

HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Lead Agency: **Iron Range Resources**
 Other Agencies:
 Legislature Employment and Economic Dvlprmt
 Revenue Dept Education Department
 Minn Management and Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Legislature					
General Fund	-	-	-	-	-
Iron Range Resources and Rehab	-	-	399	375	380
Minn Management and Budget					
Iron Range Resources and Rehab	-	-	176	-	-
State Total					
General Fund	-	-	-	-	-
Iron Range Resources and Rehab	-	-	575	375	380
Total	-	-	575	375	380
Biennial Total			575		755

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Legislature					
General Fund	-	-	-	-	-
Iron Range Resources and Rehab	-	-	3	3	3
Minn Management and Budget					
Iron Range Resources and Rehab	-	-	-	-	-
Total	-	-	3	3	3

Lead Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies. IRRRB estimates about \$6,000 per year, total, is currently spent for Board member per diem costs. This amount would be an annual savings.

EBO Signature: Marianne Conboy Date: 05/03/2016
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Legislature						
General Fund		-	-	-	-	-
Iron Range Resources and Rehab		-	-	399	375	380
Minn Management and Budget						
Iron Range Resources and Rehab		-	-	176	-	-
	Total	-	-	575	375	380
	Biennial Total			575		755
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Legislature						
General Fund						
Expenditures		-	-	17	18	18
Absorbed Costs		-	-	(17)	(18)	(18)
Iron Range Resources and Rehab		-	-	399	375	380
Minn Management and Budget						
Iron Range Resources and Rehab		-	-	176	-	-
	Total	-	-	575	375	380
	Biennial Total			575		755
2 - Revenues, Transfers In*						
Legislature						
General Fund						
		-	-	-	-	-
Iron Range Resources and Rehab		-	-	-	-	-
Minn Management and Budget						
Iron Range Resources and Rehab		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Legislature**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-	-
Iron Range Resources and Rehab	-	-	399	375	380	
Total	-	-	399	375	380	
Biennial Total			399		755	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	-	-	-	-
Iron Range Resources and Rehab	-	-	3	3	3
Total	-	-	3	3	3

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Keith Bogut Date: 4/25/2016 11:01:29 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
General Fund		-	-	-	-	-
Iron Range Resources and Rehab		-	-	399	375	380
Total		-	-	399	375	380
Biennial Total				399		755
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund						
Expenditures		-	-	17	18	18
Absorbed Costs		-	-	(17)	(18)	(18)
Iron Range Resources and Rehab		-	-	399	375	380
Total		-	-	399	375	380
Biennial Total				399		755
2 - Revenues, Transfers In*						
General Fund						
		-	-	-	-	-
Iron Range Resources and Rehab		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Section 6, Subd.1 (a) of this bill creates a Legislative-Citizen Commission on Iron Range Resources and Rehabilitation (LCCIRRR) to evaluate budget proposals submitted by the commissioner of the Iron Range Resources and Rehabilitation, an agency within the executive branch. The commission will also study the commissioners grant recommendations and submit its recommendations to the legislature for appropriations and adopt a strategic plan identifying the priority areas for funding for the next six years. The plan must be reviewed every two years. There is no sunset date for the commission.

The commission will be composed of nine members (three representatives, three senators, three public members). The legislative and public members are entitled to compensation for their commission work. The meetings of the commission are open to the public under MS Ch. 13D and are to be held in various regions throughout the state. The Legislative Coordinating Commission (LCC) is to hire an executive director of the LCCIRRR along with other staff as requested by the commission. Section 29 of the bill appropriates to the LCC \$420,000 from the Iron Range Resources and Rehabilitation account.

Section 6, Subd.1b creates a five member Citizen Selection Committee appointed by the Governor. The committee will identify candidates for the LCCIRRR public member positions and to make recommendations for consideration by the Governor, House and Senate.

Assumptions

1. The effective date of Section 6, Subd.1a (creation of the LCCIRRR) and 1h (hire of LCCIRRR executive director and staff) is the day following enactment.
2. The Governors office will provide administrative and fiscal support to the Citizen Selection Committee.
3. The commission will meet ten times each fiscal year beginning FY17. All meetings will occur during interims. Two of the

meetings will be held in greater Minnesota and eight meetings will be within the Capitol complex. No cost will be incurred for the meeting locations.

4. Legislative member meeting participation cost during the interim include the following: per diem (\$86 senators, \$66 representatives), \$205 round trip mileage (380 round trip mile average), and lodging for all of the legislative members (\$100 senators, \$125 representatives).

5. Public member per meeting cost include the following: \$205 round trip mileage (380 round trip mile average), meal cost (\$36) and lodging for all of the public members (\$110).

6. The House and the Senate will each provide .02 FTE (four hours per meeting) of counsel/research/fiscal analyst support to the commission. Cost will be absorbed. In order to absorb the cost of providing this function, current staff may need to be reassigned from other duties. This reassignment may affect other legislative priorities.

7. Beginning July 1, 2016, the LCC will hire a 1.0 FTE commission director, a 1.0 FTE project analyst, and a 1.0 FTE commission assistant as support staff for the commission. Office complement will be 3.0 FTEs. Personnel cost includes fringe and a COLA increase of 2% per FY.

8. Rented space in St. Paul will be arranged for three offices. Rent will increase 5% each FY. Office cubicle furniture will be procured and office space will be built-out in FY17.

9. Office software and equipment including computer, phone and copier will be procured in FY17.

10. The LCC will provide administrative and fiscal support of .05 FTE LCC director, .02 FTE assistant director and .02 FTE fiscal specialist. Cost will be absorbed.

Expenditure and/or Revenue Formula

The following table reflects the costs associated with member meeting participation and legislative staff support. Although the appropriation is for FY 17 only, we show the projected costs for the next biennium.

	FY17	FY18	FY19	FY20
House Member Participation Cost	14,000	14,000	14,000	14,000
Senate Member Participation Cost	14,000	14,000	14,000	14,000
Public Member Participation Cost	14,000	14,000	14,000	14,000
Total LCCIRRR Member Participation Cost	42,000	42,000	42,000	42,000
LCCIRRR Commission Director (1.0 FTE)	129,000	131,000	133,000	136,000
LCCIRRR Project Analyst (1.0 FTE)	103,000	105,000	106,000	108,000
LCCIRRR Commission Assistant (1.0 FTE)	80,000	82,000	83,000	84,000
House Research/Fiscal Analyst Support (.02 FTE)	2,000	2,000	2,000	2,000
Senate Counsel/Research/Fiscal Analyst Support (.02 FTE)	2,000	2,000	2,000	2,000
LCC Director (.05 FTE)	9,000	9,000	9,000	10,000
LCC Assistant Director (.02 FTE)	2,000	2,000	2,000	2,000

	FY17	FY18	FY19	FY20
LCC Fiscal Specialist (.02 FTE)	1,000	1,000	1,000	1,000
Total Support Staff Cost	328,000	334,000	338,000	345,000
Office space build-out (furniture, wiring)	13,000	0	0	0
Equipment (computer, phone, copier)	13,000	0	0	0
Operational cost (office space rental, supplies, staff travel)	18,000	17,000	18,000	18,000
Recruitment Posting Cost	2,000	0	0	0
Total Office Build-Out, Operational Etc. Cost	46,000	17,000	18,000	18,000
Total Cost Before Any Absorbed Cost	416,000	393,000	398,000	405,000
Total Absorbed Cost (House, Senate & LCC Staff Support Cost)	(17,000)	(18,000)	(18,000)	(18,000)
Net Total Cost	399,000	375,000	380,000	387,000

Long-Term Fiscal Considerations

Similar cost will be ongoing.

Local Fiscal Impact

N/A

References/Sources

Bill Marx, House of Representatives

Patrick McCormack, House of Representatives

Jim Reinholdz, House of Representatives

Tom Bottern, Minnesota Senate

Eric Nauman, Minnesota Senate

JoAnne Zoff, Minnesota Senate

Greg Hubinger, Legislative Coordinating Commission

Agency Contact: Diane Henry-Wangenstein

Agency Fiscal Note Coordinator Signature: Diane Henry-Wangenstein

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HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Iron Range Resources**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

IRRRB estimates about \$6,000 per year, total, is currently spent for Board member per diem costs. This amount would be an annual savings.

EBO Signature: Marianne Conboy Date: 5/3/2016 10:38:41 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

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State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

HF 3925

Iron Range Resources and Rehabilitation Commissioner duties modified, Legislative-Citizen Commission created, legislative oversight provided, appropriations and distribution modified, conforming changes made, study required, and money appropriated.

Assumptions

IRRR Board would be eliminated; replaced in part by a nine member Legislative-Citizen Commission (LCC) comprised of 3 senators, 3 house members and 3 citizens. A new Citizen Selection Committee would be responsible for vetting citizen commission members, although the governor, senate and house would all be responsible for final citizen appointments.

The LCC would have an executive director and other staff as deemed appropriate. Legislative Coordinating Commission would be responsible for hiring executive director. Agency would be required to provide \$420,000 in FY17 to the Legislative Coordinating Committee for such positions.

LCCs chief responsibilities include: a) evaluate IRRR Commissioners budget proposals; b) make recommendations for legislation for appropriations for IRRR projects; and c) adopt a strategic plan for the agency. The LCC would have authority to adopt operating procedures and to establish an emerging issues account to fund unexpected emerging issues.

All expenditures of the agency (and the use of most existing powers of the Commissioner, such as to acquire an equity interest in a project) would henceforth require legislative approval. It appears this could occur through legislative approval of the budget, which must first pass muster through the LCC (through its power to evaluate budget proposals). Expenditures from all funds of the agency appear to be subject to the budget. It also appears (in part) that the intent is for all pending projects to be included in the budget (see new 298.22, subd. 1d).

Agencys exemptions from 16C.05 (which enables contracts to be executed without processing at the Department of Administration) and 16E.016 (which permit our IT employees to be IRRRB employees and not OET employees), along with ability to utilize the Uniform Municipal Contracting Law for goods and services contracting (all of these provisions were enacted in 2013) would be repealed.

The awarding of grants and loans would be subject to mandated evaluation criteria.

Requirement that 50% of TEPF funds must be used for public works projects is repealed.

Iron Range Higher Education Committee (which approves expenditures from the Iron Range Higher Education Account most in support of local engineering program) is made advisory.

Provision that allows for expenditure of DJJ corpus funds is eliminated.

Highway 1 corridor account monies (for use by Ely, Cook, Babbitt or Tower for economic development projects) would be repealed.

MMBs Management Analysis Division would be tasked with preparing a study for the purpose of making recommendations about the future of the Giants Ridge Recreation Area. At a minimum the study would analyze the potential sale of the resort or transfer of it to the DNR.

Expenditure and/or Revenue Formula

Based upon current IRRRB budget expenditures and HF 3925 projections.

Long-Term Fiscal Considerations

Emerging Issues Account: Establishing an emerging issues account with an unknown investment is not yet quantifiable.

Agency Expenditures: Limiting all agency expenditures to legislative approval and LCC approval may affect the timely distribution of economic development funds.

Removal of IT employees from IRRRB payroll: MN.IT has consolidated other state agencies, including state agencies with multiple locations, within the past 4-5 years without requiring additional funds to do so. It is unclear what IRRRB would be charged for IT consolidation if there are costs above the payroll of the 2 FTEs that would shift from being IRRRB employees to MN.IT employees.

Expenditures from the DJJ: The value of funding packages offered to potential businesses is limited by the amounts cited in 298.296 Subd. 2(c). This may impact business recruitment incentives.

MMB Study of Giants Ridge Recreation Area: Further study of the Giants Ridge Recreation Area and alternatives for its operation or ownership, such as the DNR, should take into account the jobs provided by the recreation area activity on the east Iron Range and the economic consequences if those jobs were lost.

Agency Exemption from 16C.05: Eliminating the agency's ability to use Uniform Municipal Contracting Law (UMCL) changes current practices that allow the agency flexibility in supporting local vendors and processing its own contracts.

Local Fiscal Impact

Eliminate Highway 1 Corridor monies: The communities of Babbitt, Cook, Ely and Tower would lose funds from this one-time appropriation for their economic development projects. The account balance would revert back to the Agency budget.

References/Sources

Current and historical IRRRB budgets. Economic impact of Giants Ridge Recreation Area. DJJ Corpus Fund expenditures.

Agency Contact: Mary Finnegan

Agency Fiscal Note Coordinator Signature: Bob Scuffy

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HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Employment and Economic Dvlpmt**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Marianne Conboy Date: 5/2/2016 5:42:33 PM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

HF3295 would reform several aspects of the the Iron Range Resources and Rehabilitation Board as well as related funding streams.

Section 1 of the bill relates to the Minnesota Minerals 21st Century Fund, which is administered by the Department of Employment and Economic Development (DEED). This section deletes language in the existing statutory language (Minn. Stat. 116J.423, subd. 1) that appropriates money in the Minnesota Minerals 21st Century Fund to the commissioner of DEED (lines 1.14-1.15).

Section 23 of the bill amends Minnesota Statutes 2014, section 298.2961, subd. 5, by striking outdated language related to distributions of taconite production taxes and referencing a loan from DEED to the City of Gilbert (which was repaid by Gilbert using the tax distributions provided for in this law). Both of these sections were time-limited in effect, only operative in certain tax years.

Assumptions

The deletion of the appropriation language in Section 1 will result in DEED being unable to use the money in the Minnesota Minerals 21st Century Fund for the purposes of the fund (as delineated in Minn. Stat. 116J.423, subd. 2). It is not possible to determine the immediate dollar impact as there are currently no projects for which any of the Funds monies are formally committed, although multiple projects are under consideration that could deplete the Funds entire existing balance (currently in excess of \$13 million).

The changes in Section 23 of the bill will have no effect as the statutory provisions it is amending have effectively expired.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

With the current bill language, DEED would be unable to use the money for the purposes of the fund (as delineated in Minn. Stat. 116J.423, subd. 2).

Local Fiscal Impact

None

References/Sources

Jeff Nelson, Manager, Business Tax Benefits, Administrator of the Minnesota Minerals 21st Century Fund

Minn. Stat. 116J.423, Minnesota Minerals 21st Century Fund

Julie Freeman, DEED CFO

Agency Contact: Bob Isaacson

Agency Fiscal Note Coordinator Signature: Colleen Hazel

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HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle Date: 4/25/2016 10:50:44 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill eliminates the Iron Range Resources and Rehabilitation Board (IRRRB) and creates a new Legislative-Citizen Commission on Iron Range Resources and Rehabilitation to review and make recommendations for legislative appropriations from a list of specific funds.

Assumptions

This bill affects the governance of the IRRRB. The statutory reference changes throughout Chapter 298 are made to account for the new terms used in the governance section. This bill has no impact on the DOR administration of mining taxes, property taxes, or other taxes.

Expenditure and/or Revenue Formula

This bill does not impact state revenues.

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: Lisa Knops 651-556-6754

Agency Fiscal Note Coordinator Signature: Lisa Knops

Phone: 651 556-6754

Date: 4/25/2016 10:44:25 AM

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HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill creates a new Legislative-Citizen Commission on Iron Range resources.

Assumptions

No education aid or levy calculations would change as a result of this bill.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Fiscal Impact

References/Sources

Agency Contact: Bill Kiesow 651-582-8801

Agency Fiscal Note Coordinator Signature: Judy Kuck

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HF3925 - 0 - "Iron Range Res; Leg-Citizen Commission"

Chief Author: **Tom Hackbarth**
 Committee: **Job Growth and Energy Affordability Policy and Finance**
 Date Completed: **05/03/2016**
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
Iron Range Resources and Rehab	-	-	176	-	-	-
Total	-	-	176	-	-	-
Biennial Total			176			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
Iron Range Resources and Rehab	-	-	-	-	-
Total	-	-	-	-	-

Executive Budget Officer's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2015	FY2016	FY2017	FY2018	FY2019
Iron Range Resources and Rehab		-	-	176	-	-
	Total	-	-	176	-	-
	Biennial Total			176		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Iron Range Resources and Rehab		-	-	176	-	-
	Total	-	-	176	-	-
	Biennial Total			176		-
2 - Revenues, Transfers In*						
Iron Range Resources and Rehab		-	-	-	-	-
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

Section 28 of this bill would require Management Analysis & Development to study and make recommendations to the legislature regarding the future of the Giants Ridge Recreation Area project. The bill requires that the study include, but not be limited to, the sale of the property or transfer of the property to the Department of Natural Resources

Assumptions

Management Analysis & Development estimates that it will take 1286 hours to complete the comprehensive study required by this bill, and that there will be approximately \$2000 of expenses associated with travel to the location for necessary activities related to the study.

MAD would design and execute a comprehensive research and project plan to conduct the required study. Necessary activities include:

- Gather, review, and analyze Giants Ridge performance and budget data—including program performance, costs and losses, and subsidies.
- Gather research, conduct interviews, and analyze information to assess the business and economic implications, as well as potential economic development impacts, of the current approach to the Giants Ridge project and of potential changes to the approach.
- Assess the facility, conduct a market assessment of the property for potential sale.
- Assess fiscal and organizational impact of transfer to DNR (includes gathering and evaluating DNR data; assessing program, budget, and staffing implications; examining potential revenue streams to support project after transfer).
- Conduct interviews, focus groups, or surveys of key informants, including agency staff and managers and other stakeholders.
- Review and analyze relevant Minnesota statutes, administrative rules, case law, and legislative history
- Conduct focused research, including reviewing information from Minnesota and other states, particularly examining government's role in similar projects.
- Analyze and synthesize information gathered during the entire study

- Develop and examine options and scenarios for the Giants Ridge project
- Author a report summarizing research, addressing legislative requirements, and providing recommendations

Expenditure and/or Revenue Formula

Management Analysis & Development bills at the Minnesota Management & Budget-approved rate of \$135 per hour. With expenses, the total costs to conduct the study would be \$175,690.00 (1286 hours times \$135 per hour, plus \$2080 of expenses)

Long-Term Fiscal Considerations

None

Local Fiscal Impact

None

References/Sources

Management Analysis & Development prepared the estimate of hours and costs provided above.

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