

# Revised

**Consolidated Fiscal Note**

**2021-2022 Legislative Session**

**HF4649 - 1E - Housing Fund; Constitutional Amendment**

Chief Author: **Athena Hollins**  
 Committee: **Environment And Natural Resources Finance And Policy**  
 Date Completed: **5/13/2022 1:00:52 PM**  
 Lead Agency: **Secretary of State**  
 Other Agencies:  
     Lottery

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	FY2021	FY2022	FY2023	FY2024	FY2025
State Total						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>	-	-	-	-	-

**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.

This fiscal note was revised to include MN Lottery for discussion purposes.

**LBO Signature:** Joel Enders      **Date:** 5/13/2022 1:00:52 PM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

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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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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**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 was revised to include MN Lottery for discussion purposes.

**LBO Signature:** Joel Enders      **Date:** 5/13/2022 1:00:41 PM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

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## State Cost (Savings) Calculation Details

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<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

This bill proposes a constitutional amendment to Article XI, section 14, of the Minnesota Constitution, to be presented to the people at the 2022 general election. The question to be presented to voters in the 2022 election would be:

*Shall the Minnesota Constitution be amended to protect drinking water sources; protect the water quality of lakes, rivers, and streams; protect forests to improve air quality, wildlife habitat, natural areas, parks, and trails; and address climate change by extending from 2025 until 2050 the transfer of proceeds from the state-operated lottery to the environment and natural resources trust fund; to increase the portion of lottery proceeds transferred to the fund from the lottery from 40 to 50 percent; to limit the uses of trust fund money; and to transfer the remaining 50 percent of the net proceeds from the state-operated lottery to a new housing fund to provide housing, improve housing affordability, and increase homeownership?*

If adopted, the constitution would be amended accordingly.

## Assumptions

This fiscal note covers only the cost of proposing the constitutional amendment.

There will be minor programming for the secretary of state and more substantial programming, tabulating, printing, and publishing costs to county auditors in preparing the ballots to include the constitutional amendment.

Pursuant to section 204B.29, subd.1, there must be more ballots printed than voted for the office in the last election; either ten percent more than the number expected to be cast, or 100 ballots for every 85 voters who voted for the same office in the last election. As 2022 is a gubernatorial election year, and in 2018 there were 2,611,365 persons who voted, a ten percent increase would require that 2,872,502 ballots be printed statewide.

## Expenditure and/or Revenue Formula

Constitutional Amendment Election Process:

Estimated Secretary of State programming costs for reporting votes cast for the proposed amendment, canvassing the results, and preparing example ballots:

One hour of programmer time @ \$85.00/hour = \$85

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One hour of elections administrator time @ \$50/hour = \$50

Total Cost: \$135 (FY23)

The Secretary of State is able to absorb the costs identified as part of ongoing operational activities associated with the work of the office. These activities are not anticipated to displace any other work of the office.

## Long-Term Fiscal Considerations

None.

## Local Fiscal Impact

There are costs to local government, including for adding the amendment question to the ballot card, programming tabulating machines and counting votes cast, and printing and publishing notices of the constitutional amendment.

The bulk of the costs are for adding the question to 2,872,502 optical scan ballots. It is estimated that there is a three cent per ballot cost for that function.

2,872,502 ballots @ \$.03/ballot/constitutional question = **\$86,175.06**

If several constitutional amendments are put on the ballot, local election officials may need to provide voters with a second ballot. The number of constitutional amendments that would require any specific jurisdiction to use a second ballot will vary depending upon the number of other races on the ballot. According to the vendor printing most of the ballots in the state, the average cost of printing a second ballot is 27 cents. If all counties had to print second ballots, this would mean printing an additional 2,872,502 ballots for an added cost of approximately \$775,575.54 instead of the estimated \$86,175.06 for adding the question to an existing ballot.

## References/Sources

Julie Strother

651-201-1342

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

If Information Technology costs are included, my agency's Chief Information Officer has reviewed the estimate.

**Agency Contact:** Ann Lindstrom (651-335-0055)

**Agency Fiscal Note Coordinator Signature:** Juin Charnell

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**Date:** 5/11/2022 7:22:36 AM

**Email:** juin.charnell@state.mn.us

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**2021-2022 Legislative Session**

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 Committee: **Environment And Natural Resources Finance And Policy**  
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Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
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**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 was revised to include MN Lottery for discussion purposes.

**LBO Signature:** Joel Enders      **Date:** 5/13/2022 1:00:05 PM  
**Phone:** 651-284-6542      **Email:** joel.enders@lbo.mn.gov

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If adopted, the constitution would be amended accordingly.

## Assumptions

HF4649 would not have a financial impact on the Minnesota Lottery. The lottery is financially self-sufficient, funded solely through the sale of lottery products as opposed to a legislative appropriation. With clear guidelines laid out in statute related to agency spending and a budget cap overseen by the legislature, the Minnesota Lottery handles all expenses with revenue generated from the sale of lottery tickets. Net proceeds are then remitted back to the state to various funds as determined by the legislature.

Based on the Minnesota Lottery's financial forecast that was submitted to Minnesota Management and Budget in February, over the next two and a half fiscal years commencing January 1, 2023, the General Fund would lose an estimated \$190,884,000 in lottery proceeds. This amount would be divided between The Environment and Natural Resources Trust Fund and a new Housing Fund. The Environment and Natural Resources Trust Fund would gain \$60,917,000 and the Housing Fund would receive \$129,968,000. The table below illustrates potential fund impact:

HF4649-1E Fund Impact (in thousands)			
Current	FY23	FY24	FY25+
General Fund	71,934	74,585	74,585
ENR Trust Fund	40,294	41,914	41,914
Proposed	FY23	FY24	FY25+
General Fund	30,220	-	-

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ENR Trust Fund	56,825	64,107	64,107	
Housing Fund	25,184	52,392	52,392	
Change Amount	FY23	FY24	FY25+	Total
General Fund	(41,714)	(74,585)	(74,585)	(190,884)
ENR Trust Fund	16,531	22,193	22,193	60,917
Housing Fund	25,184	52,392	52,392	129,968

## **Expenditure and/or Revenue Formula**

## **Long-Term Fiscal Considerations**

## **Local Fiscal Impact**

## **References/Sources**

### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Arthur Alexander

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