

HF1477 - 0 - Advanced Biofuel, Renewable Chemical, and Biomass

Chief Author: **Brad Tabke**
 Committee: **Agriculture Finance And Policy**
 Date Completed: **2/13/2023 10:09:20 AM**
 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	19	15	15	15	15
Total	19	15	15	15	15
Biennial Total			30		30

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	.13	.1	.1	.1	.1
Total	.13	.1	.1	.1	.1

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:** 2/13/2023 10:09:20 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	FY2023	FY2024	FY2025	FY2026	FY2027	
General Fund	19	15	15	15	15	15
Total	19	15	15	15	15	15
Biennial Total			30			30
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	19	15	15	15	15	15
Total	19	15	15	15	15	15
Biennial Total			30			30
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill modifies the Advanced Biofuels Production Incentive program, the Renewable Chemical Production program, and the Biomass Thermal Production Incentive program by shortening the eligibility period for facilities entering the program. Facilities must begin production by June 30, 2023. The bill allows an eligible producer to reapply for payment for previously unpaid claims. The Commissioner of Agriculture must pay the difference between claims previously filed and the payments received. Payments are subject to funding appropriated for the express purpose of paying claims not otherwise paid. This section applies to claims filed after January 1, 2020.

This bill appropriates funding in FY23 through FY36 in a sum sufficient to make payments under Minnesota Statutes 41A.16, 41A.17, and 41A.18, not to exceed \$15,000,000 in a fiscal year.

This bill appropriates \$10,000,000 in FY23 from the general fund to the commissioner of agriculture for the express purpose of paying claims not otherwise paid under Minnesota Statutes 41A.16, 41A.17, and 41A.18. The commissioner must pay all claims by June 30, 2023.

This bill repeals Minnesota Statutes 2022, sections 41A.16, subdivision 7; 41A.17, subdivision 6; 41A.18, subdivision 6.

Assumptions

Minnesota Department of Agriculture (MDA) has collected production incentive claims from eligible facilities for all quarterly submission periods since fiscal year 2019, regardless of funding availability to pay claimants. Each production claim submitted to MDA, regardless of payment status, has been reviewed and determined to meet the biomass sourcing requirements. During quarters when funding was depleted and MDA was unable to make payments, MDA allowed eligible facilities to submit claims without the requisite Certified Public Accountant (CPA) attestation with the understanding that CPA attestation would be required later if funding became available to pay previously unpaid claims. If funding is appropriated for the express purpose of paying claims not otherwise paid, eligible facilities must have their production volume claim examined by a CPA and submit the attestation to MDA staff for review. There are 24 production incentive claims that are partially paid or unpaid and would be eligible for payment if funding is made available for the express purpose of paying unpaid claims. MDA assumes the following tasks are required to make payments for claims not otherwise paid: develop standards and procedures, communication and outreach to eligible facilities, review CPA attestations for production volumes, confirm biomass qualification eligibility, review total payment amounts with MDA Finance and Budget Division, and issue payment. MDA assumes the following tasks are required to continue program implementation for Fiscal Year (FY)23 through FY36: communication and engagement with eligible facilities currently in the incentive program, solicit, review, and approve quarterly claim submissions and CPA attestations. In FY23, the MDA estimates salary and fringe to be \$16,250 for .13 FTE, and other operating costs of \$3,231. Beginning in FY24, the MDA estimates salary and fringe of \$12,500 for .1 FTE, and other operating costs to be \$2,485 ongoing annually.

Expenditure and/or Revenue Formula

Expenditure (Actual Dollars)	Amount	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Salary & Fringe:						
Program Administrator	125,000	16,250.00	12,500.00	12,500.00	12,500.00	12,500.00
	Subtotal	16,250	12,500	12,500	12,500	12,500
Non-Salary Costs						
Space rent (cubicle)		2,838	2,183	2,183	2,183	2,183
Supplies/Communications/Other		393	302	302	302	302
	Subtotal	3,231	2,485	2,485	2,485	2,485
Expenditures	Total	19,481	14,985	14,985	14,985	14,985
	FTE	0.13	0.10	0.10	0.10	0.10

Long-Term Fiscal Considerations

This bill appropriates funds through FY36 in a sum sufficient to make payments for the advanced biofuel, renewable chemical, and biomass thermal incentive programs. MDA assumes 0.1 FTE is needed to administer the program through FY36.

Local Fiscal Impact

N/A

References/Sources

N/A

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