

HF1877 - 0 - Critical Habitat Funds

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **3/16/2021 3:57:43 PM**
 Lead Agency: **Natural Resources Dept**
 Other Agencies:
 Public Safety Dept 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		FY2021	FY2022	FY2023	FY2024	FY2025
Natural Resources Dept						
Reinvest In Minnesota-Gifts	-	3,160	3,160	3,160	3,160	3,160
Public Safety Dept						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Water and Soil Resources Board						
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
State Total						
Reinvest In Minnesota-Gifts	-	3,160	3,160	3,160	3,160	3,160
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	3,160	3,160	3,160	3,160	3,160
Biennial Total			6,320			6,320

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
Natural Resources Dept						
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Public Safety Dept						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Water and Soil Resources Board						
Reinvest In Minnesota-Gifts	-	.15	.15	.15	.15	.15
Total	-	.15	.15	.15	.15	.15

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:** 3/16/2021 3:57:43 PM
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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		FY2021	FY2022	FY2023	FY2024	FY2025
Natural Resources Dept						
Reinvest In Minnesota-Gifts	-	3,160	3,160	3,160	3,160	3,160
Public Safety Dept						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Water and Soil Resources Board						
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Total	-	3,160	3,160	3,160	3,160	3,160
Biennial Total			6,320			6,320
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Natural Resources Dept						
Reinvest In Minnesota-Gifts						
Expenditures	-	3,000	3,000	3,000	3,000	3,000
Transfers Out	-	160	160	160	160	160
Public Safety Dept						
Restrict Misc. Special Revenue						
Expenditures	-	32	-	-	-	-
Absorbed Costs	-	(32)	-	-	-	-
Water and Soil Resources Board						
Reinvest In Minnesota-Gifts	-	160	160	160	160	160
Total	-	3,320	3,320	3,320	3,320	3,320
Biennial Total			6,640			6,640
2 - Revenues, Transfers In*						
Natural Resources Dept						
Reinvest In Minnesota-Gifts	-	-	-	-	-	-
Public Safety Dept						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Water and Soil Resources Board						
Reinvest In Minnesota-Gifts						
Revenues	-	-	-	-	-	-
Transfers In	-	160	160	160	160	160
Total	-	160	160	160	160	160
Biennial Total			320			320

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 Agency: **Natural Resources 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		FY2021	FY2022	FY2023	FY2024	FY2025
Reinvest In Minnesota-Gifts		-	3,160	3,160	3,160	3,160
Total		-	3,160	3,160	3,160	3,160
Biennial Total				6,320		6,320

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
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.

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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	FY2021	FY2022	FY2023	FY2024	FY2025
Reinvest In Minnesota-Gifts	-	3,160	3,160	3,160	3,160
Total	-	3,160	3,160	3,160	3,160
Biennial Total			6,320		6,320
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Reinvest In Minnesota-Gifts					
Expenditures	-	3,000	3,000	3,000	3,000
Transfers Out	-	160	160	160	160
Total	-	3,160	3,160	3,160	3,160
Biennial Total			6,320		6,320
2 - Revenues, Transfers In*					
Reinvest In Minnesota-Gifts	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

This bill makes changes to how the RIM license plate contributions are matched and used.

It changes the private match requirements for RIM license plate contributions to 2:1, allowing agencies to spend \$2 of license plate contributions for every \$1 of private match secured. Currently the match ratio is 1:1.

It allows for two new uses of license plate contributions: 1) aquatic management and 2) grants or payments to residential lawns owners to plant native vegetation and pollinator-friendly forbs and legumes, which will be managed by Board of Water and Soil Resources (BWSR). It also removes "land improvement" as an eligible use for these funds.

This bill designates specific uses for RIM license plate contributions based on the license plate type selected by the vehicle owner. Contributions from plates featuring a chickadee or lady slipper can only be used for the nongame program (290.431) while contributions from plates depicting loons, big game, turkey, or pheasants must be used to purchase land or on land programs. Contributions from plates depicting pollinators must be transferred to BWSR to provide grants or payments to residential lawn owners to support pollinator-friendly forbs and legumes. Currently, contributions from license plate sales can be used for allowable RIM purposes regardless of what specific animal the plates depict.

Assumptions

We assume that the 2:1 match ratio change will allow DNR to leverage its current annual private match of \$3 million and spend up to an additional \$3 million each year. We assume that actual ability to spend may be limited by the amount of license plate contributions dedicated to each specified purpose.

Department of Public Safety (DPS) receives and tracks license plates and will provide DNR plate contributions based license plate type.

For the purposes of this note, we used FY19 license sales that DPS had previously published on their website and indicated that they are a reliable proxy for purposes of this fiscal note. DPS launched the pollinator plate on January 15, 2021, so this plate would not be included in any sales data currently available. To account for this, we assumed that 3% of current RIM license plate would switch to the pollinator plates. The table below shows the distribution of FY19 revenues by sales types and adjusted distribution for pollinator plates.

We assume that we will use the original FY19 distribution to allocate license plate contributions received prior to FY22 to the specified purposes outlined in this bill.

Plate Type	FY19 Percent of Sales	FY19 Restated to include estimated Pollinator Plate Sales	Estimated Revenue
Loon, big game, turkey, pheasant	64%	63%	3.3M
Chickadee	23%	22%	1.2M
Anglers, fish	13%	12%	640K
Pollinators	--	3%	160K
Total			5.3M

We assume that BSWR will secure private match to leverage contributions towards their pollinator program per subd. 6 (4).

We assume that subd. 6 (1) removes “land improvement” as an allowable use. Typically, when we acquire land, we restore or enhance it as part of our normal operations. This may reduce RIM expenditures in any given year but we are not able to reasonably price out this particular impact.

Expenditure and/or Revenue Formula

As stated above, we assume that the 2:1 match ratio change will allow DNR to leverage its current annual private match of \$3 million and spend up to an additional \$3 million each year. We assume that actual ability to spend may be limited by the amount of license plate contributions dedicated to each specified purpose. This note shows full \$3 million leveraged through the increased match as being spent. This spending ability reflects the use of contributions received prior to FY22.

Long-Term Fiscal Considerations

Specifying eligible uses based on license plate type may have long-term implications that we cannot anticipate today. One potential long-term fiscal consideration could be with aligning private match with each allowable use. If DNR and BWSR are not able to perfectly align private match with available license plate contributions, we may have excess match for some uses and insufficient match for others.

Local Fiscal Impact

None.

References/Sources

FY19 License Plate Sales: <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/Special-Plates-Brochure.pdf>

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HF1877 - 0 - Critical Habitat Funds

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **3/16/2021 3:57:43 PM**
 Agency: **Public Safety 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	FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
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.

LBO Signature: Laura Cecko **Date:** 3/16/2021 1:53:26 PM
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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		FY2021	FY2022	FY2023	FY2024	FY2025
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Restrict Misc. Special Revenue						
Expenditures	-	32	-	-	-	-
Absorbed Costs	-	(32)	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Restrict Misc. Special Revenue	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill makes changes to how the Reinvest in Minnesota (RIM) license plate contributions are matched and used. It changes the private match requirements for RIM license plate contributions to 2:1, allowing agencies to spend \$2 of license plate contributions for every \$1 of private match secured. Currently the match ratio is 1:1.

This bill designates specific uses for RIM license plate contributions based on the license plate type selected by the vehicle owner. Contributions from plates featuring a chickadee or lady slipper can only be used for the nongame program (290.431) while contributions from plates depicting loons, big game, turkey, or pheasants must be used to purchase land or on land programs. Contributions from plates depicting pollinators must be transferred to the Board of Water and Soil Resources (BWSR) to provide grants or payments to residential lawn owners to support pollinator-friendly forbs and legumes. Currently, contributions from license plate sales can be used for allowable RIM purposes regardless of what specific animal the plates depict.

Assumptions

Assume that to support this bill language, the Department of Natural Resources (DNR) stated that it will be optimal to create individual revenue funding strings and corresponding speed chart keys for each DNR plate type. Assume these will be created and provided by Fiscal and Administrative Services at DPS.

Assume that current MNDRIVE code is programmed so that all DNR critical habitat plate types, e.g., Loon, Anglers, Chickadee, Ladyslipper, etc., and corresponding contribution fees are all mapped to one contribution type speed chart key.

Assume that MNDRIVE programming will need to be changed so that each unique DNR plate type is properly mapped to its correct corresponding speed chart key.

Assume that four weeks of programming are required at a rate of \$8,000 per week for a total of \$32,000 in programming costs to configure the new distributions, development of the changes, testing, post-production support, and configure related accounting fund types and fee-distribution rules. Assume programming costs will be absorbed in the Restricted Misc. Special Revenue Fund DVS Technology Account.

Assume an effective date of 8/1/2021 and programming requirements must be completed in FY 2022.

Expenditure and/or Revenue Formula

Fiscal Year 2022

Expenditures

Restricted Miscellaneous Special Revenue Driver and Vehicle Technology Account

Absorbed programming cost of \$8,000 per week x 4 weeks = \$32,000

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

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HF1877 - 0 - Critical Habitat Funds

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **3/16/2021 3:57:43 PM**
 Agency: **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	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
Reinvest In Minnesota-Gifts	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Reinvest In Minnesota-Gifts	-	.15	.15	.15	.15
Total	-	.15	.15	.15	.15

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:** 3/15/2021 4:58:00 PM
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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		FY2021	FY2022	FY2023	FY2024	FY2025
Reinvest In Minnesota-Gifts		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Reinvest In Minnesota-Gifts		-	160	160	160	160
Total		-	160	160	160	160
Biennial Total				320		320
2 - Revenues, Transfers In*						
Reinvest In Minnesota-Gifts						
Revenues		-	-	-	-	-
Transfers In		-	160	160	160	160
Total		-	160	160	160	160
Biennial Total				320		320

Bill Description

This bill changes how the RIM license plate contributions, managed by the Department of Natural Resources (DNR), are matched and used. Currently the private funds to RIM license plate match ratio is 1:1. This bill adjust the match requirements to a 2:1 ratio, now allowing agencies to use \$2 of license plate contributions for every \$1 of private match secured.

The bill also allows for two new uses of license plate contributions; 1) aquatic management and 2) grants or payments to plant residential lawns with plant native vegetation and pollinator-friendly forbs and legumes, which will be managed by Board of Water and Soil Resources (BWSR). It also removes "land improvement" as an eligible use for these funds.

Currently, contributions from license plate sales can be used for allowable RIM purposes regardless of what specific animal the plates depict. This bill designates specific uses for RIM license plate contributions based on the license plate type selected by the vehicle owner. Contributions from plates featuring:

- a chickadee or lady slipper can only be used for the nongame program (290.431)
- loons, big game, turkey, or pheasants must be used to purchase land or on land programs.
- pollinators must be transferred to BWSR to provide grants or payments to residential lawn owners to support pollinator-friendly forbs and legumes.

Assumptions

Department of Public Safety (DPS) receives and tracks license plates and will provide DNR plate contributions based license plate type.

For the purposes of this note, DNR used FY19 license sales published by DPS and indicated that they are a reliable proxy for purposes of this fiscal note. DPS launched the pollinator plate on January 15, 2021, so this plate would not be included in any sales data currently available.

DNR estimated that 3% of current RIM license plate would switch to the pollinator plates. The table below shows the distribution of FY19 revenues by sales types and adjusted for this estimated distribution for pollinator plates. DNR estimated the revenue from 3% license plates depicting bees or other pollinators would provide \$160,000 annually.

This bill assumes that pollinator revenue will be transferred to the BWSR directly from the DPS.

BWSR assumes revenue from the new bee or pollinator license plate will be available for individual support grants and neighbor corridor project grants using the agency's current Lawns to Legumes program. BWSR assumes costs associated with program implementation is limited to program oversight and technical assistance.

BWSR assumes a continued partnership with an NGO to implement the Lawns to Legumes program and contract for grant application submission and grant distribution. The current Lawns to Legumes program provides individual support grants up to \$300. Using this formula, \$160,000 annually would fund approximately 400 grants, and associated administrative costs for grant distribution and processing, and program implementation.

The Lawns to Legumes grant program currently requires a 25% match from the grantee. To meet the 2:1 expenditure to match requirement in HF1877, the BWSR Board will need to modify and approve changes to the Lawns to Legumes program match requirement to 33% (2:1 ratio).

We assume it will require 0.15 FTE annually for Lawns to Legumes program oversight. BWSR's responsibility is program oversight and technical assistance.

Plate Type	FY19 Actual Percent of Sales	FY19 Restated to estimate future Pollinator Plate Sales	Estimated Revenue
Loon, big game, turkey, pheasant	64%	63%	3.3M
Chickadee	23%	22%	1.2M
Anglers, fish	13%	12%	640K
Pollinators	--	3%	160K
Total			5.3M

Expenditure and/or Revenue Formula

Agency Investment Costs Estimate: 0.15 FTE. Salary/benefits = \$125,000/year for 1.0 FTE/0.15 FTE = \$18,750

Overhead (phone, office space, IT, travel, etc.) \$12,500/year for 1.0 FTE/0.15 FTE = \$1,875

Total = \$20,625 per year

Long-Term Fiscal Considerations

Any long-term fiscal impacts would be dependent on ongoing funding for projects and practice implementation.

Local Fiscal Impact

There is no local fiscal impact.

References/Sources

FY19 License Plate Sales <https://dps.mn.gov/divisions/dvs/forms-documents/Documents/Special-Plates-Brochure.pdf>

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