

HF2917 - 0 - Distribution of Lottery in Lieu Tax

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **2/15/2022 5:07:45 PM**
 Lead Agency: **Natural Resources Dept**
 Other Agencies:
 Revenue 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
Natural Resources Dept	-	-	-	-	-	-
General Fund	-	-	11,850	12,282	12,282	
State Pks and Trls Lott In Lieu	-	-	(2,666)	(2,763)	(2,763)	
Metro Pks and Trls Lott In Lieu	-	-	(2,666)	(2,763)	(2,763)	
Local Trls Grants Lott In Lieu	-	-	(355)	(369)	(369)	
Zoos Lottery In Lieu	-	-	(237)	(246)	(246)	
Heritage Enhancement	-	-	(5,926)	(6,141)	(6,141)	
State Total						
General Fund	-	-	11,850	12,282	12,282	
State Pks and Trls Lott In Lieu	-	-	(2,666)	(2,763)	(2,763)	
Metro Pks and Trls Lott In Lieu	-	-	(2,666)	(2,763)	(2,763)	
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Zoos Lottery In Lieu	-	-	(237)	(246)	(246)	
Heritage Enhancement	-	-	(5,926)	(6,141)	(6,141)	
Total	-	-	-	-	-	-
Biennial Total						

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Natural Resources Dept	-	-	-	-	-
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
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:** 2/15/2022 5:07:45 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

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 Dollars in Thousands	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
Natural Resources Dept	-	-	-	-	-
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Heritage Enhancement	-	-	(5,926)	(6,141)	(6,141)
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Natural Resources Dept	-	-	-	-	-
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Natural Resources Dept	-	-	-	-	-
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	-	(11,850)	(12,282)	(12,282)
State Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	-	2,666	2,763	2,763
Metro Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	-	2,666	2,763	2,763
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Revenues	-	-	-	-	-
Transfers In	-	-	355	369	369
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Total	-	-	-	-	-
Biennial Total			-		-

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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

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State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
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General Fund	-	-	11,850	12,282	12,282
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Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
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:** 2/15/2022 5:06:15 PM
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State Cost (Savings) Calculation Details

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Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
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Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	-	(11,850)	(12,282)	(12,282)
State Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	-	2,666	2,763	2,763
Metro Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	-	2,666	2,763	2,763
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Revenues	-	-	-	-	-
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Revenues	-	-	-	-	-
Transfers In	-	-	5,926	6,141	6,141
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

HF2917 proposes to increase the distribution of Lottery in Lieu tax from the Department of Revenue to Natural Resource

and Game & Fish funds from 72.43 percent to 97 percent. Distributions to Natural Resource and Game & Fish funds would increase, and therefore leave a decreased amount to the General Fund.

Assumptions

This analysis reflects increased resources in Natural Resource and Game & Fish funds, and reduced resources to the General Fund. Estimates are based on the November 2021 Budget Forecast. Funds impacted are as follows: General; State Parks and Trails; Metro Parks and Trails; Local Trails Grants; MN Zoos; and Heritage Enhancement. Because spending from the impacted funds is defined in separate legislation, this fiscal note shows only increased resources and no potential spending increases.

Expenditure and/or Revenue Formula

FY23 budgeted: \$34,933,000 distribution / 72.43% = \$48,230,015 total LIL revenue

FY23 proposed: \$48,230,015 total LIL revenue x 97% = \$46,783,115 distribution

FY24-25 budgeted (per FY): \$36,204,000 distribution / 72.43% = \$49,984,813 total LIL revenue

FY24-25 proposed (per FY): \$49,984,813 total LIL revenue x 97% = \$48,485,269 distribution

Current Distribution by Account: 72.43% of LIL revenue (\$ in thousands):

Account	% of distributed LIL Revenue	FY23	FY24	FY25
Heritage Enhancement	50%	\$17,466	\$18,102	\$18,102
State Parks and Trails	22.5%	\$7,860	\$8,146	\$8,146
Metro Parks and Trails	22.5%	\$7,860	\$8,146	\$8,146
Local Trails Grants	3%	\$1,048	\$1,086	\$1,086
Zoo	2%	\$699	\$724	\$724
Total		\$34,933	\$36,204	\$36,204

LIL Distribution Amount Totals, Current and Proposed, based on November 2021 Budget Forecast (\$ in thousands):

	FY23	FY24	FY25
LIL Revenue	\$48,230	\$49,985	\$49,985
Current distribution 72.43%	\$34,933	\$36,204	\$36,204
Proposed distribution 97.00%	\$46,783	\$48,485	\$48,485
Difference	\$11,850	\$12,282	\$12,282

Proposed Distribution by Account: 97% of LIL revenue (\$ in thousands):

Account	% of distributed LIL Revenue	FY23	FY24	FY25
Heritage Enhancement	50%	\$23,392	\$24,243	\$24,243

State Parks and Trails	22.5%	\$10,526	\$10,909	\$10,909
Metro Parks and Trails	22.5%	\$10,526	\$10,909	\$10,909
Local Trails Grants	3%	\$1,403	\$1,455	\$1,455
Zoo	2%	\$936	\$970	\$970
Total		\$46,783	\$48,485	\$48,485

Long-Term Fiscal Considerations

Distributions would continue each year past the FY2025 budgetary horizon.

Local Fiscal Impact

None

References/Sources

Minnesota Statutes 2020, section 297A.94

Agency Contact: Tyler Teggatz (651-259-5304)

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

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Date: 2/15/2022 4:49:49 PM

Email: tyler.teggatz@state.mn.us

HF2917 - 0 - Distribution of Lottery in Lieu Tax

Chief Author: **Rick Hansen**
 Committee: **Environment And Natural Resources Finance And Policy**
 Date Completed: **2/15/2022 5:07:45 PM**
 Agency: **Revenue Dept**

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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Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2021	FY2022	FY2023	FY2024	FY2025
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: Joel Enders **Date:** 2/15/2022 11:44:09 AM
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State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2021	FY2022	FY2023	FY2024	FY2025
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

This bill amends Minnesota Statutes 2020, 297A.94, Section 1(h) by updating the required deposit of revenues for lottery tickets in lieu of taxes to 97% from 72.43%.

This bill does not include an effective date. Therefore, by Minnesota Statute 645.02 EFFECTIVE DATE AND TIME OF LAWS, this bill is effective August 1 following its final enactment.

Assumptions

DOR currently determines the distribution of funds and makes the distribution. DOR will make the change to distribute the new amount noted in the bill. This administrative impact is minimal.

Expenditure and/or Revenue Formula

This bill may have an impact on state tax revenues. An estimate of revenue impact is not included in this fiscal note. The Department of Revenue prioritizes revenue estimate requests for bills before Tax Committee and will provide one for this bill when it is before Tax Committee.

Long-Term Fiscal Considerations

The bill does not have long term fiscal considerations.

Local Fiscal Impact

The bill does not have local government impact.

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact: Penny Demko (651-556-4025)

Agency Fiscal Note Coordinator Signature: Lisa Knops
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