

**HF645 - 0 - Disposition of Certain Money; Environmental Permit**

Chief Author: **Fue Lee**  
 Committee: **Environment and Natural Resources Finance And Policy**  
 Date Completed: **2/1/2023 7:50:14 AM**  
 Agency: **Pollution Control Agency**

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
Environmental	-	561	561	561	561	561
<b>Total</b>	<b>-</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>
<b>Biennial Total</b>			<b>1,122</b>			<b>1,122</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Environmental	-	.01	.01	.01	.01
<b>Total</b>	<b>-</b>	<b>.01</b>	<b>.01</b>	<b>.01</b>	<b>.01</b>

**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:** 2/1/2023 7:50:14 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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
Environmental	-	561	561	561	561	561
<b>Total</b>	<b>-</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>
	<b>Biennial Total</b>		<b>1,122</b>		<b>1,122</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Environmental						
Expenditures	-	2	2	2	2	2
Transfers Out	-	559	559	559	559	559
<b>Total</b>	<b>-</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>	<b>561</b>
	<b>Biennial Total</b>		<b>1,122</b>		<b>1,122</b>	
<b>2 - Revenues, Transfers In*</b>						
Environmental	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>-</b>		<b>-</b>	

**Bill Description**

Amends Minnesota Statutes 2022, section 16A.151, subdivision 2.

If the Minnesota Pollution Control Agency recovers \$250,000 or more in a civil penalty from violations of a permit issued by the agency, then 40 percent of the money recovered must be distributed to the community health board where the facility is located.

Requires notification of the settlement within 30 days of conclusion of the matter.

Requires MPCA to collect the money and transfer it to the community health board.

Requires the project to be implemented by the community health board, incorporating input from the residents potentially affected by the pollution that was the subject of the litigation or settlement.

Allows the community health board to recover reasonable costs for administration of the funds.

Does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity.

Effective the day following final enactment and applies to all litigation actions or settlements from which the MPCA recovered \$250,000 or more on or after that date.

**Assumptions**

Over the past eleven years (2012-2022) the Pollution Control Agency has issued 10 enforcement actions that have resulted in civil penalties over \$250,000. Three years had no instances and two years had two instances, the remaining years each had one piece. A total of \$15,371,379 was collected during that time and penalties ranged from \$301,755 to \$4,500,000. It is unknown how many there will be in the future, if any, and what the dollar amounts will be.

Enforcement penalties do not contribute directly to MPCA's current agency budget or programs. Penalties received by MPCA are deposited directly to the Environmental Fund, under Minn. Stat. 16A.531.

A loss of revenue was calculated for the environmental fund using the average amount received over the past 11 years.

It is estimated that one transaction will occur a year and require 30 hours to execute the transfers of funds to the local health board using a Joint Powers Agreement. This 30 hours includes all hours from first contact from MPCA program staff with the local health board through the actual transfer of funds. It is assumed MPCA will not have any role nor involvement in the community health board project.

**Expenditure and/or Revenue Formula**

FTE 30 hours/ 2080 hours per year = .014 x \$140,000 = \$2,019

Loss of revenue for environmental fund average per year collected x 40% the amount required to be distrusted to local health boards (\$15,371,379/ 11 years = \$1,379,398 x .4 = \$558,959 per year lost revenue for environmental fund)

\*The annual cost of 1.0 FTE is \$140,000 in FY2023-2027. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (work space, computer and office supplies, office equipment, local travel, etc.)

**Long-Term Fiscal Considerations**

This would result in a loss of revenue for the environmental fund. It is unknown how much of an impact it could be in the future but using the past 11 years it would have resulted in \$6,148,551 less being deposited into the environmental fund during that time

**Local Fiscal Impact**

Local governments may recoup the cost to implement the project(s) from the monies received.

**References/Sources**

MPCA Staff

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