

NATURAL RESOURCES

Recommendations for Minnesota's New Governor and Legislature



Kent Kaiser, Ph.D.

Center of the American Experiment is a nonpartisan, tax-exempt, public policy and educational institution that brings conservative and free market ideas to bear on the hardest problems facing Minnesota and the nation.



NATURAL RESOURCES

Recommendations for Minnesota's New Governor and Legislature

Executive Summary

Practically everyone has an opinion about natural resource management, and the opinions are well-intentioned and diverse. As special interests devoted to recreation, industry, and preservation have asserted their agendas in the public policy arena, Minnesota's natural resource management has become more contentious.

The beginning of a new administration presents an opportunity for re-evaluation and change in many policy areas. Because natural resources are such an important topic to so many Minnesotans, we believe this is a good time to review the state's natural resource management objectives and practices and to make recommendations for reform and improvement.

Guided by the commonsense conservation principles of sustainability, stewardship, sharing, equity, and globalization, this report sets forth twenty-four recommendations in four areas: general operations, wildlife resources, forest resources, and mineral resources. The recommendations are summarized here, with rationales in the full report.

(I) GENERAL OPERATIONS

Recommendation One: Seek to appoint a Department of Natural Resources (DNR) commissioner who is an active hunter, angler, and a rural landowner with executive experience.

Recommendation Two: Inject public accountability and transparency into the DNR's reporting of funding sources and projects on which funds are spent.

Recommendation Three: Employ zero-based budgeting in the DNR.

Recommendation Four: Reallocate much of the DNR's administrative staff and resources to field projects.

(II) WILDLIFE RESOURCES

Recommendation Five: Separate the DNR's game and fish functions into a distinct branch.

Recommendation Six: Increase penalties for poaching.

Recommendation Seven: Increase wildlife ethics education.



Recommendation Eight: Focus game and fish officer duties on enforcement.

Recommendation Nine: Reduce highly specialized, experimental fishing regulations.

(III) FOREST RESOURCES

Recommendation Ten: Divest in low-patronage camping and recreation facilities.

Recommendation Eleven: Institute user fees for trails that currently are subsidized by non-users.

Recommendation Twelve: Enable optimal harvest of the state's timber resources for the well-being of the state's game and fish populations and for the well-being of the wood products industry.

Recommendation Thirteen: Support policy tools that provide for retaining the private forest land base.

Recommendation Fourteen: Support policy tools that improve the productivity and resilience of Minnesota's public and private forests.

Recommendation Fifteen: Streamline environmental review and permitting processes for the wood products industry in the state.

Recommendation Sixteen: Rely on only one forest certification (Sustainable Forestry Initiative®).

Recommendation Seventeen: Demand recognition for wood harvested from Minnesota's certified tree farms, and other credible certification programs, in the U.S. Green Building Council's (USGBC) Leadership in Energy and Environmental Design (LEED) and other green building standards.

Recommendation Eighteen: Use foresters to put up timber sales rather than to mark trees.

Recommendation Nineteen: Increase transportation flexibility for moving forest products.

(IV) MINERAL RESOURCES

Recommendation Twenty: Increase Minnesota mining for the benefit of the domestic economy and the global environment.

Recommendation Twenty-One: Streamline and standardize environmental review and permitting processes for the mineral industry in the state.

Recommendation Twenty-Two: Lower the royalty rate for mineral leases on state land.

Recommendation Twenty-Three: Ensure stability in environmental review, permitting processes, and financial assurance.

Recommendation Twenty-Four: Consider establishing an umbrella coverage plan for the unlikely event of a mining operation catastrophe.

Foreword

The analysis and two-dozen recommendations that follow by Kent Kaiser concerning natural resources management in Minnesota constitute the latest installment in American Experiment's now-dozen-year-old series, *Minnesota Policy Blueprint*, in which nearly all major parts of state government have been closely examined through conservative and free market lenses. Regarding the specific issues at hand, it's the second time that hunting, angling, mining, and the good stewardship of timberlands, among other related activities, have been vetted by the Center, the first time being immediately prior and after Jesse Ventura's election as governor in 1998. That 400-page book covered nineteen state agencies or functions and was succeeded in subsequent years by several briefer and more targeted entries

like this one. To review all of them, go to www.americanexperiment.org. As you might imagine, times of changing guards and administrations are particularly good moments for large-scale proposals. Stay tuned for more from the Center in coming months.

Kent's twenty-four recommendations are listed in the Executive Summary nearby, so there's no need to cite them again, though two of his points, by my lights, warrant special note.

The first is his distinction between "conservationism" and "environmentalism," as elusive as differences might seem, especially to skeptics. It's not that everything about the former idea is more benign and constructive than everything implicit in the latter idea. But I unhesitatingly would argue that our state and nation would be in better shape—in several senses of the term—if we relied more on the inherent realism and measure of conservationism as commonly understood for quite a long time, especially in rural parts of the country, than on the not-uncommon excesses of environmentalism as actually practiced over the last forty years or so. For contrasting illustrations, think of sportsmen who wouldn't ever consider purposely spoiling what they view as divine gifts of the wild, as opposed to "spokesmen" who routinely have a hard time avoiding holier-than-thou and wildly bloated alarms.

A second key feature of the study is Kent's recognition that it's in the ecological best interests of the world for the United States and Minnesota to assume an even larger role in mining. He writes:

In addition to the iron that Minnesota already produces, the state's mineral resource reserves have the potential to provide a domestic supply of nonferrous metals that Americans use every day—nickel, copper, gold, platinum, and palladium—in cell phones, computers, catalytic converters, electric cars, wind turbines, and medical devices. The domestic and global

demand for both ferrous and nonferrous minerals is a given; there is no way to curb demand significantly.

The domestic economic and global environmental impact of producing critical metals here, and having to import less from elsewhere, would be very positive. The consequences of *not* mining here, and instead relying on foreign sources would be detrimental not only to the domestic economy but also to the global environment. Minnesota has among the best environmental protections and uses the most advanced mining techniques on earth, while other nations that supply these minerals (most notably China and Russia) are among the worst environmental offenders.

To tease a forthcoming Blueprint report on energy policy, identical points will be made about how the world benefits when high-carbon fuels like coal and Canadian oil sands are processed and used in Minnesota versus just about anywhere else. Which is another way of saying, given Minnesota's capacity for extracting and processing essential supplies of modern life more cleanly and safely than in most other places, decisions not to realize our comparative advantages in mining and energy are tantamount to economic and ecological derelictions.

Kent Kaiser—who, not incidentally, worked on the original *Blueprint* back in the late 1990s—is an American Experiment Senior Fellow and an assistant professor of Communication at Northwestern College in Roseville. He served in Minnesota's Secretary of State's office for eight years, mostly during the tenure of Republican Mary Kiffmeyer, but also for a year during DFLer Mark Ritchie's current term. Not incidentally again, he was the author almost exactly a year ago of the Center's *No Longer a National Model: Fifteen Recommendations for Fixing Minnesota Election Law*. If not an official Blueprint publication, *No Longer a National Model* certainly was in the spirit. And not incidentally one more time, Dr. Kaiser is a native of Silver Bay on the North Shore, a former resident of the Gunflint Trail, and a current owner of timberlands



and wetlands near both Babbitt and Embarrass in northern Minnesota.

A regular contributor to *The Boundary Waters Journal* and Chairman of the Lutheran Association of Missionaries and Pilots, he holds an undergraduate degree in economics from Carleton College, master's degrees from both Smith College and the University of Minnesota Duluth, and a doctorate in journalism and mass communications from the University of Minnesota in the Twin Cities.

My great thanks to Dr. Kaiser, and as with everything American Experiment does, I very much welcome your comments.

Mitch Pearlstein, Ph.D.
Founder & President

Introduction

Over the years, the State of Minnesota has made improvements in many aspects of natural resource management. Practically everyone has an opinion about natural resource management, and the opinions are well-intentioned and diverse. As special interests devoted to recreation, industry, and preservation have asserted their agendas in the public policy arena, Minnesota's natural resource management has become more contentious.

Consequently, it has been difficult for the DNR and other natural resource policy bodies to identify and resolve issues, and, as a result, the state has built a huge natural resources bureaucracy characterized by divergent and conflicting goals. In addition, some administrative and personnel debacles, such as the improper use of \$300,000 of hunting and fishing fees to pay for an international game warden conference in 2008, have given the DNR a black eye and have diminished public confidence in the state's natural resources agencies.

We believe that significant reforms should take place to give the state a more effective and responsive role

in natural resource management. Consequently, this report aims to provide thought leadership on a general operating philosophy and on specific policies and procedures that would require a rearrangement of priorities in the state's management of natural resources.

Guiding Principles and Method

This report concentrates on accountability and on maximizing practices that organize the use of resources for human consumption in a manner that does not compromise the ability of the managed environment to provide other essential functions. At the center of this effort are the following commonsense conservation principles:

- **Sustainability:** Natural resource management should balance and maximize near- and long-term prospects for both resource use and enjoyment.
- **Stewardship:** People in private and public capacities have responsibility for natural resource management and for respect of the natural environment.
- **Sharing:** Citizens have the right to expect the state to support the shared, multiple-use of public resources to benefit the greatest number of people possible, including people with economic interests.
- **Equity:** Citizens have the right to expect the financial support of natural resources to be borne equitably among users.
- **Globalization:** Minnesota's natural resource management should be conducted with a truly global perspective to maximize worldwide conservation efforts, resource use, economic development, and environmental well-being.

We believe that these principles are timeless and that all must be in *balance* for our natural resource management system to be as strong as it can be.

It is worth noting that we make a distinction between conservation and environmentalism; the former, we believe, constituting a commonsense and sound perspective on natural resource management, with the latter failing to optimize sound natural resource management objectives. We believe that natural resources issues should not be partisan, but environmental interests frequently inject views into the conversation that polarize stakeholders, thereby making conservation issues ripe for partisan division. Alas, such divisions do, indeed, too often materialize, to the detriment of the state's natural resource management and even to the detriment of the global environment.

We gathered input from a wide array of natural resources stakeholders from within Minnesota and across the nation. These included environmental special interests, industry representatives, fish and game stakeholders, members of the state legislature, former and current employees from the DNR, and others.

We chose at the outset not to mention names of the specific people providing input for this report because we wanted to gather the very best recommendations—political and monetary concerns and special interests notwithstanding. This approach allowed contributors to participate candidly. We believed this was the best approach, in any case, because we wanted this report to be not about the esteem or celebrity of its contributors but rather about the substance and merits of its recommendations. We also hope this report will help the next governor of Minnesota, from whatever party he hails.

The recommendations made here arose from months of deliberation, research, and consideration. We reviewed Center of the American Experiment's *Minnesota Policy Blueprint* (1999) chapter on natural resources; we updated that chapter and expanded on it for this report. In 2010, we have attempted to think in terms of broad system reform while at the same time thinking in terms of specific recommendations to illustrate and support such reform. There were many issues considered in our deliberations, yet

we chose to make recommendations that had the broadest support and which followed the principles we set forth earlier.

Recommendations

In this section, we offer our recommendations for natural resource management policy and procedural reforms and improvements. For each recommendation, we provide rationales, often striving to give more comprehensive views than are usually offered in natural resource policy discussions.

Our deliberations revealed that, at this time, there are four main areas of interest and concern in regard to Minnesota's natural resources: general operations of the DNR, wildlife conservation, forest resources management, and mineral resources management. Obviously, there is overlap among these categories, and we have tried to make some of the connections and interrelationships explicit. That said, we have divided our recommendations into four sections corresponding to the four main areas of concern that arose during our deliberations.

GENERAL OPERATIONS

Recommendation One: Seek to appoint a DNR commissioner who is an active hunter, angler, and a rural landowner with executive experience.

We believe the commissioner of natural resources should be able to relate to as many constituencies and stakeholders as possible. We also believe that only a rural landowner who is actively involved in hunting and fishing can best understand the issues that are important to some of the stakeholders and that such a person could at the same time understand the issues important



to non-landowners, non-hunters, and non-anglers. Indeed, Minnesota’s experience has demonstrated the benefits of having rural landowners and active hunters and anglers in key positions in the DNR.

Another important quality would be strong executive experience. The commissioner should be prepared to appoint new directors in the various divisions of the DNR, if needed. Past commissioners have had a tendency to become “institutionalized” and lose

“As in other government agencies, there is a tendency to perpetuate programs unreasonably to preserve jobs and budget line items. We believe it is unwise for programs—not just in the DNR, but almost regardless of where in government they may be found—to get locked into base budgets.” 

their reform zeal when buffeted by the bureaucracy. The commissioner should consider setting up a “cabinet” of stakeholders and have semi-annual meetings to get input.

Therefore, we strongly recommend that the non-negotiable qualifications of Minnesota’s DNR commissioner include rural landownership and active hunting and angling, as well as executive experience.

Recommendation Two: Inject public accountability and transparency into the DNR’s reporting of funding sources and projects on which funds are spent.

The DNR is probably the most complex agency of state government in terms of its funding sources and dedicated funds (funds generated from specific sources that, in turn, are to be used for specific purposes). Currently, the majority of DNR funds

originate from sources other than the state general fund. Regrettably, the frequent public perception is that funds are mismanaged by the DNR. In recent years, highly public scandals featuring extravagant and wasteful spending—with little or no connection to resource management or public benefit—have diminished confidence in the DNR and its programs. Many observers have commented that the DNR seems to have fostered a culture of arrogance, rather than stewardship, in regard to spending tax and fee receipts. This sentiment is compounded by a lack of public accountability.

Therefore, we recommend that the DNR deploy to the homepage of the agency’s website an understandable, explicit, and easily audited set of financial reports delineating sources of revenue and where funds are spent. The accounting of revenues and expenditures should be transparent and easily explainable to fee payers.

We also recommend that budget oversight committees be established for all fee-based funds (e.g., boating, ATV, etc.), similar to the committees that currently review game and fish expenditures. To the extent that third-party impartiality can be injected into the operation of these committees, we believe public confidence would be increased.

Recommendation Three: Employ zero-based budgeting in the DNR.

We recommend that the DNR employ zero-based budgeting. Both executive and legislative reprioritization and reform should be guided by this process.

Zero-based budgeting would require that the DNR’s budget be justified in complete detail, starting from a zero-dollar base. That base should be indifferent to whether the total budget is increasing or decreasing. In keeping with principles of zero-based budgeting, every DNR function should be reviewed comprehensively and all expenditures should be approved individually and specifically, rather than only as increases over past budgets.

WILDLIFE RESOURCES

We are confident this exercise would result in the elimination of unnecessary programs and a reduction in the overall budgetary needs of the agency. As in other government agencies, there is a tendency to perpetuate programs unreasonably to preserve jobs and budget line items. We believe it is unwise for programs—not just in the DNR, but almost regardless of where in government they may be found—to get locked into base budgets.

Recommendation Four: Reallocate much of the DNR’s administrative staff and resources to field projects.

We believe the game and fish law enforcement capabilities of the DNR need to be increased; we also believe that more local, on-the-ground knowledge of resources must guide DNR priorities, initiatives, and decision-making.

We recommend that, for the overall greater well-being of the state’s game and fish populations, the number of DNR field staff be increased and that the number of field staff actually in the field be increased. At the same time, we recommend that the number of administrative staff and “field” staff located in St. Paul be reduced dramatically and whole layers of management be eliminated.

We are especially concerned with how bloated the DNR’s Parks and Recreation Division, Trails and Waterways Division, and Office of Management and Budget Services have grown in St. Paul. The Office of Management and Budget Services, especially, has grown in size and power over the past four years, creating more bureaucratic hurdles than ever before.

In short, we believe there should be a shift in resources, along with a shift in priorities. We believe this shift should be revenue-neutral and that, if done right, could even result in overall cost savings.

Recommendation Five: Separate the DNR’s game and fish functions into a distinct branch.

We recommend that the DNR’s game and fish functions be operated separately and distinctly from the DNR’s other functions, including other wildlife activities. We believe that this would benefit both fish and game resources and other wildlife resources.

We hope the implementation of this recommendation would help to elevate the importance of game and fish management to its proper and distinct stature in relation to other DNR functions.

We appreciate the work of the Budget Oversight Committee and the Game & Fish Fund Oversight Subcommittee, which oversee the expenditure of license fees and surcharges for hunting and angling, Lottery in-Lieu funds, some federal funds, fines, and miscellaneous receipts. Their work has helped to alleviate concerns that fishing, hunting, and trapping license fees might be spent on activities and staff that have no direct benefit to game and fish. Still, we are concerned that the oversight groups are appointed by the DNR and therefore lack real third-party impartiality. Hunting and fishing organizations should appoint at least some, if not all, of the membership of these committees so stakeholders know they have true oversight.



We believe the implementation of this recommendation would go even further in ensuring that fishing, hunting, and trapping license fees are used explicitly for game and fish management.

Recommendation Six: Increase penalties for poaching.

There is a perception that poaching has increased. This must be remedied.

We support much stiffer penalties, across the board, for poaching; for wanton waste of game and fish; and for other offenses that cause detriment to the fish, game, and wildlife populations in the state.

With Minnesota’s conservation officers each being responsible for policing an average of about 650 square miles of the state’s vast territory, we believe that stiffer penalties for poachers would help deter poaching. In addition, we support use of increased revenues from poaching fines and equipment confiscation to pay for the hiring of more conservation officers to enforce the state’s fish and game laws.

Recommendation Seven: Increase wildlife ethics education.

We also support using some of the revenues from poaching fines and equipment confiscation to pay for increased efforts to educate the public about the game and fish laws of the state, about good stewardship of wildlife resources, and about wildlife recreation ethics.

We especially recognize the need to employ customized enforcement strategies and targeted education programs for special segments of Minnesota’s population, particularly for new immigrant hunting and fishing enthusiasts. We commend the DNR for its past efforts in this area and support enhanced efforts for the long-term future well-being of the state’s game and fish populations.

Recommendation Eight: Focus game and fish officer duties on enforcement.

The duties of DNR conservation officers have been expanded to include activities not directly related to game and fish laws. Indeed, conservation officers have been extended authority for all of laws of

“It is important for game and fish officers to have a good working relationship with landowners, because much of the state’s wildlife recreation takes place on private land.”



the State of Minnesota. Therefore, they not only check fish and game violations but also serve in many other law enforcement roles—Jet Ski patrol, noise abatement, and feedlot monitoring, to name a few. We believe they are being stretched too far and into activities that do not correspond to the DNR’s mission.

A particularly negative consequence of this situation is that the relationship between DNR conservation officers and landowners has been strained. It is important for game and fish officers to have a good working relationship with landowners, because much of the state’s wildlife recreation takes place on private land. For example, most of the stream trout fishing in southeastern Minnesota takes place on streams that flow across private land, and it is difficult to maintain a good working relationship when a DNR officer is responsible for monitoring feedlots on the same property that has a trout stream running across it.

We believe that the game and fish interests of Minnesota deserve their own law enforcement division. Conservation officers should focus on game and fish interests and violations. Other state laws under their jurisdiction are shared with other law enforcement bodies, and we believe the enforcement of non-game and fish laws should be concentrated in those other bodies.

Recommendation Nine: Reduce highly specialized, experimental fishing regulations.

Currently, the DNR administers very specialized, experimental fishing regulations on about 90 lakes

and 25 streams and rivers throughout the state. Like most anglers, we support the goal of the experimental regulations—to foster populations of trophy fish.

Yet highly specialized, experimental fishing regulations are very frustrating for anglers to follow and are difficult not to violate inadvertently. Also, the enforcement of highly specialized fishing regulations is more challenging than the enforcement of statewide regulations. Indeed, in many cases, it seems that specialized regulations—specific rules on fishing methods for short stretches of trout streams, for example—are superfluous because of the extreme difficulty in enforcing them. Regulations are only as good as their practical enforcement.

Therefore, we support a reduction in highly specialized fishing regulations.

This is not to say that we are against specialized regulations altogether. We simply support decreased micro-level customization and increased standardization of special fishing regulations for at-risk populations and for water resources statewide, where such regulations are deemed necessary. The DNR itself says that the long-term plan is not to have different regulations for every Minnesota lake. We support an expeditious standardization, because we believe that anglers should more easily be able to keep track of the regulations from one lake to another and from one fish species to another throughout the state.

FOREST RESOURCES

Recommendation Ten: Divest in low-patronage camping and recreation facilities.

While overall camping in the past year or two has been at or near record levels, we believe that some state campgrounds and recreation areas receive too little traffic for the state to maintain them, given the inordinate allocation of resources required to do so. The DNR should conduct a comprehensive use assessment of all facilities and should consider

either relinquishing control of some low-use facilities to localities or reclaiming some as state wildlife areas or state forests. Of these options, the latter regarding reclamation would better serve the welfare of wildlife in those areas.

Recommendation Eleven: Institute user fees for trails currently subsidized by non-users.

The State of Minnesota has developed a lot of hiking trails and has paved a lot of trails across the state for bicycling and inline skating. There is no fee to use these trails; consequently, there is currently an inequitable subsidization of nonpaying trail users by wildlife recreation participants.



We believe that people who use the trails—most obviously bicyclists and inline skaters—should pay user fees just as cross-country skiers are required to do in order to use ski trails in state parks and in state forests or on state or grant-in-aid trails—and likewise, just as snowmobilers are required to do in order to use state or grant-in-aid trails. An annual trail permit could generate significant resources to pay for enforcement and maintenance and could be sold by any of the 1,600 license vendors in the state.

We are especially concerned about future trail-maintenance costs. More attention must be placed on maintaining facilities that already exist, because at some point in the future, paved trails will need to be sealed or repaved. Currently, this constitutes an unfunded liability for the state, and there should be an expectation that users will fill this gap.

Recommendation Twelve: Enable optimal harvest of the state’s timber resources for the well-being of the state’s game and fish populations and for the well-being of the wood products industry.

We believe the state’s timber agencies are doing a reasonably good job overseeing what Minnesota Forest Industries (MFI) estimates to be an \$8.6 billion annual economic engine for the state and a key part of an \$11 billion recreation and tourism industry. However, timber is not harvested at the optimal rate for either wildlife or for the wood products industry.

Some forests are allowed to age beyond their maximum wildlife-harboring potential, which, in addition to rendering them ill-suited to harboring wildlife, makes them susceptible to fire, disease, and pests such as beetles and worms. In terms of the amount of timber that is allowed to die un-harvested in the state, the U.S. Department of Agriculture estimates the loss on federally owned land at 420,000 cords annually, with parallel amounts at 700,000 cords on state land, 550,000 cords on county land, and 1,417,650 cords on private land.

A more optimal harvest schedule would create healthier forests, which would allow wildlife to increase in population density and in the long run would also be a boon to the wood products industry. Therefore, we recommend that the state do a better job of inventorying timber and providing increased timber-harvesting opportunities in the state.

This would increase domestic biomass opportunities and would allow for expansion and modernization of existing timber-processing facilities.

Based on the DNR’s own analysis, we believe Minnesota’s timber harvest could be increased from under 2.6 million cords to at least 5.5 million cords. We recognize, of course, that the health of the economy at any particular moment has a lot to say about volumes of timber harvested; 5.5 million cords annually might be beyond the demand during a downturn. Still, we are concerned that, when the world economy has been booming, there has been

unacceptable pressure put on vulnerable foreign sources of timber, most notably South American rainforests, where harvesting is conducted neither in ways that conform to principles set forth in this report nor to the high standards expected of domestic operators. Thus, we believe that by increasing harvests, Minnesota can have a positive effect on the global forested environment.

“We are especially concerned about future trail-maintenance costs. More attention must be placed on maintaining facilities that already exist, because at some point in the future, paved trails will need to be sealed or repaved.”



Finally, we believe that a secondary objective of providing greater harvest opportunities should be to provide greater access opportunities for wildlife enthusiasts, post-harvest, as well. Abandoned logging trails often provide the only real access to wildlife recreation opportunities on the state’s many small, 40-, 80-, and 120-acre tracts of land. These trails allow for the dispersal of Minnesota’s many wildlife recreation enthusiasts and reduce the concentration of pressure on state forest resources. We support modest maintenance of these trails for the well-being of our state’s wildlife and forest resources and to provide increased wildlife recreation options.

Recommendation Thirteen: Support policy tools that provide for retaining the private forest land base.

In any given year, up to about half of Minnesota’s timber harvest comes from private land. Yet there is economic pressure on private forest landowners, particularly those with larger tracts of scenic land

and land on water, to subdivide and sell the land for development.

For several reasons, such subdivision usually compromises efforts to manage the environment. First, developed land obviously does not provide other essential functions such as harboring wildlife. Second, moreover, small landowners, whether they develop their land or not, commonly fail to manage their five- or ten-acre plots to provide the timber resources they should and, therefore, to support the wildlife resources they should.

Therefore, we support policy tools for retaining and managing the private forest land base, such as landowner participation in tax-incentive and other programs that reward forest land retention and management.

Recommendation Fourteen: Support policy tools that improve the productivity and resilience of Minnesota’s public and private forests.

The healthiest, most productive forests and the forests that provide the most essential functions, such as harboring wildlife, are actively managed. This can mean, for example, thinning stands of pine so that, rather than being left to get crowded and grow spindly, the trees can grow bigger, faster, and healthier. Or it can mean purposely taking a plot of land that contains aspen, which springs naturally and readily without encouragement, and preparing it and then planting it with pine, when the soil or location is better suited to production of those species.

We, therefore, support management activities that improve the productivity and resilience of Minnesota’s public forests. We also support public investment in reforestation and forest stand improvement, where appropriate.

In addition, we support policy tools for improving the productivity and resilience of Minnesota’s private forests, such as tax incentives and other programs that reward forest land management.

Recommendation Fifteen: Streamline environmental review and permitting processes for the wood products industry in the state.

Currently, it takes up to two years for the DNR and the Minnesota Pollution Control Agency (MPCA) to issue permits for expansion of wood-processing mills. This applies not just to adding new plant capacities but also to increasing the amount of wood processed in existing plants or to diversify existing operations.

We recommend that the permitting process be streamlined and expedited.

Recommendation Sixteen: Rely on only one forest certification (Sustainable Forestry Initiative®).

Currently, Minnesota has dual third-party forest certification to ensure ethical and sustainable forest management through both the Sustainable Forestry Initiative® (SFI) and the Forest Stewardship Council® (FSC).

We appreciate the fact that certification extends all the way to the market: Certification allows consumers to be confident that they are buying forest products from responsible sources. While the state’s dual certification gets producers market share, it does not get them better prices, and it costs the state double of what we believe is necessary. Therefore, we believe the state should rely on only one forest certification system.

Moreover, because the FSC system has a history of support by extremist environmental organizations and has done little to increase forest stewardship, in stark contrast to SFI, we support certification of the state’s forests solely by SFI.

Recommendation Seventeen: Demand recognition for wood harvested from Minnesota’s certified tree farms and other credible certification programs in the U.S. Green Building Council’s (USGBC) Leadership in Energy and Environmental Design (LEED) and other green building standards.



More than 215,000 acres of Minnesota’s forestlands are certified under the American Tree Farm System® (ATFS). This represents 1,687 Minnesota family forest owners. The current LEED program gives preference exclusively to wood products that are certified by the FSC, thereby putting wood harvested from family forest owners, wood from the U.S. Forest Service, and the majority of certified wood from hundreds of communities across the country at an unfair and unwarranted disadvantage.

LEED’s FSC-only policy excludes SFI- and ATFS-certified wood products from Minnesota forests and from other forests across the country. While FSC is a global standard, there is little FSC-certified wood in the United States, where certification by other organizations of equal or greater stature, like SFI and ATFS is the custom. As a result, the USGBC by default dictates preference for products such as FSC-certified bamboo from China and FSC-certified wood from Russia or Brazil over wood certified by credible certification programs like the SFI and ATFS in Minnesota.

Further, it appears that FSC actually has a bias toward foreign wood over domestic wood, considering how difficult the FSC requirements are to achieve in the United States, compared to the requirements of FSC certification in other countries such as Brazil, Sweden, Russia, and China. The FSC requirements overseas are not as rigorous as the requirements in the United States, yet forest products trade globally; therefore, achieving FSC certification in the United States comes at a higher cost to U.S. producers.

For these reasons, we recommend that the State demand recognition for wood harvested from Minnesota’s certified tree farms and other credible certification programs in the USGBC’s LEED standards and other green building standards.

Recommendation Eighteen: Use foresters to put up timber sales rather than to mark trees.

Currently, state foresters spend a great deal of time on site preparation (marking trees for harvest). Because foresters do not know which operator will

ultimately purchase a timber sale or what type of equipment the operator will use to harvest the trees, or exactly when the operator will conduct the harvest, the foresters’ efforts are often inefficient.

We believe that DNR resources could be better used if staff foresters’ time were directed toward putting up timber sales and other forest management efforts, rather than marking first thinnings.

Therefore, we support more operator-select sales, and we support the training of loggers to select trees themselves under the supervision of state foresters. Moreover, we believe this would allow more efficiency in sales set-up.

Recommendation Nineteen: Increase transportation flexibility for moving forest products.

Currently, truck weight limits for Minnesota roads are lower (80,000 pounds with five axles, 90,000 pounds with six axles, and 97,000 pounds with seven axles) than those of neighboring and global competitors: Michigan at 160,000 pounds; Canada at 140,000 pounds; and Finland and Sweden, at 132,000 pounds, according to data compiled by the Minneapolis-based think tank Dovetail Partners, as well as the Minnesota Governor’s Task Force on the competitiveness of Minnesota’s Primary Forest Products Industry, and by the private consulting firm of Cambridge Systematics.

Minnesota allows ten percent overweight loads during the winter, when most logging activity takes place, yet even this load limit puts Minnesota’s forest products industry at a competitive disadvantage (transportation accounts for 20 to 30 percent of the cost of wood, according to the Governor’s Advisory Task Force). It also increases the impact on the environment, particularly with more trucks being needed to haul forest products in the state than in other states and countries.

Therefore, we support ensuring a competitive position for Minnesota in regard to truck weight limits for raw and unfinished forest products and for finished forest products such as paper and lumber.

In addition, we support federal legislation to allow Minnesota weight provisions for hauling raw and unfinished and finished forest products on interstate highways. Currently, trucks hauling forest products are forced onto county and state roads; this irrationally puts an unreasonable maintenance burden on county and state taxpayers, when interstate highways would be superior in several aspects for hauling forest products.

Moreover, on the federal level, we support legislation to increase rail competition and intermodal transportation to decrease costs and to decrease the environmental impact of shipping forest products. To this end, we support the repeal of railroad immunity from federal anti-trust statutes (northern Minnesota is served primarily by a single railroad company). We also support state efforts to establish an intermodal freight terminal in Duluth (currently the only two intermodal terminals in the state are located in the Twin Cities, far from Minnesota's forests and mills).

MINERAL RESOURCES

Recommendation Twenty: Increase Minnesota mining for the benefit of the domestic economy and the global environment.

We believe the state's mineral agencies are doing a reasonably good job overseeing what the Labovitz School of Business and Economics at the University of Minnesota Duluth, in 2009, estimated to be a nearly \$3.2 billion annual economic engine for the state. Yet the school estimates the potential total at \$8.7 billion.

In addition to the iron that Minnesota already produces, the state's mineral resource reserves have the potential to provide a domestic supply of nonferrous metals that Americans use every day—nickel, copper, gold, platinum, and palladium—in cell phones, computers, catalytic converters, electric cars, wind turbines, and medical devices. The domestic and global demand for both ferrous

and nonferrous minerals is a given; there is no way to curb demand significantly.

The domestic economic and global environmental impact of producing critical metals here, and having to import less from elsewhere, would be very positive. The consequences of not mining here, and instead relying on foreign sources, would be detrimental not only to the domestic economy but also to the global environment. Minnesota has among the best environmental protections and uses the most advanced mining techniques on earth, while the other nations that supply these minerals (most notably China and Russia) are among the worst environmental offenders.



Therefore, we believe that it would be in the best interests of the economy of Minnesota and the United States, and also in the best interests of the global environment, if the state would move toward realizing the state's mining potential.

Recommendation Twenty-One: Streamline and standardize environmental review and permitting processes for the mineral industry in the state.

The environmental review and permitting process often requires a substantial investment in both time and money from the applicant. To justify these investments, a company needs a level of certainty that a permit will be approved or denied within a definite timeframe. Too often, permit applications meet unreasonable and unforeseen delays and costs due to a lack of coordination among government agencies or meritless litigation by environmental groups.



In the past, these sorts of burdens have forced companies to abandon substantial investments in Minnesota’s economy.

For the mining industry, the environmental review and permitting process can be particularly time consuming and costly. The process for the PolyMet Mining Corp.’s proposed copper and nickel mine near Babbitt has so far taken over five years and has cost the company over \$20 million. Mining companies must get permits from the DNR, the MPCA, the Army Corps of Engineers (CoE), the U.S. Forest Service, and the U.S. Environmental Protection Agency (EPA) to start a mining operation. Some of the slowness seems to stem from a lack of interagency communication and cooperation; in one recent instance it appeared that while the DNR was aiming to fulfill certain objectives, the CoE was aiming to fulfill conflicting objectives, and just when those objectives were reconciled, the EPA stepped into the process with conflicting objectives redundant of those that had previously been reconciled.

Therefore, we recommend that the permitting process be streamlined, standardized, and expedited so that mining companies can know what to expect and so that the global environment and domestic economy may benefit as quickly, rationally, and efficiently as possible.

Recommendation Twenty-Two: Lower the royalty rate for mineral leases on state land.

Because the State of Minnesota is such a significant landholder in northeastern Minnesota, it basically sets the royalty rate for all mining land; private-sector landholders generally go along with the prevailing rate, which is the rate set by the state. Consequently, there is a perception that the royalty rates are higher than a market rate would be.

Whether this is true or not, we believe that a lower royalty rate would help the mining industry, at least in some small measure, to compete with foreign producers, which would be good for the global environment. It also would help to stimulate the industry within the state, and even with a lower royalty rate, the state would still take in a huge amount of money, and potentially a greater aggregate amount, depending on the degree to which the mining industry was stimulated.

The royalty rates are recommended by the Minerals Division of the DNR to the State Executive Council, which is composed of the state’s executive officers, and the State Executive Council invariably goes along with the DNR’s recommendations.

We support lower royalty rates across the board. We further recommend that if the DNR fails to put forth recommendations to the State Executive Council to lower the rates, then the Council should take the matter into its own hands and vote to lower the rates. Such a measure could be proposed by any of the members of the Council—the governor, lieutenant governor, state attorney general, secretary of state, or state auditor.

“The consequences of not mining here, and instead relying on foreign sources, would be detrimental not only to the domestic economy but also to the global environment.” 

As we explained in our previous recommendation, the expansion of mining in Minnesota would benefit both the domestic economic and the global environment. Regrettably, uncertainty in the review and permitting process poses a substantial risk to these economic and environmental benefits because it chases mining investments to other nations, particularly to those with few or lax environmental standards.

Recommendation Twenty-Three: Ensure stability in environmental review, permitting processes, and financial assurance.

We are grateful that the state’s air and water quality standards for mining are very high. We also are grateful that the state has very rigorous laws, rules, and procedures related to environmental impact statements and other environmental reviews, mining permitting processes, and financial assurances.

We believe the current processes are so prescriptive and so well conceived and well administered that there is no need for more stringent standards, including for the new nonferrous mining operations that are being envisioned for the state.

Indeed, we recommend that the state give surety to mining interests that there will be stability for the foreseeable future in regard to all of the standards, in order to remove as much uncertainty as possible and to encourage investment and job creation.

Recommendation Twenty-Four: Consider establishing an umbrella coverage plan for in the unlikely event of a mining operation catastrophe.

We believe there is only miniscule chance of an environmental catastrophe stemming from any of the state’s mining operations, given the state’s stringent standards at every level of mining operations.

Nevertheless, we recommend that an umbrella coverage insurance plan be created for the extremely unlikely event that such a catastrophe should happen after a mining operation has ceased to exist

and, therefore, cannot remedy a problem that it has created. Such a plan is predicated on the idea that only mining company money and not taxpayer dollars would populate the fund and that there would be multiple mining operations in existence to populate the insurance fund with money. We believe, further, that this fund should be privately administered and not administered by the state.

“Too often, permit applications meet unreasonable and unforeseen delays and costs due to a lack of coordination among government agencies or meritless litigation by environmental groups. In the past, these sorts of burdens have forced companies to abandon substantial investments in Minnesota’s economy.” 

While we understand that the establishment of such an umbrella pooling mechanism would be far from the mining industry’s favorite recommendation in this report, we believe that such a plan would be in the long-term interest of taxpayers, the environment, and the mining industry. ■

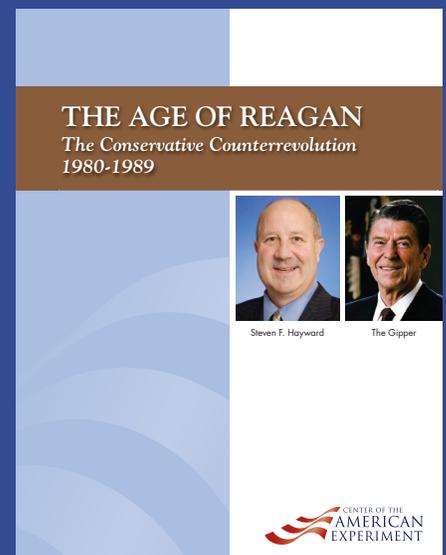
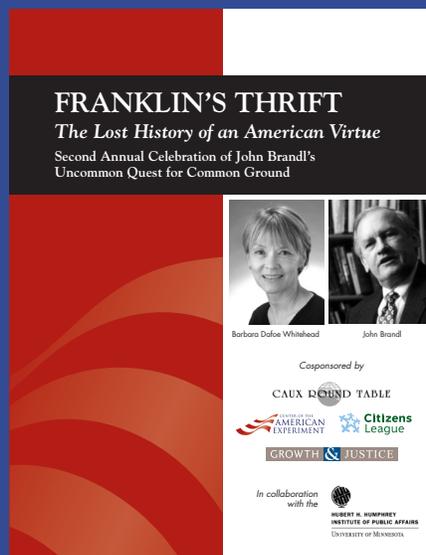
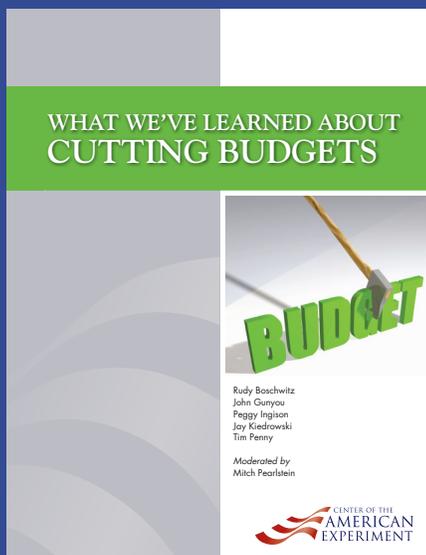


1024 Plymouth Building ★ 12 South 6th Street
Minneapolis, MN 55402

www.AmericanExperiment.org

To obtain copies of any of our publications

please contact American Experiment at (612) 338-3605 or Info@AmericanExperiment.org.
Publications also can be accessed on our website at www.AmericanExperiment.org.



Center of the American Experiment is a nonpartisan, tax-exempt, public policy and educational institution that brings conservative and free market ideas to bear on the most difficult issues facing Minnesota and the nation.

612-338-3605

612-338-3621 (fax)

AmericanExperiment.org

Info@AmericanExperiment.org