

HF475 - 0 - Bioincentive Payment Recipient Information

Chief Author: **Rick Hansen**
 Committee: **Agriculture Finance And Policy**
 Date Completed: **1/26/2023 1:34:58 PM**
 Agency: **Agriculture 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	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
General Fund	-	72	66	66	66
Total	-	72	66	66	66
Biennial Total			138		132

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.12	.08	.08	.08
Total	-	.12	.08	.08	.08

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Chloe Burns **Date:** 1/26/2023 1:34:57 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	-	72	66	66	66	66
Total	-	72	66	66	66	66
			138			132
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	72	66	66	66	66
Total	-	72	66	66	66	66
			138			132
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
			-			-

Bill Description

This bill modifies requirements of MDA’s incentive programs (Minn. Statutes 41A.16 41A.18 and 41A.20 41A.21) by requiring program participants (producers) receiving a production claim reimbursement provide the following to MDA annually:

1. The producer’s business structure;
2. The name and address of the producer’s parent company if any;
3. A cumulative list of all financial assistance received from all grantors for the project;
4. Goals for the number of jobs created and progress in achieving these goals, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained;
5. Equity hiring goals and progress in achieving these goals;
6. Wage goals and progress in achieving these goals for all jobs created or maintained by the producer;
7. Board member and executive compensation;
8. Evidence of compliance with environmental permits;
9. The producer’s intended and actual use of payments received from the commissioner; and
10. If applicable, the latest financial audit opinion statement produced by a certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

The information submitted to MDA must be included in the agency’s annual legislative report on Incentive Programs. The legislative report must be submitted to committees with jurisdiction over environment policy and finance and agricultural policy and finance.

Assumptions

As of January 2023, there are 13 producers participating in MDA’s incentive programs.

Tasks required of state program staff to comply with new statutory reporting requirements include developing guidance for producers, soliciting required information annually, responding to producer questions and providing technical assistance, reviewing submissions for completeness and accuracy, and incorporating required information into the annual legislative report.

MDA estimates it will take 100 hours to develop guidance, criteria, and quality standards for producers’ information submissions.

MDA estimates it will take 12 hours of work per producer per year to solicit, compile, review, and report on the new statutory requirements.

MDA will seek a Professional/Technical (PT) contract for conducting necessary accessibility and remediation work on the

documents submitted by producers for inclusion in the legislative report. These documents must be made accessible for inclusion in the annual legislative report. The largest of these documents are the financial audits. In MDA's experience, financial audit statements approximately 125 pages long. Based on previous PT contracts for accessibility work, it will cost approximately \$4,125 per financial audit.

We assume the effective date of the bill is July 1, 2023.

Expenditure and/or Revenue Formula

Expenditure (Actual Dollars)	Amount	FY 2024	FY 2025	FY 2026	FY 2027
Salary & Fringe:		FTE	FTE	FTE	FTE
SPA Principal	125,000	0.12	0.08	0.08	0.08
	FTE	0.12	0.08	0.08	0.08
	Subtotal	15,000	10,000	10,000	10,000
Information Technology:					
MNIT costs (network, laptop, phone, etc)	3,022	363	242	242	242
	Subtotal	363	242	242	242
Other Operating Costs:					
Training	0	0	0	0	0
PT Contract	PT Contract	53,625	53,625	53,625	53,625
Space rent (cubicle)	21,830	2,620	1,746	1,746	1,746
	Subtotal	56,245	55,371	55,371	55,371
Expenditures	Total	71,607	65,613	65,613	65,613
Fiscal Tracking (Dollars in Thousands)		FY 2024	FY 2025	FY 2026	FY 2027
Impact:					
Expenditure		71,607	65,613	65,613	65,613
Revenue		0	0	0	0
Annual Cost (Savings)		71,607	65,613	65,613	65,613
Cumulative Cost (Savings)		71,607	137,220	202,834	268,447

Long-Term Fiscal Considerations

One long-term fiscal consideration of note is that the Incentive Programs sunset in 2025. Eligible producers or facilities can enter the program until June 30, 2025. Once a producer enters the program, they are eligible to receive claim reimbursement payments for 10 years. The statutory changes proposed in HF 475 requires MDA to collect information from program participants every year they receive a claim reimbursement. Of the current producers in the program, 1 will receive payments through FY27, 4 will receive payments through FY28, 3 will receive payments through FY29, 3 will receive payments through FY31, and 2 will receive payments through FY32. Agency costs associated with the proposed statutory requirements would continue through FY32, although costs would decrease over time as each producer's 10 years of eligibility expires.

Local Fiscal Impact

Not Applicable

References/Sources

Not Applicable

Agency Contact: Megan Lennon 651-201-6238

Agency Fiscal Note Coordinator Signature: Julie Sis

Date: 1/26/2023 8:57:46 AM

Phone: 651-201-6412

Email: julie.sis@state.mn.us