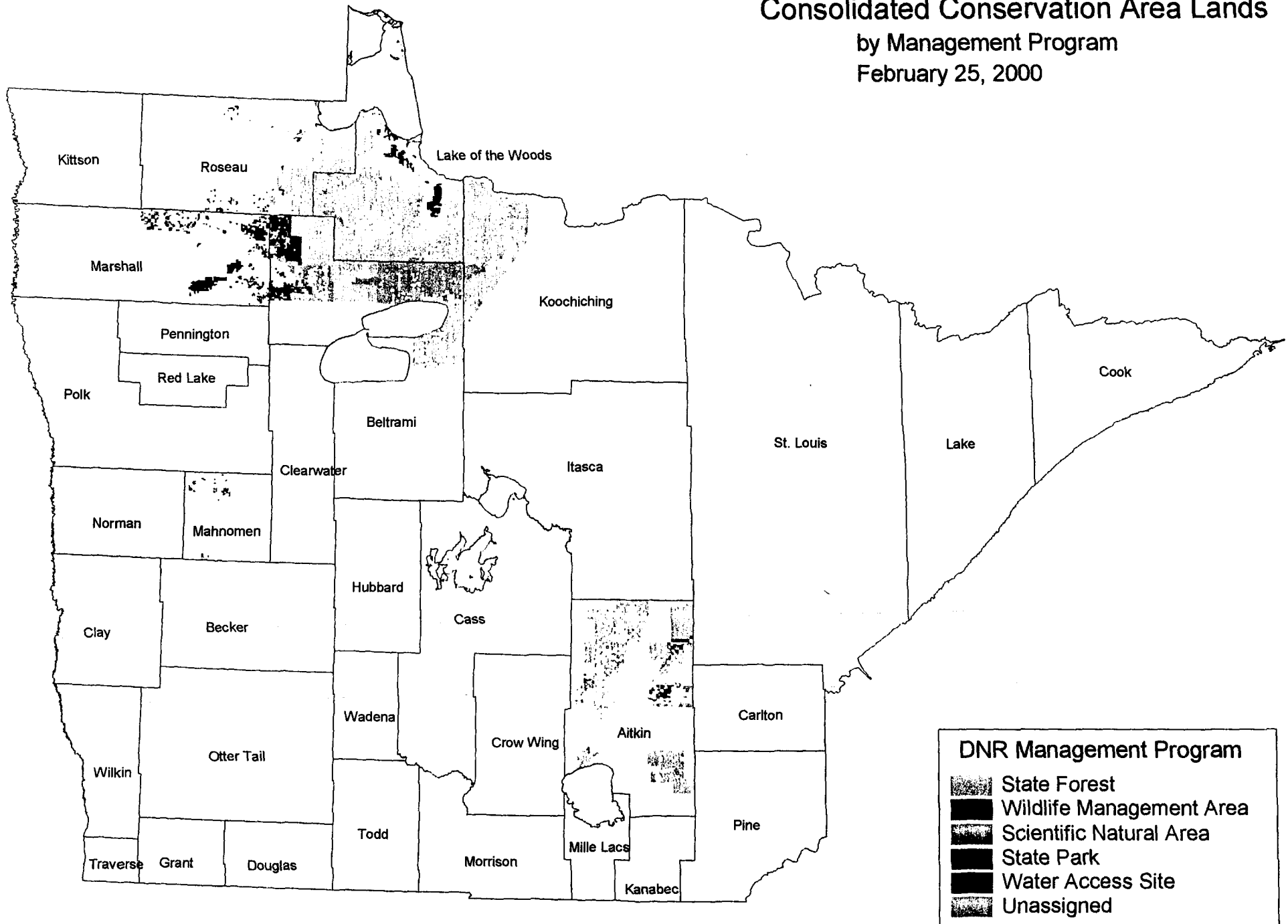
Issues for Further Study

Following are a few issues not examined in this study, but worthy of a closer look:

- To what extent would Con-Con counties be likely to try to return former Con-Con land to the tax rolls rather than retain it for county management as tax-forfeit land? What would the impacts be on local land markets and prices?
- To the extent that the counties sell off former Con-Con land, what are the implications for new or expanded drainage to support agriculture, and the related impacts on downstream flooding (a controversial issue in these counties)?
- The State, through DNR management, has made a significant investment in Con-Con land development (i.e., roads, reforestation, forest and habitat development, etc.). If Con-Con land is transferred to the counties, they presumably will receive the future benefits of those investments, especially in the form of future timber sale revenues. What is the value of these investments on Con-Con land, and will there be some form of compensation to the State if Con-Con land is transferred to the counties?
- Transfer of Con-Con land to the counties would likely require them to incur significant one-time costs for expansion of their land departments, or creation of new land departments, in order to take on management of a substantially increased land base. These costs could include expenses related to hiring of additional staff and costs for building or acquiring additional office, shop and storage space.
- Substantial reduction of the DNR land base would probably mean layoff of a number of full-time employees, and their replacement with seasonal employees, especially for fire protection. Layoffs would involve one-time severance costs for the state. Replacement of full-time employees with seasonal employees on fire crews and in other activities may result in a loss of efficiency and ultimately increase management costs.

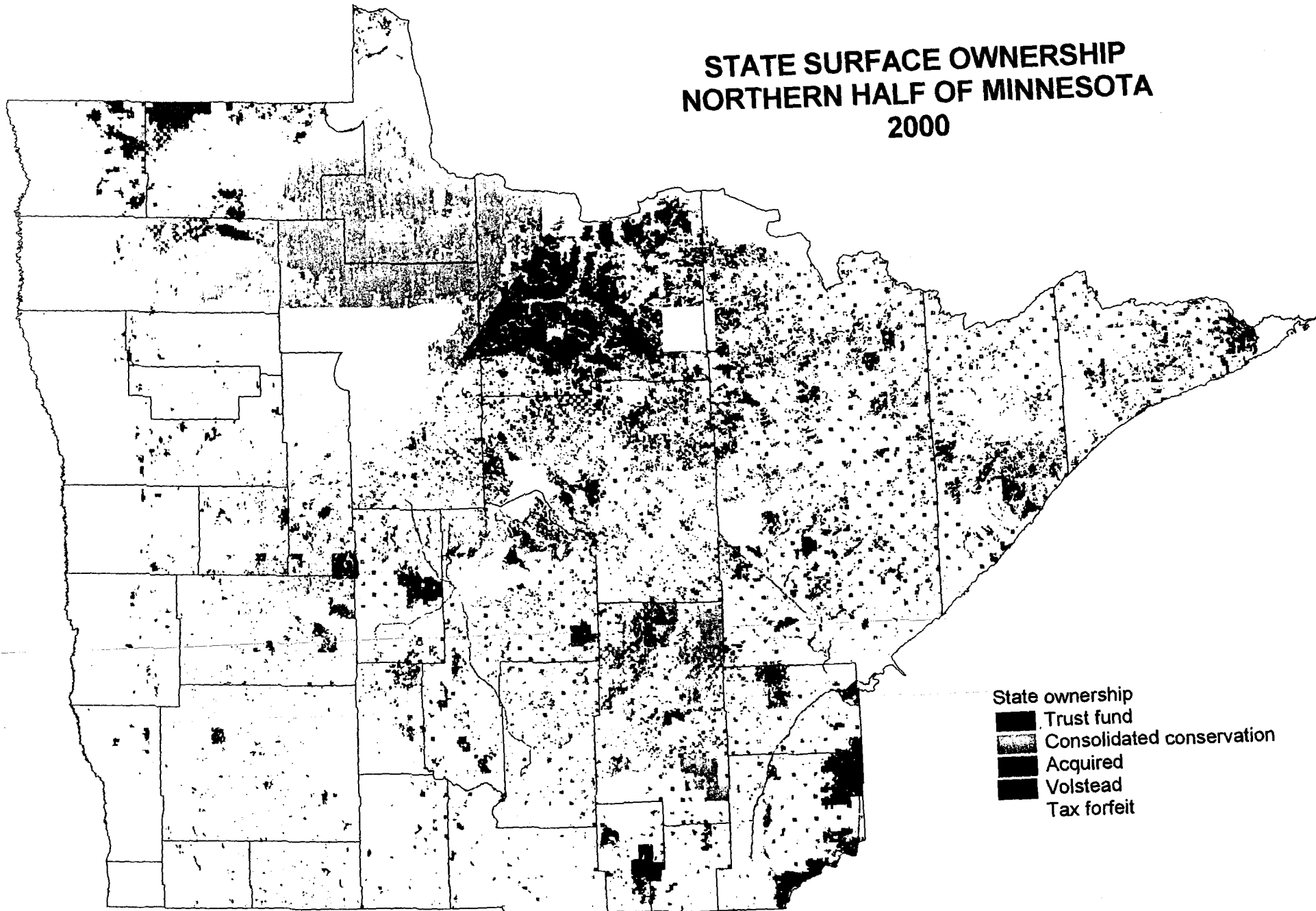
Map 1

Consolidated Conservation Area Lands by Management Program February 25, 2000



Map 2

STATE SURFACE OWNERSHIP NORTHERN HALF OF MINNESOTA 2000



State ownership
Trust fund
Consolidated conservation
Acquired
Volstead
Tax forfeit

Appendix 1.

**DEPARTMENT OF NATURAL RESOURCES
CONSOLIDATED CONSERVATION COUNTIES
FIVE YEAR RECEIPT HISTORY**

COUNTY		FY99	FY98	FY97	FY96	FY95	FY94
Aitkin	Receipts	336,660.26	408,075.83	261,797.05	162,306.17	187,990.78	311,078.60
	Payments	170,246.18	210,273.62	132,511.18	82,762.11	96,243.20	161,320.70
Beltrami	Receipts	1,042,195.76	654,343.26	516,498.28	566,170.12	443,525.93	405,897.83
	Payments	525,329.41	338,220.38	260,077.96	286,653.67	225,789.94	205,538.88
Koochiching	Receipts	247,346.18	272,484.84	278,714.40	89,312.26	88,261.24	199,115.76
	Payments	123,673.09	139,116.04	139,357.20	44,656.13	44,130.62	99,557.88
Lake of Woods	Receipts	878,792.87	977,650.50	694,764.85	614,319.37	544,493.94	466,851.30
	Payments	455,851.92	492,767.23	360,637.65	321,289.16	290,578.37	255,033.50
Mahnomen	Receipts	170.43	0.00	629.57	427.45	2,550.00	0.00
	Payments	85.22	0.00	314.79	213.73	1,275.00	0.00
Marshall	Receipts	191,581.07	23,068.75	5,642.14	34,327.44	1,582.86	15,891.25
	Payments	95,790.54	11,534.38	2,821.07	17,163.72	791.43	7,945.63
Roseau	Receipts	372,239.29	250,811.54	260,704.33	226,356.95	248,140.98	328,841.93
	Payments	186,823.10	125,480.30	130,352.17	113,178.48	124,070.49	164,481.84
Receipt Totals		3,068,985.86	2,586,434.72	2,018,750.62	1,693,219.76	1,516,545.73	1,727,676.67
Payment Totals		1,557,799.46	1,317,391.95	1,026,072.02	865,917.00	782,879.05	893,878.43
Transferred to General Fund		1,511,186.40	1,269,042.77	992,678.60	827,302.76	733,666.68	833,798.24
		3,068,985.86	2,586,434.72	2,018,750.62	1,693,219.76	1,516,545.73	

Appendix 2.

Wildlife Land Management Costs

Source: DNR, Section of Wildlife

<u>Summary of Acres Managed</u>	Region 1	Region 3	Reg 1 & 3	State
Owned (WMA) Acres	494,518	123,448	617,967	829,378
Easement Acres	1,074	6,061	7,135	10,835
Leased Federal Acres	81,700	-	81,700	81,700
Coop Acres (DNR, County, other public)	275,829	38,358	314,187	341,578
Total Acres Managed	853,122	167,868	1,020,989	1,263,492
Acres Coordinated (DNR, County, other)	2,414,872	1,451,638	3,866,510	8,402,642

<u>Land Management Cost *</u> <u>Regions 1 & 3</u> <u>(FY98 & FY99, Annualized)</u>	<u>Total</u> <u>Cost</u>	<u>Cost/Acre</u> <u>Managed</u>
Habitat Development	\$ 1,013,150	\$ 0.992
Habitat Maintenance	\$ 213,007	\$ 0.209
Facility Development	\$ 322,272	\$ 0.316
Facility Maintenance	\$ 57,593	\$ 0.056
Total Land Management Cost	\$ 1,606,022	\$ 1.573

Average annual cost (FY 1998 - 1999) for activities directly related to land management (excludes coordination with other DNR divisions and/or other agencies, administration, statewide programs, and research).

<u>Administration/Coordination</u> <u>Regions 1 & 3</u> <u>(FY98 & FY99, Annualized)</u>	<u>Total</u> <u>Cost</u>	<u>Cost/Acre</u> <u>Coordinated</u>
Coord./Tech.Guidance/Assessments	\$ 1,151,724	\$ 0.298
Field & Region Administration	\$ 1,283,692	\$ 0.332
Total Region Admin. & Coord.	\$ 2,435,416	\$ 0.630

<u>Operations Administration Cost</u> <u>Central Office</u> <u>(FY98 & FY99, Annualized)</u>	<u>Total</u> <u>Cost</u>	<u>Cost/Acre</u> <u>Coordinated</u>
Total Central Office Operations Cost	\$ 239,371	\$ 0.028

<u>Summary of Wildlife Land Management Costs</u> <u>Regions 1 & 3</u> <u>(FY98 & FY99, Annualized)</u>	<u>Cost</u> <u>Per Acre</u>
Habitat Development	\$ 0.992
Habitat Maintenance	\$ 0.209
Facility Development	\$ 0.316
Facility Maintenance	\$ 0.056
Coordination/Tech.Guidance/Assessments	\$ 0.298
Administration	\$ 0.360
Total Wildlife Land Management Cost	\$ 2.231

Appendix 3.

**Con-Con PILT and Revenue Allocation Provisions
Current Law vs Proposed Transfer of Con-Con Land to County**

Payment/Entity	Allocation Under Current Law	Allocation After Transfer
MS 477A.11-14 Payment In Lieu of Tax		
Per-Acre PILT	\$0.375	\$0.750
County Allocation (per acre)	\$0.300 (40% of PILT + balance after Twp allocation, gen'l revenue fund)	\$0.750 (Half to gen'l revenue fund; half to resource dev't fund)
Township Allocation (per acre)	\$0.075	\$0.000
School District Allocation (per acre)	\$0.000	\$0.000
MS 84A.51 Revenue Sharing		
DNR Revenue Share (excl. Marshall Co.)	50%	0%
Local Revenue Share (all counties)	50%	0%
County Allocation	25%+ (30% of local share, dev't fund; 20% of local share + 10% from unorg. Twps, gen'l revenue fund)	0%
Township Allocation	5% (10% of local share, org. Twps, road and bridge fund)	0%
School District Allocation	20% (40% of local share, capital outlay fund)	0%
MS 84A.32 Road Costs (Marshall Co. only)		
Additional Local Share	50% (DNR's 50% share)	0%
Add'l County Allocation (Est)	30% (Based on county proportion of road cost certifications to date)	0%
Add'l Township Allocation (Est)	20% (Based on Twp proportion of road cost certifications to date)	0%
MS 282.08 Tax Forfeit Land Revenues		
Local Share of Revenues	0%	100%
County Allocation, Timber Dev't	0%	Up to 30%
County Allocation, Parks Acq.	0%	Up to 20%
County Allocation, Undesignated	0%	At least 20% (40% of balance remaining after above allocations + allocation for unorg. Twps)
Township Allocation, Undesignated	0%	At least 10% (20% of undesignated balance, org. Twps)
School District Allocation, Undesignated	0%	At least 20% (40% of undesignated balance)

Appendix 4.

Estimated Con-Con Land Management Cost Detail

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Acres of Con-Con Land:	236,620	491,361	198,428	417,856	4,546	67,954	134,824	1,551,589	
Acres in State Parks	10,466	-	-	2,385	-	-	1,000	13,851	
Acres in Scientific & Natural Areas	-	42,838	11,041	8,768	-	-	1,962	64,609	
Net Acres Subject to Transfer	226,154	448,523	187,387	406,703	4,546	67,954	131,862	1,473,129	
Forestry-Administered Land	217,296	421,793	198,428	387,580	320	500	122,672	1,348,589	
SNA Acres	-	42,838	11,041	8,687	-	-	1,962	64,528	
Net Forestry-Administered Land	217,296	378,955	187,387	378,893	320	500	120,710	1,284,061	
Fish & Wildlife-Administered Land	8,858	69,568	-	27,891	4,226	67,454	11,134	189,131	
SNA Acres	-	-	-	81	-	-	-	81	
Net Wildlife-Administered Land	8,858	69,568	-	27,810	4,226	67,454	11,134	189,050	

Est. Con-Con Land Mgt. Costs - Current Law											
Est. DNR Management Cost											
Forestry-Administered Land:	Cost/Ac										
Forest Management	\$ 0.202	43,900	76,500	37,900	76,500	100	100	24,400	259,400	259,400	100%
Timber Sales	\$ 0.545	118,400	206,500	102,100	206,500	200	300	65,800	699,800	699,800	100%
Forest Development	\$ 0.459	99,700	173,900	86,000	173,900	100	200	55,400	589,200	589,200	100%
Subtotal, Resource Mgt.	\$ 1.206	262,000	456,900	226,000	456,900	400	600	145,600	1,548,400	1,548,400	
Forest Roads (Net of Gas Tax)	\$ 0.017	3,700	6,400	3,200	6,400	-	-	2,100	21,800	21,800	100%
Fire Protection	\$ 0.374	81,300	141,700	70,100	141,700	100	200	45,100	480,200	480,200	100%
Administration	\$ 0.263	57,100	99,700	49,300	99,600	100	100	31,700	337,600	337,600	100%
Total Cost, Forestry Land	\$ 1.860	404,100	704,700	348,600	704,600	600	900	224,500	2,388,000	2,388,000	
Wildlife-Administered Land:	Cost/Ac										
Habitat Development	\$ 0.248	2,200	17,300	-	6,900	1,000	16,700	2,800	46,900	2,800	6%
Habitat Maintenance	\$ 0.052	500	3,600	-	1,500	200	3,500	600	9,900	600	6%
Facility Development	\$ 0.079	700	5,500	-	2,200	300	5,300	900	14,900	900	6%
Facility Maintenance	\$ 0.014	100	1,000	-	400	100	900	200	2,700	200	6%
Subtotal, Resource Mgt.	\$ 0.393	3,500	27,400	-	11,000	1,600	26,400	4,500	74,400	4,500	
Coord./Tech.Guidance/Assess	\$ 0.298	2,600	20,700	-	8,300	1,300	20,100	3,300	56,300	8,400	15%
Administration	\$ 0.360	3,200	25,000	-	10,000	1,500	24,300	4,000	68,000	10,200	15%
Total Cost, Wildlife Land	\$ 1.051	9,300	73,100	-	29,300	4,400	70,800	11,800	198,700	23,100	
Total DNR Management Cost		413,400	777,800	348,600	733,900	5,000	71,700	236,300	2,586,700	2,411,100	
Total Est. DNR Cost Per Acre		1.828	1.734	1.860	1.805	1.100	1.055	1.792	1.756	1.637	

Appendix 4.

Estimated Con-Con Land Management Cost Detail

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund	
Est. Con-Con Land Mgt. Costs - Proposed Transfer										
Est. DNR Management Costs Retained										
Forestry-Administered Land:										
Fire Protection	81,300	141,700	70,100	141,700	100	200	45,100	480,200	480,200	100%
Administration	57,100	99,700	49,300	99,600	100	100	31,700	337,600	337,600	100%
Total Cost, Forestry Land	138,400	241,400	119,400	241,300	200	300	76,800	817,800	817,800	
Wildlife-Administered Land:										
Coord./Tech.Guidance/Assess	2,600	20,700	-	8,300	1,300	20,100	3,300	56,300	8,445	15%
Administration	3,200	25,000	-	10,000	1,500	24,300	4,000	68,000	10,200	15%
Total Cost, Wildlife Land	5,800	45,700	-	18,300	2,800	44,400	7,300	124,300	18,645	
Total DNR Costs Retained	144,200	287,100	119,400	259,600	3,000	44,700	84,100	942,100	836,445	
Total Retained Cost Per Acre	0.638	0.640	0.637	0.638	0.660	0.658	0.638	0.640	0.568	
Est. County Management Costs										
Forestry Land: Cost/Ac										
Forest Management	\$ 0.202	43,900	76,500	37,900	76,500	-	-	24,400	259,200	-
Timber Sales	\$ 0.545	118,400	206,500	102,100	206,500	-	-	65,800	699,300	-
Forest Development	\$ 0.459	99,700	173,900	86,000	173,900	-	-	55,400	588,900	-
Subtotal, Resource Mgt.	\$ 1.206	262,000	456,900	226,000	456,900	-	-	145,600	1,547,400	-
Forest Roads (Net of Gas Tax)	\$ 0.017	3,700	6,400	3,200	6,400	-	-	2,100	21,800	-
Administration	\$ 0.263	57,100	99,700	49,300	99,600	-	-	31,700	337,400	-
Total Cost, Forestry Land	322,800	563,000	278,500	562,900	-	-	179,400	1,906,600	-	
Wildlife Land: Cost/Ac										
Habitat Development	\$ 0.248	2,200	17,300	-	6,900	1,000	16,700	2,800	46,900	-
Habitat Maintenance	\$ 0.052	500	3,600	-	1,400	200	3,500	600	9,800	-
Facility Development	\$ 0.079	700	5,500	-	2,200	300	5,300	900	14,900	-
Facility Maintenance	\$ 0.014	100	1,000	-	400	100	900	200	2,700	-
Subtotal, Resource Mgt.	\$ 0.393	3,500	27,400	-	10,900	1,600	26,400	4,500	74,300	-
Administration	\$ 0.360	3,200	25,000	-	10,000	1,500	24,300	4,000	68,000	-
Total Cost, Wildlife Land	6,700	52,400	-	20,900	3,100	50,700	8,500	142,300	-	
Total County Management Cost	329,500	615,400	278,500	583,800	3,100	50,700	187,900	2,048,900	-	
Total Est. County Cost Per Acre	1.457	1.372	1.486	1.435	0.682	0.746	1.425	1.391	-	

Appendix 4.

Estimated Con-Con Land Management Cost Detail

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Total Est. DNR & County Cost	473,700	902,500	397,900	843,400	6,100	95,400	272,000	2,991,000	836,445
Total Est. Cost Per Acre	2.095	2.012	2.123	2.074	1.342	1.404	2.063	2.030	0.568
Estimated Net Change in Cost	60,300	124,700	49,300	109,500	1,100	23,700	35,700	404,300	(1,574,655)
Net Cost Change Per Acre	0.267	0.278	0.263	0.269	0.242	0.349	0.271	0.274	(1.069)

Appendix 5.

Estimated Payments to Counties - Detail Current Law vs Proposed Transfer of Con-Con Lands (Based on FY1999 Revenues)

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Total Con-Con Revenues, FY 1999	336,660	1,042,196	247,346	878,793	170	191,581	372,239	3,068,986	
Con-Con Land Payments - Current Law									
PILT @ \$0.375/ac (acres subject to transfer)	84,808	168,196	70,270	152,514	1,705	25,483	49,448	552,423	(552,423)
County Allocation (\$0.300/ac)	75,634	157,898	70,267	152,514	1,364	20,388	47,453	525,518	
Township Allocation (\$0.075/ac)	9,174	10,298	3	-	341	5,095	1,996	26,906	
School Dist. Allocation (\$0.000/ac)	-	-	-	-	-	-	-	-	
Revenue Sharing (MS 84A.51,32):									
Payments, MS 84A.51	170,246	525,329	123,673	455,852	85	95,791	186,823	1,557,799	1,511,186
Payments, MS 84A.32	-	-	-	-	-	95,791	-	95,791	(95,791)
Total Revenue Sharing	170,246	525,329	123,673	455,852	85	191,581	186,823	1,653,590	1,415,396
Percent of Total Revenue	50.6%	50.4%	50.0%	51.9%	50.0%	100.0%	50.2%	53.9%	46.1%
County Allocation	93,810	300,937	74,201	280,093	43	105,373	108,619	963,078	
Township Allocation	9,104	15,953	2	-	9	47,891	3,756	76,715	
School Dist. Allocation	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Con-Con Ditch Assessments Paid (FY 1999)	-	1,971	-	937	7,160	21,305	14,433	45,806	(45,806)
Total Payments - Current Law									
Total Est. County Allocations	255,054	695,497	193,943	609,303	8,950	238,368	250,704	2,251,820	817,166
Total Est. Township Allocations	169,444	460,806	144,469	433,544	8,567	147,066	170,505	1,534,401	
Total Est. School Dist. Allocations	18,278	26,251	5	-	349	52,986	5,751	103,621	
Total Est. School Dist. Allocations	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Con-Con Land Payments - Proposed Transfer									
PILT @ \$0.75/ac (acres subject to transfer)	169,616	336,392	140,540	305,027	3,410	50,966	98,897	1,104,847	(1,104,847)
County Allocation (\$0.750/ac)	169,616	336,392	140,540	305,027	3,410	50,966	98,897	1,104,847	
Township Allocation (\$0.000/ac)	-	-	-	-	-	-	-	-	
School Dist. Allocation (\$0.000/ac)	-	-	-	-	-	-	-	-	

Appendix 5.

**Estimated Payments to Counties - Detail
Current Law vs Proposed Transfer of Con-Con Lands
(Based on FY1999 Revenues)**

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Revenue Sharing (MS 282.08):									
Total Local Share (100%)	336,660	1,042,196	247,346	878,793	170	191,581	372,239	3,068,986	
County Allocation	251,120	801,851	197,872	703,034	119	134,114	290,280	2,378,391	
Township Allocation	18,208	31,906	5	-	17	19,150	7,512	76,798	
School Dist. Allocation	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Con-Con Ditch Assessments Paid	-	-	-	-	-	-	-	-	-
Total Payments - Proposed Transfer	506,276	1,378,588	387,886	1,183,820	3,580	242,547	471,136	4,173,833	(1,104,847)
Total Est. County Allocations	420,735	1,138,243	338,412	1,008,062	3,529	185,080	389,176	3,483,237	
Total Est. Township Allocations	18,208	31,906	5	-	17	19,150	7,512	76,798	
Total Est. School Dist. Allocations	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Net Change in Payments	251,222	683,091	193,943	574,517	(5,370)	4,178	220,431	1,922,013	(1,922,013)
Net Change to Counties	251,291	677,437	193,944	574,517	(5,038)	38,014	218,671	1,948,836	
Net Change to Townships	(70)	5,655	(0)	-	(332)	(33,835)	1,760	(26,823)	
Net Change to School Districts	-	-	-	-	-	-	-	-	

Appendix 6.

Estimated Net Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Estimated Net Cash Flow - Current Law									
Est. DNR (General Fund) Net Cash Flow									
Revenues:									
Total Con-Con Revenues	336,660	1,042,196	247,346	878,793	170	191,581	372,239	3,068,986	
Less Payments to Counties (MS 84A.51&32)	(170,246)	(525,329)	(123,673)	(455,852)	(85)	(191,581)	(186,823)	(1,653,590)	
Net Revenues to DNR (General Fund)	166,414	516,866	123,673	422,941	85	(0)	185,416	1,415,396	1,415,396
Costs:									
PILT @ \$.375/ac (MS 477A.11-14)	84,808	168,196	70,270	152,514	1,705	25,483	49,448	552,423	552,423
Con-Con Ditch Assessments Paid	-	1,971	-	937	7,160	21,305	14,433	45,806	45,806
Est. Land Management Cost	413,400	777,800	348,600	733,900	5,000	71,700	236,300	2,586,700	2,411,100
Estimated Total Cost	498,208	947,967	418,870	887,351	13,865	118,487	300,181	3,184,930	3,009,330
Total DNR Revenues Less Costs	(331,794)	(431,101)	(295,197)	(464,410)	(13,780)	(118,487)	(114,765)	(1,769,534)	(1,593,934)
Est. County Net Cash Flow									
Revenues:									
PILT @ \$.375/ac (MS 477A.11-14)	84,808	168,196	70,270	152,514	1,705	25,483	49,448	552,423	
Con-Con Revenue Payments (MS 84A.51&32)	170,246	525,329	123,673	455,852	85	191,581	186,823	1,653,590	
Con-Con Ditch Assessments Paid	-	1,971	-	937	7,160	21,305	14,433	45,806	
Total Revenues to County	255,054	695,497	193,943	609,303	8,950	238,368	250,704	2,251,820	
Costs:									
	-	-	-	-	-	-	-	-	-
County Revenues Less Costs	255,054	695,497	193,943	609,303	8,950	238,368	250,704	2,251,820	
County Allocation (Net)	169,444	460,806	144,469	433,544	8,567	147,066	170,505	1,534,401	
Township Allocation	18,278	26,251	5	-	349	52,986	5,751	103,621	
School District Allocation	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Combined Net Cash Flow	(76,740)	264,396	(101,254)	144,893	(4,830)	119,881	135,939	482,286	

Appendix 6.

Estimated Net Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Est. Net Cash Flow - Proposed Transfer									
Est. DNR (General Fund) Net Cash Flow									
Revenues:	-	-	-	-	-	-	-	-	-
Costs:									
PILT @ \$.75/ac (MS 477A.11-14)	169,616	336,392	140,540	305,027	3,410	50,966	98,897	1,104,847	1,104,847
Est. Ongoing Land Management Cost	144,200	287,100	119,400	259,600	3,000	44,700	84,100	942,100	836,445
Estimated Total Cost	313,816	623,492	259,940	564,627	6,410	95,666	182,997	2,046,947	1,941,292
Total DNR Revenues Less Costs	(313,816)	(623,492)	(259,940)	(564,627)	(6,410)	(95,666)	(182,997)	(2,046,947)	(1,941,292)
Est. County Net Cash Flow									
Revenues:									
PILT @ \$.75/ac (MS 477A.11-14)	169,616	336,392	140,540	305,027	3,410	50,966	98,897	1,104,847	
Land Management Revenues	336,660	1,042,196	247,346	878,793	170	191,581	372,239	3,068,986	
Total Revenues to County	506,276	1,378,588	387,886	1,183,820	3,580	242,547	471,136	4,173,833	
Costs:	329,500	615,400	278,500	583,800	3,100	50,700	187,900	2,048,900	
County Revenues Less Costs	176,776	763,188	109,386	600,020	480	191,847	283,236	2,124,933	
County Allocation (Net)	91,235	522,843	59,912	424,262	429	134,380	201,276	1,434,337	
Township Allocation	18,208	31,906	5	-	17	19,150	7,512	76,798	
School District Allocation	67,332	208,439	49,469	175,759	34	38,316	74,448	613,797	
Combined Net Cash Flow	(137,040)	139,696	(150,554)	35,393	(5,930)	96,181	100,239	77,986	

Appendix 6.

Estimated Net Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Estimated Net Fiscal Impact of Transfer									
DNR (General Fund) Fiscal Impact									
DNR Net Cash Flow - Current Law	(331,794)	(431,101)	(295,197)	(464,410)	(13,780)	(118,487)	(114,765)	(1,769,534)	(1,593,934)
DNR Net Cash Flow - Proposed Transfer	(313,816)	(623,492)	(259,940)	(564,627)	(6,410)	(95,666)	(182,997)	(2,046,947)	(1,941,292)
Net Impact on DNR	17,978	(192,391)	35,257	(100,217)	7,370	22,822	(68,231)	(277,413)	(347,358)
County Fiscal Impact									
County Net Cash Flow - Current Law	255,054	695,497	193,943	609,303	8,950	238,368	250,704	2,251,820	
County Net Cash Flow - Proposed Transfer	176,776	763,188	109,386	600,020	480	191,847	283,236	2,124,933	
Net Impact on County	(78,278)	67,691	(84,557)	(9,283)	(8,470)	(46,522)	32,531	(126,887)	
Impact on Net County Allocation	(78,209)	62,037	(84,556)	(9,283)	(8,138)	(12,686)	30,771	(100,064)	
Impact on Township Allocation	(70)	5,655	(0)	-	(332)	(33,835)	1,760	(26,823)	
Impact on School District Allocation	-	-	-	-	-	-	-	-	
Combined Fiscal Impact									
Combined Cash Flow - Current Law	(76,740)	264,396	(101,254)	144,893	(4,830)	119,881	135,939	482,286	
Combined Cash Flow - Proposed Transfer	(137,040)	139,696	(150,554)	35,393	(5,930)	96,181	100,239	77,986	
Combined Net Impact of Transfer	(60,300)	(124,700)	(49,300)	(109,500)	(1,100)	(23,700)	(35,700)	(404,300)	

Appendix 6.

Estimated Net Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	Aitkin	Beltrami	Koochiching	Lake of the Woods	Mahnomen	Marshall	Roseau	Total	General Fund
Estimated Availability of Funding for County Management of Con-Con Land									
PILT designated for Resource Dev't. (MS 477A.14)	84,808	168,196	70,270	152,514	-	25,483	49,448	550,719	
Revenue designated for Tmbr. Dev't. (MS 282.08)	100,998	312,659	74,204	263,638	51	57,474	111,672	920,696	
Total Allocation for Resource Dev't.	185,806	480,855	144,474	416,151	51	82,957	161,120	1,471,414	
Estimated County Land Management Cost	329,500	615,400	278,500	583,800	3,100	50,700	187,900	2,048,900	
Estimated Surplus(Deficit)	(143,700)	(134,500)	(134,000)	(167,600)	(3,000)	32,300	(26,800)	(577,300)	
Per Acre Surplus(Deficit)	(0.635)	(0.300)	(0.715)	(0.412)	(0.660)	0.475	(0.203)	(0.392)	

Appendix 7.

Projected Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Estimated Net Cash Flow - Current Law							
Est. DNR (General Fund) Net Cash Flow							
Revenues:							
			Growth Rate: 4.5%				
Total Con-Con Revenues	2,919,000	2,919,000	3,050,000	3,187,000	3,330,000	3,480,000	3,637,000
Less Payments to Counties (MS 84A.51&32)	(1,576,260)	(1,576,260)	(1,647,000)	(1,720,980)	(1,798,200)	(1,879,200)	(1,963,980)
Net Revenues to DNR (General Fund)	1,342,740	1,342,740	1,403,000	1,466,020	1,531,800	1,600,800	1,673,020
Costs:							
			Inflation Rate: 3%				
PILT @ \$.375/ac (MS 477A.11-14)	552,400	552,400	552,400	552,400	552,400	552,400	552,400
Con-Con Ditch Assessments Paid	47,200	48,600	50,100	51,600	53,100	54,700	56,300
Est. Land Management Cost	2,664,300	2,744,200	2,826,500	2,911,300	2,998,600	3,088,600	3,181,300
Estimated Total Cost	3,263,900	3,345,200	3,429,000	3,515,300	3,604,100	3,695,700	3,790,000
Total DNR Revenues Less Costs	(1,921,160)	(2,002,460)	(2,026,000)	(2,049,280)	(2,072,300)	(2,094,900)	(2,116,980)
General Fund Revenues Less Costs	(1,739,988)	(1,815,854)	(1,833,798)	(1,851,312)	(1,868,395)	(1,884,875)	(1,900,652)
Est. County Net Cash Flow							
Revenues:							
PILT @ \$.375/ac (MS 477A.11-14)	552,400	552,400	552,400	552,400	552,400	552,400	552,400
Con-Con Revenue Payments (MS 84A.51&32)	1,576,260	1,576,260	1,647,000	1,720,980	1,798,200	1,879,200	1,963,980
Con-Con Ditch Assessments Paid	47,200	48,600	50,100	51,600	53,100	54,700	56,300
Total Revenues to County	2,175,860	2,177,260	2,249,500	2,324,980	2,403,700	2,486,300	2,572,680
Costs:	-	-	-	-	-	-	-
County Revenues Less Costs	2,175,860	2,177,260	2,249,500	2,324,980	2,403,700	2,486,300	2,572,680
Combined Net Cash Flow	254,700	174,800	223,500	275,700	331,400	391,400	455,700

Appendix 7.

Projected Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Est. Net Cash Flow - Proposed Transfer							
Est. DNR (General Fund) Net Cash Flow							
Revenues:	-	-	-	-	-	-	-
Costs:							
PILT @ \$.75/ac (MS 477A.11-14)	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800
Est. Ongoing Land Management Cost	970,400	999,500	1,029,500	1,060,400	1,092,200	1,125,000	1,158,800
Estimated Total Cost	2,075,200	2,104,300	2,134,300	2,165,200	2,197,000	2,229,800	2,263,600
Total DNR Revenues Less Costs	(2,075,200)	(2,104,300)	(2,134,300)	(2,165,200)	(2,197,000)	(2,229,800)	(2,263,600)
General Fund Revenues Less Costs	(1,966,515)	(1,992,356)	(2,018,996)	(2,046,435)	(2,074,674)	(2,103,800)	(2,133,814)
Est. County Net Cash Flow							
Revenues:							
PILT @ \$.75/ac (MS 477A.11-14)	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800	1,104,800
Land Management Revenues	2,919,000	2,919,000	3,050,000	3,187,000	3,330,000	3,480,000	3,637,000
Total Revenues to County	4,023,800	4,023,800	4,154,800	4,291,800	4,434,800	4,584,800	4,741,800
Costs:	2,110,400	2,173,700	2,238,900	2,306,100	2,375,300	2,446,600	2,520,000
County Revenues Less Costs	1,913,400	1,850,100	1,915,900	1,985,700	2,059,500	2,138,200	2,221,800
Combined Net Cash Flow	(161,800)	(254,200)	(218,400)	(179,500)	(137,500)	(91,600)	(41,800)

Appendix 7.

Projected Fiscal Impact - Detail

Current Law vs Proposed Transfer of Con-Con Lands

(Based on FY1999 Revenues and Costs)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Estimated Net Fiscal Impact of Transfer							
DNR (General Fund) Fiscal Impact							
DNR Net Cash Flow - Current Law	(1,921,160)	(2,002,460)	(2,026,000)	(2,049,280)	(2,072,300)	(2,094,900)	(2,116,980)
DNR Net Cash Flow - Proposed Transfer	(2,075,200)	(2,104,300)	(2,134,300)	(2,165,200)	(2,197,000)	(2,229,800)	(2,263,600)
Net Impact on DNR	(154,040)	(101,840)	(108,300)	(115,920)	(124,700)	(134,900)	(146,620)
Net Impact on General Fund	(226,528)	(176,502)	(185,198)	(195,124)	(206,278)	(218,925)	(233,163)
County Fiscal Impact							
County Net Cash Flow - Current Law	2,175,860	2,177,260	2,249,500	2,324,980	2,403,700	2,486,300	2,572,680
County Net Cash Flow - Proposed Transfer	1,913,400	1,850,100	1,915,900	1,985,700	2,059,500	2,138,200	2,221,800
Net Impact on County	(262,460)	(327,160)	(333,600)	(339,280)	(344,200)	(348,100)	(350,880)
Combined Fiscal Impact							
Combined Cash Flow - Current Law	254,700	174,800	223,500	275,700	331,400	391,400	455,700
Combined Cash Flow - Proposed Transfer	(161,800)	(254,200)	(218,400)	(179,500)	(137,500)	(91,600)	(41,800)
Combined Net Impact of Transfer	(416,500)	(429,000)	(441,900)	(455,200)	(468,900)	(483,000)	(497,500)

Appendix 8.

Acres of Con-Con Land and Estimated PILT Allocation by Township Based on MS 477A.14 (Organized Townships Only)

County	Township Name	Acres	\$.075/Ac	Avg Pmt
Aitkin	White Pine Twp.	18,597.69	1,395	
Aitkin	Verdon Twp.	11,444.97	858	
Aitkin	Mcgregor Twp.	11,249.51	844	
Aitkin	Turner Twp.	10,232.91	767	
Aitkin	Millward Twp.	8,981.68	674	
Aitkin	Pliny Twp.	7,740.31	581	
Aitkin	Balsam Twp.	7,194.98	540	
Aitkin	Macville Twp.	6,187.53	464	
Aitkin	Clark Twp.	5,883.74	441	
Aitkin	Waukenabo Twp.	5,438.44	408	
Aitkin	Shamrock Twp.	4,621.64	347	
Aitkin	Hazelton Twp.	4,288.63	322	
Aitkin	Hill Lake Twp.	4,236.28	318	
Aitkin	Morrison Twp.	4,125.96	309	
Aitkin	Logan Twp.	3,871.28	290	
Aitkin	Wealthwood Twp.	3,858.52	289	
Aitkin	Spencer Twp.	1,754.32	132	
Aitkin	Haugen Twp.	1,292.07	97	
Aitkin	Nordland Twp.	396.68	30	
Aitkin	Jevne Twp.	359.42	27	
Aitkin	Cornish Twp.	184.76	14	
Aitkin	Rice River Twp.	94.52	7	
Aitkin	Fleming Twp.	80.00	6	
Aitkin	Ball Bluff Twp.	64.13	5	
Aitkin	Libby Twp.	28.89	2	
Aitkin	Seavey Twp.	27.01	2	
Aitkin	Bremen Twp.	24.40	2	
Aitkin	Hill City	13.52	1	
Aitkin	Lakeview Twp.	8.80	1	
Aitkin	Mcgregor	8.46	1	
Aitkin	Wildwood Twp.	8.32	1	
Aitkin	Spalding Twp.	7.75	1	
Aitkin	Splithand Twp.	7.70	1	278
Beltrami	Waskish Twp.	27,398.43	2,055	
Beltrami	Minnie Twp.	17,053.56	1,279	
Beltrami	Steenerson Twp.	15,075.49	1,131	
Beltrami	Spruce Grove Twp.	14,733.80	1,105	
Beltrami	Lee Twp.	14,061.72	1,055	
Beltrami	Shotley Twp.	12,984.09	974	

Appendix 8.

Acres of Con-Con Land and Estimated PILT Allocation by Township Based on MS 477A.14 (Organized Townships Only)

County	Township Name	Acres	\$.075/Ac	Avg Pmt
Beltrami	Hamre Twp.	12,053.97	904	
Beltrami	Woodrow Twp.	10,474.29	786	
Beltrami	Kelliher Twp.	5,798.51	435	
Beltrami	Benville Twp.	4,995.81	375	
Beltrami	Battle Twp.	2,670.64	200	
Beltrami	Espelie Twp.	11.03	1	858
Koochiching	Waskish Twp.	37.23	3	
Mahnomen	Gregory Twp.	2,053.23	154	
Mahnomen	Bejou Twp.	1,374.22	103	
Mahnomen	Popple Grove Twp.	505.00	38	
Mahnomen	Heier Twp.	180.70	14	
Mahnomen	Chief Twp.	178.58	13	
Mahnomen	Beaulieu Twp.	134.20	10	
Mahnomen	Lake Grove Twp.	120.00	9	49
Marshall	Linsell Twp.	10,237.27	768	
Marshall	Grand Plain Twp.	8,106.43	608	
Marshall	Agder Twp.	7,938.11	595	
Marshall	Eckvoll Twp.	6,637.00	498	
Marshall	East Park Twp.	6,635.93	498	
Marshall	Veldt Twp.	6,360.01	477	
Marshall	Espelie Twp.	6,047.58	454	
Marshall	Huntly Twp.	5,260.08	395	
Marshall	Como Twp.	3,060.71	230	
Marshall	Moose River Twp.	2,903.24	218	
Marshall	Moylan Twp.	1,393.51	105	
Marshall	Thief Lake Twp.	1,377.58	103	
Marshall	Valley Twp.	1,040.99	78	
Marshall	Cedar Twp.	736.48	55	
Marshall	Rollis Twp.	171.02	13	
Marshall	Lind Twp.	14.32	1	
Marshall	Spruce Valley Twp.	6.74	1	300
Roseau	Beaver Twp.	9,397.11	705	
Roseau	Lake Twp.	4,677.85	351	
Roseau	Reine Twp.	2,891.06	217	
Roseau	Poplar Grove Twp.	2,230.48	167	
Roseau	Laona Twp.	1,986.66	149	