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Fiscal Note

2025-2026 Legislative Session

HF3532 - 2A - Eligibility for State Vet. Cemetery Burial Mod.

Chief Author: **Bjorn Olson**
 Committee: **Ways And Means**
 Date Completed: **4/13/2026 6:50:38 PM**
 Agency: **Veterans Affairs 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	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

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

This fiscal note has been revised to account for bill language that makes it likely that burial fees for these individuals will cover the total cost of internment (referred to as Tier 1 Internment Costs in the agency's assumptions), and that this expenditure will occur out of an account in the special revenue fund. This revision did impact the overall Cost (Savings) table of the fiscal note.

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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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Restrict Misc Special Revenue	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Restrict Misc Special Revenue	-	-	-	1,029	1,063
Total	-	-	-	1,029	1,063
Biennial Total			-		2,092
2 - Revenues, Transfers In*					
Restrict Misc Special Revenue	-	-	-	1,029	1,063
Total	-	-	-	1,029	1,063
Biennial Total			-		2,092

Bill Description

Amends Minnesota Statutes 2025 Supplement, section 197.236, subdivisions 8 and 9; modifies eligibility for burial in a State Veterans Cemetery to include "honorably discharged members of the National Guard or another reserve component and their spouses and dependent children" and authorizes the commissioner to establish a fee schedule for interment of "honorably discharged members of the National Guard or another reserve component." The fee schedule language is intended to offset loss of US Department of Veterans Affairs plot allowance when interring persons not meeting the Federal definition of Veteran while eligible for interment according to the Burial Equity Act of 2022 (Public Law 117-103).

Assumptions

The MDVA assumes the bill language will align with the language of the Burial Equity Act of 2022 (technically, Public Law 117-103 The Consolidated Appropriations Act for Fiscal Year 2022 (Burial Equity for Guards and Reserves Act)). Specifically, the Burial Equity Act applies to "members of a reserve component of the Armed Forces, members of the Army National Guard or the Air National Guard, and members of the Reserve Officers' Training Corps (ROTC) of the Army, Navy, or Air Force," or their spouses or certain minor or unmarried adult children.

The Burial Equity Act of 2022 includes discharge characterization language of those members who were "discharged or released from service under conditions other than dishonorable or whose death occurs under conditions other than dishonorable while a member of" a reserve component of the Armed Forces, members of the Army National Guard or the Air National Guard, and members of the Reserve Officers' Training Corps (ROTC) of the Army, Navy, or Air Force. However, the proposed legislation specifies only those members with an Honorable Discharge, which constitutes 82% of discharges.

The MDVA projects the number of annual interments based on a three-percent (3%) annual death rate, with 20%-25% of Veterans residing within 75 miles of a State Veterans Cemetery choosing burial at an existing cemetery location.

The US Department of Veterans Affairs (USDVA) will not provide an interment allowance (the USDVA payment made to the State Veterans Cemeteries for each Veteran interred in a State Veterans Cemetery) for a National Guard/Reserve member that does not meet the federal definition of Veteran. Therefore, the state will need to offset the interment allowance for each National Guard/Reserve member that does not meet the federal definition of Veteran as well as their eligible spouses and/or dependent children.

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Additionally, the USDVA has determined that PL 117-103 does not impact 38 USC § 2306 (eligibility for headstones and

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markers) and that certain individuals described in the law are not eligible for a USDVA-sourced headstone or marker. Therefore, the state will need to provide the costs associated with provisioning, placement, and maintenance of a headstone or marker.

Interment costs: This includes costs for headstones, markers, and niche covers; cemetery maintenance; increased burial rates; and the need for more frequent expansion grants to develop additional gravesites. Additionally, the MDVA also provides a stipend to local Veterans Service Organizations that provide/facilitate Honor Guard tributes. The MDVA therefore estimates that the FY26 Tier I cost to the state for interring an individual not meeting the Federal definition of Veteran is estimated at \$1,552 per interment (Tier I Interments costs includes federal interment allowance offset, headstone/marker/niche cover, and Honor Guard tribute stipend). Of note: the federal interment allowance is set by the US Department of Veterans Affairs (USDVA), Veterans Benefits Administration (VBA) and contains an annual inflationary adjustment, largely in-line with the US Bureau of Labor Statistics (USBLS) Consumer Price Index (CPI). Tier II (Operational Costs) includes costs associated with perpetual care and maintenance of the site, the administrative support required to continue to provide a high level of customer service, and associated equipment). The cost implications/calculations for Tier II (Operational) costs are captured in the Long Term Fiscal Considerations section.

Number of Individuals (National Guard/Reserve Members): The MDVA estimates that this proposal applies to approximately 133,676 guard/reserve members residing in Minnesota, who don't currently qualify as "Veterans" for purposes of burial under federal NCA guidelines. Based on actual FY25 burials versus the population of MN Veterans, the MDVA projects an overall statewide utilization rate for burial State Veterans Cemeteries to be 0.3817% (or approximately 0.38%). Applying that utilization rate to the estimated number of guard/reserve members in Minnesota results in an estimate of approximately 510 additional National Guard/Reserve member annual burials. Additionally, the proposed legislation limits eligibility to those members with Honorable Discharges (82%), reducing the number to 419 National Guard/Reserve members that could be realized at State Veterans Cemetery locations statewide. This would result in an approximate 38% increase in the current burial/utilization rates.

Number of Individuals (Total to include Eligible Spouses/Dependent Children): As the proposed legislative language also contains the provision to include eligible spouses and dependent children, the MDVA applies the above utilization rate against an NCA interment population calculation formula that assumes 50% of Veterans will be interred with spouses/dependents. This NCA formula therefore projects an updated overall annual interment rate of 628 (419 National Guard/Reserve Members and 209 eligible spouses/dependents). This would result in an overall approximate 57% (57.4%) increase in the current burial/utilization rates.

The MDVA estimates approximately a year before the sites can fully implement updated procedures to address the proposed legislation. Therefore, assume that any additional burials/interments to begin in FY28.

Expenditure and/or Revenue Formula

The MDVA projects the Tier I Interments costs at a State Veterans Cemetery based on a calculation of the number of annual interments multiplied against the annual federal plot allowance, the \$500 cost of providing a Federal NCA "standard" or "compliant" headstone, marker, or niche cover (utilizing the same vendors as the National Cemetery Administration), and the \$50 stipend to Veterans Service Organization teams providing Honor Guard tribute functions (for eligible National Guard/Reserve Members).

Projected number of interments: estimated at approximately 628 total interment per year. This calculation is benchmarked on a total National Guard and Reserve population of 174,360 (active and discharged), adjusted according to the post-9/11 reduction factor (impact resulting from the 70% of members who have deployed), resulting in an estimated eligible National Guard and Reserve population of 133,676. At the current overall 0.3817% statewide utilization rate for burial at our cemeteries, this results in an estimated 510 National Guard/Reserve Member interments per year. Based on the additional criteria specifying only honorable discharges, this number is reduced to 419. Per the above-mentioned NCA spouse/dependent child calculation formula (50% of members interred w/ spouse/dependent children), an additional estimated 209 eligible spouses and dependent children would also be interred annually. This would result in an overall projection of 628 additional interments per year (419 National Guard/Reserve Members and 209 eligible spouses/dependent children).

The MDVA currently collects burial fees for Veterans directly from the US Department of Veterans Affairs (USDVA) Veterans Benefits administration (VBA) in the form of the USDVA Interment Allowance. The current FY26 interment allowance for Veterans is \$1,002. Interment allowance projections beyond FY26 are based on an MDVA predictive formula by establishing a trendline based on the USDVA VBA Interment Allowance. The formula used is below, with "x"

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equaling the fiscal year for which the model is calculating (i.e., for FY12 “x” would be 1 since the relevant Federal data starts at that time. Using that model, “x” would be 16 for FY27).

Formula #1 - USDVA Interment Allowance trendline: $((1.769^*(x2))-7.7349x+729.38)$

Based on this formula, **the MDVA projects the federal interment allowance will be \$1,106 in FY28, \$1,159 in FY29, \$1,217 in FY30, and \$1,277 in FY31.**

Table 1 (State Veterans Cemetery Tier I Interment Costs): The below table therefore displays:

- No interments in FY27, per above assumption regarding implementation timing
- Projected burial/interment rate as of FY28 (628)
- Interment/burial cost: based on the USDVA Interment Allowance x the projected annual interment rate (628)
- The “headstone”, marker, or niche cover cost: based on \$500 x the projected annual interment rate (628)
- Honor Guard stipend: based on \$50 x the projected annual interment rate for National Guard/Reserve Mbrs (419)
- No Tier II (Operational) costs

	FY28	FY29	FY30	FY31
Interment Cost (NCA Interment Allowance Offset)	694,441	728,205	764,177	802,355
Headstone	314,048	314,048	314,048	314,048
Honor Guard Stipend	20,937	20,93	20,937	20,937
Grand Total	1,029,425	1,063,189	1,099,161	1,137,339
BIENNIUM TOTAL		\$2,092,615		\$2,236,500

Table 2 (Burial Fee Revenue Tier I Cost Offset): The below table displays the MDVA projection of the potential revenue introduced by the legislative language burial fee provision for interment of “honorably discharged members of the National Guard or another reserve component and eligible spouse and dependent children” if the burial fee only offsets the Tier I Interment Costs and does not include Tier II (Operational) costs. Details:

- No interments or revenue in FY27, per above assumption regarding implementation timing
- Projected burial/interment rate as of FY28 (628)
- Burial/Interment revenue (Member): based on matching the USDVA Interment Allowance rate (see Formula #1, above), provisioning a headstone (\$500), and providing the Honor Guard Stipend (\$50) x the projected annual interment rate (419 National Guard/Reserve Members)
- Burial/Interment revenue (Eligible Spouses/Dependents): based on matching the USDVCA Interment Allowance rate (see Formula #1, above) and provisioning a headstone (\$500) x the projected annual interment rate (209 Eligible Spouses/Dependents)

	FY26	FY27	FY28	FY29	FY30	FY31
Burial Fee Revenue (Mbr)		-	693,262	715,772	739,753	765,205
Burial Fee Revenue (Dep)		-	336,163	347,418	359,408	372,134
Burial Fee Revenue (Total)		-	1,029,425	1,063,189	1,099,161	1,137,339
BIENNIUM TOTAL		-		\$2,092,615		\$2,236,500

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Table 3 (Projected Appropriation Request -Tier I Cost Offset Only) The below table displays the MDVA projection of the potential overall costs associated with the proposed legislative language minus the potential revenue collected via burial fees. Details include:

- Burial Fee revenue matched only against the Tier I Cost Offset
- No direct interment costs or revenue in FY27, per above assumption regarding implementation timing
- No Tier II (Operational) costs projected across the FY28/29 or FY30/31 biennia

	FY26	FY27	FY28	FY29	FY30	FY31
Tier I Interment Costs		0	1,029,425	1,063,189	1,099,161	1,137,339
Revenue (Tier I Interment Cost Offset)		0	(1,029,425)	(1,063,189)	(1,099,161)	(1,137,339)
FTE (Tier II (Operational)) Costs		0	0	0	0	0
Equipment/Site (Tier II (Operational)) Costs		0	0	0	0	0
Grand Total		\$0	\$0	\$0	\$0	\$0
BIENNIUM TOTAL		\$0		\$0		\$0

Long-Term Fiscal Considerations

MN State Cemetery Funding Status: The 2023 Minnesota Legislature provided the State Veterans Cemeteries with an operational budget adjustment of \$1.78M for FY24 and FY25. This adjustment allowed all operational costs at the four (4) statewide locations to be funded from allocated general fund dollars. However, this funding was subsequently reduced by \$500K per fiscal year in the tails, starting in FY26. In addition to the increasing annual operating costs, the reduced FY26 and FY27 appropriation is insufficient to address current operational expenditures (over \$1M annually) and has created significant strain on the operations of the Memorial Affairs division. The MDVA will need future funding restored to FY25 levels to support current salary and operational costs in order to manage the impact of doubling the annual interment rate as a result of the proposed legislation.

As indicated above, the MDVA is not currently including potential Tier II (Operational) costs associated with the projected burial/interment rate increase, pending observation of actual utilization of this expanded burial eligibility criteria. Over time, if the utilization rates become significant or indeed match the projections, the MDVA will have to request a corresponding Tier II (Operational) cost appropriation out of the General Fund to address necessary FTE and equipment requirements. In the event the department is unable to secure additional General Fund support, the Commissioner will have to adjust the burial fee amount to address these cost pressures.

Impact on Cemetery Staffing: MDVA expects the interment rates to gradually increase upon passage of this proposed legislation. Upon realization of significant or the projected interment rates as detailed in the above assumptions, this proposal will impose an increased financial burden for the Tier II (Operational) costs associated with cemetery maintenance and the administrative support required to continue to provide a high level of customer service in the face of increased burial rates. The MDVA estimates an additional personnel uplift of 7 FTE across all sites to accommodate this increased burial rate. FTE costs will require periodic market adjustments, as comprehensive costs for each position increase.

FTE Uplift Projection: MDVA currently employs 34 FTE across the four State Veterans Cemeteries, which accomplished 1,094 burials/interments in FY25. At realization of significant or the projected burial/interment rate increase, the estimated 7 FTE uplift amounts to a 20.6% increase in staffing/personnel to address the projected 57% increase in the burial/interment rate (1,094 + 628).

FTE costs: estimated at approximately \$737,500 per year (at FY26 rates). The estimated increase of 57% in the projected burial/utilization rate results in the need for a personnel uplift of 7 FTE, broken out as five (5) field staff (two at Little Falls and one each at Duluth, Preston, and Redwood Falls) and two (2) additional cemetery representatives (Little Falls and Duluth). Total compensated costs for these personnel positions are \$112,500 per field staff member, and

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\$87,500 per cemetery representative, for a total of \$737,500.

Infrastructure/equipment costs: At full realization, the projected burial/interment rate increase also imposes a strain on the existing equipment infrastructure across the State Veterans Cemetery system, requiring consideration of additional Tier II (Operational) costs, to include equipment purchases to accommodate simultaneous interment operations at each site. At a minimum, this includes an estimated \$150,000 for 2x “dump-hauler” multi-purpose utility vehicles (to ensure one for each of the four locations) to accommodate multiple simultaneous committal ceremony/interment operations at each location. As the Preston and Duluth locations already have dump-haulers, this appropriation would address dump-haulers at Little Falls and Redwood Falls.

Infrastructure costs: While facility infrastructure costs are considered a secondary impact, MDVA estimates a significant portion (nearly half) of the 57% increase in burial/interments will occur at the State Veterans Cemetery-Little Falls due to close proximity to Camp Ripley. As the first of the four State Veterans Cemeteries, the maintenance facility/vehicle storage yard at Little Falls is approximately 50% of the size of the newer facilities (and 30% of the size of the Redwood Falls facility). Given the increased utilization/burial rates over the past ten years, this constrained vehicle yard area presents a safety of personnel and operations concern as it does not allow for safe simultaneous ingress/egress of high-tempo equipment/vehicle operations, deliveries (e.g., headstones/parcel services), and forces personnel to park personal vehicles in the right-of-way of County Road 76. Additionally, the increased equipment inventory during this same ten-year period requires additional heated indoor maintenance/servicing space to accommodate continued year-round operations.

MDVA estimates a facility infrastructure cost of approximately \$1,306,890 for the maintenance facility/vehicle storage yard expansion necessary to mitigate the increased burial/interment rate (benchmarked off the recently-completed maintenance bay expansion at the State Veterans Cemetery Duluth).

Accelerated capacity exhaustion: MDVA estimates that the State Veterans Cemetery Little Falls will experience a significant percentage (approximately 50%) of the additional interments resulting from this proposal, due to the proximity of the site to the Camp Ripley National Guard Training Facility. (one of the largest National Guard Training Facilities in the nation). This increased utilization rate will shorten the timeline of available developed and undeveloped gravesites within the current master plan. As the first of the four Minnesota State Veterans Cemeteries, the Little Falls location is geographically the smallest of the four sites, contains nearly 80% of the State Veterans Cemetery system interments to date, and is therefore the location nearest the projected exhaustion date (currently 48.0 years). The impact of the increased burial/utilization rate is estimated to shorten that projected exhaustion date of State Veterans Cemetery-Little Falls to 31 years (or 17 years earlier than previously projected).

Land Acquisition (State Veterans Cemetery-Little Falls): Based on the above infrastructure and accelerated capacity exhaustion considerations, MDVA will need to consider land acquisition opportunities to accommodate additional burial capacity and relieve the constricted operating environment of the original/current maintenance facility. Previously, MDVA developed a capital bonding submission for the 2024 Legislative Session to acquire additional “set-aside” real estate for State Veterans Cemetery - Little Falls. The requested set-aside included real estate (1) south of TH 115 to provide future capacity beyond the current development as established within the Master Plan and (2) north of the current maintenance facility to provide expansion capacity to the maintenance building and associated outdoor storage yard. At the time of submission, MDVA projected costs for predesign and land acquisition was \$870,000.

Land Acquisition (Fifth State Veterans Cemetery NW Minnesota): Aligning with the NCA strategic goal of providing 95% of Veterans nation-wide with a burial option within 75 miles of their home, MDVA has been directed by 2024 Minnesota Session Law to begin site search activities for a new State Veterans Cemetery location in NW Minnesota. This project will impact an estimated 12,000 Veterans and their families who reside within 75 miles of the Bemidji area and an additional 3,000 Veterans and their families residing in the remaining “unserved” region of northwestern MN. Based on the above utilization rate calculations used above, extrapolated against the number of Veterans in the affected area, MDVA projects an additional 8,400 National Guard/Reserve Members and their families residing within 75 miles of the Bemidji area and an additional 2,100 National Guard/Reserve Members and their families residing in the remaining “unserved” region in northwestern MN. Therefore, MDVA assesses that the proposed legislation change sets the stage for increasing the expanded justification for a fifth State Veterans Cemetery that could provide an additional burial option to over 20,000 Veterans/National Guard/Reserve members and their families who reside within 75 miles of the Bemidji area and an additional 5,000-plus Veterans/National Guard/Reserve members and their families in the remaining “unserved” region in northwestern MN.

Local Fiscal Impact

N/A

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References/Sources

Public Law 117-103 - The Consolidated Appropriations Act for Fiscal Year 2022 (Burial Equity for Guards and Reserves Act)

38 USC Section 2408, addressing the Burial Equity Act of 2022

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