

# Lessard-Sams Outdoor Heritage Council

**MEMO:** Agenda Item #2  
**DATE:** August 24, 2017  
**SUBJECT:** Preliminary Allocation Target, ML 2018/FY 2019  
**PRESENTER:** Mark Johnson, Executive Director

**Suggested Action:**

Either by consensus or by motion and vote, the council should agree upon a target figure for FY2019 allocation recommendations. This figure will guide members' allocation recommendations that are due to LSOHC staff by Friday, September 8, 2017.

**Background:**

During the 2017 Legislative Session, MN Statute 97a.056 was amended with subd. 24, "In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the outdoor heritage fund must not be appropriated."

It is worth noting that Council's total allocation recommendation will ultimately be scrutinized by the legislature based upon the "most recent" (February 2018) forecast and the statutorily mandated 5% reserve. As a result, at this time staff recommends Council consider a reserve target of at least 7% to accommodate potential downward forecast fluctuation.

Contingencies for reserve monies exceeding a February forecast 5% reserve could be:

- a. Funds would remain in the OHF and available for allocation in the following fiscal year (fy2020)
- b. Council could provide a note to Leadership requesting any additional funds over the statutory 5% reserve be allocated to an appropriation pre-determined by the Council.

Considering that \$1,958,000 of FY19 funds were appropriated in FY18 legislation, following are 10%, 7%, and 5% reserve scenarios:

- 10% reserve minus \$1,958,000 leaves an approximate allocation target of \$103.9 million.
- 7% reserve minus \$1,958,000 leaves an approximate allocation target of \$107.2 million.
- 5% reserve minus \$1,958,000 leaves an approximate allocation target of \$109.4 million.

	End of Session 2017		Amount Available to Appropriate*	
	FY18	FY19	Scenario 1: 5% Reserve FY19	Scenario 2: 10% Reserve FY19
<i>(in thousands)</i>				
Carry Forward from Prior Year	1,486	5,216	5,216	5,216
Sales Tax Receipts	104,520	109,993	109,993	109,993
Investment Income & Other Receipts	1,306	1,306	1,306	1,306
Transfers from other Funds	510	406	406	406
<b>Total Resources</b>	<b>107,821</b>	<b>116,921</b>	<b>116,921</b>	<b>116,921</b>
ML17, Chapter 91	102,605	1,958	1,958	1,958
End of Session Balance	5,216	114,963	114,963	114,963
% of Revenues	5.0%			
			<b>FY19</b>	<b>FY19</b>
<b>Amount Available to Appropriate*</b>			<b>109,463</b>	<b>103,964</b>
Balance			5,500	10,999
% of Revenues			5%	10%