

Memo from the Chair and Vice Chair

To: LSOHC members
From: David Hartwell (Chair) and Ron Schara (Vice Chair)
Date: March 7, 2025
Re: February Fiscal Forecast indicate need to reduce OHF funding recommendations

With the publishing of the February budget forecast, MMB informed LSOHC staff that the Council's OHF funding recommendation from December 10, 2024 (\$168,392,000) would need to be reduced to a new total of \$161,991,000 (a reduction of \$6.401m). There unfortunately was a \$10.475m adjustment downward (the entire Legacy Amendment reduction was over \$31M) due to an incorrect Department of Revenue calculation used since about 2009, but additional forecast factors mitigated that amount to \$6.401m.

At our December 10, 2024, meeting, the Council approved the Chairs Proposal that included recommendations for situations where additional funds would be allocated as well as reductions in funding. The recommended steps in the case of a necessary reduction are as follows:

"... the Chairs recommend that should there be a decrease in available funds,
that it first come from an adjustment to the restoration evaluation budget to meet the statutory requirement,
then to the projects getting proportional increases,
then the CPL budget increase and
lastly from the DNR Roving Crews budget increase..."

Following the Council's approved recommendations, , the Chairs have instructed LSOHC staff to work with the OHF Funding Recommendations bill authors (Sen Hawj, Sen Lang, Rep Burkel, Rep Lillie) and nonpartisan legal and fiscal staff to incorporate the necessary adjustments.

The attached spreadsheet shows how the reduction in funds will be incorporated into the allocations. Ironically, the necessary reduction is quite similar to the amount of "additional" funds that were added in December. As a result, we are able to nearly duplicate the Council recommendations from October with 3 exceptions.

The exceptions are as follows:

1. 02/Subd 6(c) "Restoration Evaluations" is reduced \$15,000 to meet the statutory requirement of at least 1/10 of 1% of receipts.
2. CPL/Subd 5(v) "Conservation Partners Legacy Grant Program" is reduced to \$11,720,000 (slightly above the October recommendation amount)
3. 04/Subd 5(u) "DNR Roving Crews" remained at full funding since CPL was able to accommodate the remainder of the necessary reduction.

Please feel free to contact either of us or the staff with any questions.