

Revised

Consolidated Fiscal Note

2023-2024 Legislative Session

HF1900 - 0 - Constitutional Amendment; Environmental Trust Fund

Chief Author: **Athena Hollins**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **3/5/2023 3:17:54 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	FY2023	FY2024	FY2025	FY2026	FY2027
Lottery	-	-	-	-	-	-
General Fund	-	-	6,255	10,521	10,521	
Environmental Trust Fund	-	-	(6,255)	(10,521)	(10,521)	
State Total						
General Fund	-	-	6,255	10,521	10,521	
Environmental Trust Fund	-	-	(6,255)	(10,521)	(10,521)	
Total	-	-	-	-	-	-
Biennial Total						

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Lottery	-	-	-	-	-
General Fund	-	-	-	-	-
Environmental Trust Fund	-	-	-	-	-
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.

The fiscal note was revised to amend the dates impacted by the change in lottery proceeds as well as reflect the transfer of unclaimed prizes from the general fund to the Environmental and Natural Resources Trust Fund (ENRTF).

LBO Signature: Jim Carlson **Date:** 3/5/2023 3:17:54 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		FY2023	FY2024	FY2025	FY2026	FY2027
Lottery		-	-	-	-	-
General Fund		-	-	6,255	10,521	10,521
Environmental Trust Fund		-	-	(6,255)	(10,521)	(10,521)
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Lottery		-	-	-	-	-
General Fund		-	-	-	-	-
Environmental Trust Fund		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Lottery		-	-	-	-	-
General Fund		-	-	(6,255)	(10,521)	(10,521)
Environmental Trust Fund		-	-	6,255	10,521	10,521
Total		-	-	-	-	-
Biennial Total				-		-

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Chief Author: **Athena Hollins**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **3/5/2023 3:17:54 PM**
 Agency: **Secretary of State**

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		
	Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
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: Susan Nelson **Date:** 2/27/2023 11:41:45 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

Revised

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	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill proposes a constitutional amendment to amend Article 11, section 14, relating to the environmental and natural resources trust fund, to delete the following language:

“Loans may be made of up to five percent of the fund for water system improvement as provided by laws“

and add the following language:

“The assets of the fund shall not be used to pay the principal or interest of any bonds. The assets of the fund shall not be used to pay for any costs related to the construction, repair, improvement, or operation of any facility or system that processes wastewater, but may be used to pay for research related to wastewater.”

The amendment would also increase the percentage of the fund that could be appropriated in any one year from 5 ½ % to 7%, increases the proportion of state lottery proceeds to be transferred to the fund from 40% to 50%, and removes the sunset of that transfer currently scheduled for 2025.

The amendment would be submitted to the voters at the 2024 general election.

There is also a statutory provision redirecting unclaimed lottery prizes from the general fund to the environmental and natural resources trust fund.

Assumptions

This fiscal note covers only the cost of proposing the constitutional amendment. There will be minor programming for the Office of 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 2024 is a presidential election year, and in 2020 there were 3,292,997 persons who voted, a ten percent increase would require that 3,622,297 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:

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One hour of programmer time @ \$100.00/hour = \$100

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

Total Cost: **\$150** (FY25)

The Secretary of State is able to absorb the costs identified as part of ongoing operational activities.

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 3,622,297 optical scan ballots. It is estimated that there is a five cent per ballot cost for that function.

3,622,297 ballots @ \$.05/ballot/constitutional question = \$181,114.85

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 29 cents. If all counties had to print second ballots, this would mean printing an additional 3,622,297 ballots for an added cost of approximately \$1,050,466.13 instead of the estimated \$181,114.85 for adding the question to an existing ballot.

References/Sources

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Agency Contact:

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Revised

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HF1900 - 0 - Constitutional Amendment; Environmental Trust Fund

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 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **3/5/2023 3:17:54 PM**
 Agency: **Lottery**

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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Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
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Environmental Trust Fund	-	-	-	-	-
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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.

The fiscal note was revised to amend the dates impacted by the change in lottery proceeds as well as reflect the unclaimed prizes from the general fund to the Environmental and Natural Resources Trust Fund (ENRTF).

LBO Signature: Chloe Burns **Date:** 3/2/2023 3:25:04 PM
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Revised

State Cost (Savings) Calculation Details

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Biennial Total			-			
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	-	-	-	-	
Environmental Trust Fund	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-			
2 - Revenues, Transfers In*						
General Fund	-	-	(6,255)	(10,521)	(10,521)	
Environmental Trust Fund	-	-	6,255	10,521	10,521	
Total	-	-	-	-	-	
Biennial Total			-			

Bill Description

A bill for an act relating to natural resources; proposing an amendment to the Minnesota Constitution, article XI, section 14; providing for the renewal of the environment and natural resources trust fund; amending Minnesota Statutes 2022, section 349A.08, subdivision 5.

Shall the Minnesota Constitution be amended to protect drinking water sources; protect the water quality of lakes, rivers, and streams; and protect forests to improve air quality, wildlife habitat, natural areas, parks, and trails by extending 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 and to limit the uses of trust fund money?

If adopted, the constitution would be amended accordingly.

Assumptions

HF1900 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 fiscal years beginning with change to the Constitutional Amendment on November 26, 2024, the General Fund would lose an estimated \$53,875,000 in lottery proceeds. The Environment and Natural Resources Trust Fund would gain \$53,875,000. The table below illustrates potential fund impact:

HF1900-1E Fund Impact (in thousands)

Current Forecast	FY25	FY26	FY27+
Total Lottery Proceeds	102,437	102,437	102,437

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60% Lottery Proceeds to GF	61,462	61,462	61,462
40% Lottery Proceeds to ENTRF	40,975	40,975	40,975
100% Unclaimed to GF	10,521	10,521	10,521
Proposed New Bill			
Total Lottery Proceeds	102,437	102,437	102,437
60% Lottery Proceeds to GF	36,541		
40% Lottery Proceeds to ENTRF	24,360		
100% Unclaimed to GF	4,266		
50% Lottery Proceeds to GF	30,450	51,219	51,219
50% Lottery Proceeds to ENTRF	30,450	51,219	51,219
100% Unclaimed to ENTRF	6,255	10,521	10,521
Change Amount			Total
General Fund	(12,345)	(20,765)	(53,875)
ENTRF	12,345	20,765	53,875

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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