

HF3617 - 0 - Critical Habitat Private Sector Matching Account

Chief Author: **Leigh Finke**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **3/4/2024 10:52:39 AM**
 Lead Agency: **Natural Resources Dept**
 Other Agencies:
 Water and Soil Resources Board

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	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept						
General Fund	-	-	-	7	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Water and Soil Resources Board						
General Fund	-	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	(484)	(484)	(484)	(484)
State Total						
General Fund	-	-	-	7	-	-
Reinvest In Minnesota-Gifts	-	-	(484)	(484)	(484)	(484)
	Total	-	-	(484)	(477)	(484)
	Biennial Total			(484)		(961)

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept						
General Fund	-	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Water and Soil Resources Board						
General Fund	-	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
	Total	-	-	-	-	-

Lead 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: Jim Carlson **Date:** 3/4/2024 10:52:39 AM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

State Cost (Savings) Calculation Details

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*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
Natural Resources Dept						
General Fund		-	-	-	7	-
Reinvest In Minnesota-Gifts		-	-	-	-	-
Water and Soil Resources Board						
General Fund		-	-	-	-	-
Reinvest In Minnesota-Gifts		-	-	(484)	(484)	(484)
Total		-	-	(484)	(477)	(484)
Biennial Total				(484)		(961)
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Natural Resources Dept						
General Fund		-	-	-	7	-
Reinvest In Minnesota-Gifts						
Expenditures		-	-	(484)	(484)	(484)
Transfers Out		-	-	484	484	484
Water and Soil Resources Board						
General Fund						
Expenditures		-	-	-	1	-
Absorbed Costs		-	-	-	(1)	-
Reinvest In Minnesota-Gifts		-	-	-	-	-
Total		-	-	-	7	-
Biennial Total				-		7
2 - Revenues, Transfers In*						
Natural Resources Dept						
General Fund		-	-	-	-	-
Reinvest In Minnesota-Gifts		-	-	-	-	-
Water and Soil Resources Board						
General Fund		-	-	-	-	-
Reinvest In Minnesota-Gifts						
Revenues		-	-	-	-	-
Transfers In		-	-	484	484	484
Total		-	-	484	484	484
Biennial Total				484		968

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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		
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General Fund	-	-	-	7	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Total	-	-	-	7	-	-
Biennial Total						7

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-
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.

LBO Signature: Jim Carlson **Date:** 3/4/2024 10:52:30 AM
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General Fund	-	-	-	-	7	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Total	-	-	-	-	7	-
Biennial Total				-		7
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	-	7	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Expenditures	-	-	(484)	(484)	(484)	(484)
Transfers Out	-	-	484	484	484	484
Total	-	-	-	-	7	-
Biennial Total				-		7
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

HF3617 designates specific uses for Critical Habitat license plate contributions based on the license plate type selected by the vehicle owner. Contributions from plates featuring big game, turkey, pheasant, or other types not specified, must be used to purchase land or on land programs. Contributions from plates featuring loon, chickadee, or lady slipper must be used for nongame wildlife management purposes. Contributions from plates featuring anglers or fish must be used for aquatic management area purposes. Contributions from plates featuring bees or other pollinators must be transferred to the Board of Water and Soil Resources (BWSR). This bill would require a bi-annual legislative report on expenditures from the critical habitat private sector matching account.

Assumptions

We assume that this bill does not increase the amount of revenues available in the Reinvest in Minnesota-Gifts account, nor does it increase or decrease expenditures overall. But because the DNR will now transfer to BWSR, we anticipate expenditures from DNR specifically will go down by the same amount. Continuing DNR expenditures will be allocated across the new categories.

MN Department of Public Safety provided numbers of vehicles registered with critical habitat license plates for FY23. Our projections assume that the percentage of choices across categories will remain the same, which we apply to the FY23 amount transferred into the DNR Reinvest in Minnesota-Gifts account.

We assume that transfers to BWSR would be made after matching funds have been secured by BWSR as required by MS 84.943 subd 3.

Further, we assume that funds made available for nongame wildlife management (loon, chickadee, and lady slipper plates) can be used for the purposes of the new 84.943 Subd 5b as renumbered in this bill.

2023 session law made up to \$2.225 Million available for transfer from the critical habitat private sector matching account for wildlife management areas acquisition, restoration, and enhancement in FY25 (ML2023 060 01 003 06m). Assuming

this bill is effective in FY25, we would allocate FY25 revenue by license plate and make this transfer from any remaining FY24 revenues.

Expenditure and/or Revenue Formula

FY23 Critical Habitat License Plates Registered

As reported by Department of Public Safety.

License Plate	Category	Plates Registered	Percent
Anglers	Aquatic Management Areas	29,218	11.48%
Buck	Land Acquisition, Restoration, and Enhancement	23,210	9.12%
Chickadee	Nongame Wildlife Program	24,305	9.55%
Deer	Land Acquisition, Restoration, and Enhancement	9,701	3.81%
Ladyslipper	Nongame Wildlife Program	27,982	11.00%
Loon	Nongame Wildlife Program	77,338	30.39%
Moose	Land Acquisition, Restoration, and Enhancement	26,213	10.30%
Pheasants	Land Acquisition, Restoration, and Enhancement	13,858	5.45%
Pollinator	Board of Water and Soil Resources	18,370	7.22%
Wild Turkey	Land Acquisition, Restoration, and Enhancement	4,249	1.67%
Total	-	254,444	100.00%

Estimated Distribution of Spending Across License Plate Types

Based on actual FY23 transfer to DNR in the amount of \$6.7 Million.

Category	Percent	BY25	BY26	BY27
Land Acquisition, Restoration, and Enhancement	30.35%	2,033,000	2,033,000	2,033,000
Aquatic Management Areas	11.48%	769,000	769,000	769,000
Nongame Wildlife Program	50.94%	3,414,000	3,414,000	3,414,000
Board of Water and Soil Resources	7.22%	484,000	484,000	484,000
Total	100.00%	6,700,000	6,700,000	6,700,000

Legislative Report

The biennial legislative report would require staff from multiple divisions, and efforts would include coordination across project areas, data gathering and analysis, narrative drafting, and creative services. The estimated number of hours would be about 100 total, or .05 FTE. Using the DNR's average annual employee cost of \$134,000, the estimated cost of the legislative report would be \$7,000 every two years.

Long-Term Fiscal Considerations

Transfers to BWSR will continue past FY27.

Work on legislative reports will continue every other year.

Local Fiscal Impact

none

References/Sources

Department of Public Safety Report on Specialized License Plates for FY23: <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/Special-Plates-Brochure.pdf>

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 Agency: **Water and Soil Resources Board**

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Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Reinvest In Minnesota-Gifts	-	-	(484)	(484)	(484)	(484)
Total	-	-	(484)	(484)	(484)	(484)
Biennial Total			(484)		(968)	(968)

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
Reinvest In Minnesota-Gifts	-	-	-	-	-
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.

LBO Signature: Jim Carlson **Date:** 3/4/2024 10:52:19 AM
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State Cost (Savings) Calculation Details

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General Fund						
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Absorbed Costs		-	-	-	(1)	-
Reinvest In Minnesota-Gifts		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
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General Fund						
Reinvest In Minnesota-Gifts						
Revenues		-	-	-	-	-
Transfers In		-	-	484	484	484
Total		-	-	484	484	484
Biennial Total				484		968

Bill Description

A bill for an act relating to natural resources; modifying use of critical habitat private sector matching account; requiring reports; appropriating money; amending Minnesota Statutes 2022, section 84.943, subdivision 5. For BWSR, the bill specifies that proceeds from sales of license plates with pollinator images will transfer from the DNR to BWSR to fund grants under Lawns to Legumes program. DNR is required to submit a biennial report on the expenditure of money starting in January 2026.

Assumptions

Currently there is one state of Minnesota plate that depicts a bee. Based on the Minnesota Department of Public Safety Driver and Vehicle Services Special License Plates information, that plate has sold 18,370 plates over three years. According to the DNR, this represents 7.22% of registered critical habitat license plates. Based on the DNR's receipt of \$6.7 million from the Department of Public Safety for critical habitat plates in FY23, this resulted in an estimated \$484,000 for the pollinator plates. BWSR assumes that we will receive this same amount in an annual transfer from DNR in future years.

Expenditure and/or Revenue Formula

It is assumed that there would be no staffing costs to accept the transfer of these funds, and that current agency expenditures in administering Lawns to Legumes would be unimpacted. For the biennial reporting requirement, BWSR assumes it will take approximately 18 hours (or less than 0.01 FTE) of staff time. Using an estimated annual BWSR employee cost of \$124,000 per FTE, the estimated cost for BWSR to assist DNR in providing the information needed for the report would be \$1,000 every two years.

Long-Term Fiscal Considerations

BWSR will receive an estimated \$484,000 annually from the DNR, based on the number of vehicles registered with pollinator plates.

Local Fiscal Impact

N/A

References/Sources

Minnesota Department of Public Safety Driver and Vehicle Services Special License
Plates: <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/Special-Plates-Brochure.pdf>

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