

HF389 - 0 - Distribution of Lottery in Lieu Tax

Chief Author: **Rick Hansen**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **1/23/2023 2:38:04 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	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept	-	-	-	-	-	-
General Fund	-	11,990	12,421	12,421	12,421	12,421
State Pks and Trls Lott In Lieu	-	(2,698)	(2,795)	(2,795)	(2,795)	(2,795)
Metro Pks and Trls Lott In Lieu	-	(2,698)	(2,795)	(2,795)	(2,795)	(2,795)
Local Trls Grants Lott In Lieu	-	(359)	(372)	(372)	(372)	(372)
Zoos Lottery In Lieu	-	(239)	(248)	(248)	(248)	(248)
Heritage Enhancement	-	(5,996)	(6,211)	(6,211)	(6,211)	(6,211)
State Total						
General Fund	-	11,990	12,421	12,421	12,421	12,421
State Pks and Trls Lott In Lieu	-	(2,698)	(2,795)	(2,795)	(2,795)	(2,795)
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Zoos Lottery In Lieu	-	(239)	(248)	(248)	(248)	(248)
Heritage Enhancement	-	(5,996)	(6,211)	(6,211)	(6,211)	(6,211)
Total	-	-	-	-	-	-
Biennial Total						

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
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	
	FY2023	FY2024	FY2025	FY2026	FY2027
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: Chloe Burns **Date:** 1/23/2023 2:38:04 PM
Phone: 651-297-1423 **Email:** chloe.burns@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	
	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept	-	-	-	-	-
General Fund	-	11,990	12,421	12,421	12,421
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Zoos Lottery In Lieu	-	(239)	(248)	(248)	(248)
Heritage Enhancement	-	(5,996)	(6,211)	(6,211)	(6,211)
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	-	(11,990)	(12,421)	(12,421)	(12,421)
State Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,698	2,795	2,795	2,795
Metro Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,698	2,795	2,795	2,795
Local Trls Grants Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	359	372	372	372
Zoos Lottery In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	239	248	248	248
Heritage Enhancement					
Revenues	-	-	-	-	-
Transfers In	-	5,996	6,211	6,211	6,211
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	
	FY2023	FY2024	FY2025	FY2026	FY2027
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Heritage Enhancement	-	(5,996)	(6,211)	(6,211)	(6,211)
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
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: Chloe Burns **Date:** 1/23/2023 2:15:51 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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
General Fund	-	11,990	12,421	12,421	12,421	12,421
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Heritage Enhancement	-	(5,996)	(6,211)	(6,211)	(6,211)	(6,211)
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	-	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
General Fund						
Revenues	-	-	-	-	-	-
Transfers In	-	(11,990)	(12,421)	(12,421)	(12,421)	(12,421)
State Pks and Trls Lott In Lieu						
Revenues	-	-	-	-	-	-
Transfers In	-	2,698	2,795	2,795	2,795	2,795
Metro Pks and Trls Lott In Lieu						
Revenues	-	-	-	-	-	-
Transfers In	-	2,698	2,795	2,795	2,795	2,795
Local Trls Grants Lott In Lieu						
Revenues	-	-	-	-	-	-
Transfers In	-	359	372	372	372	372
Zoos Lottery In Lieu						
Revenues	-	-	-	-	-	-
Transfers In	-	239	248	248	248	248
Heritage Enhancement						
Revenues	-	-	-	-	-	-
Transfers In	-	5,996	6,211	6,211	6,211	6,211
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

This bill 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 99 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 2022 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.

The bill has an effective date of July 1, 2023.

Expenditure and/or Revenue Formula

FY24 budgeted: \$32,684,000 distribution / 72.43% = \$45,126,000 total LIL revenue

FY24 proposed: \$45,126,000 total LIL revenue x 99% = \$44,675,000 distribution

FY25-27 budgeted (per FY): \$33,862,000 distribution / 72.43% = \$46,751,000 total LIL revenue

FY25-27 proposed (per FY): \$46,751,000 total LIL revenue x 99% = \$46,283,000 distribution

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

Account	% of distributed LIL Revenue	FY24	FY25	FY26	FY27
2107 - State Parks and Trails	22.5%	\$7,354	\$7,619	\$7,619	\$7,619
2108 - Metro Parks and Trails	22.5%	\$7,354	\$7,619	\$7,619	\$7,619
2109 - Local Trails Grants	3%	\$981	\$1,016	\$1,016	\$1,016
2110 - Zoo	2%	\$654	\$677	\$677	\$677
2209 - Heritage Enhancement	50%	\$16,342	\$16,931	\$16,931	\$16,931
Total		\$32,684	\$33,862	\$33,862	\$33,862

Proposed Distribution by Account: 99% of LIL revenue (\$ in thousands):

Account	% of distributed LIL Revenue	FY24	FY25	FY26	FY27
2107 - State Parks and Trails	22.5%	\$10,052	\$10,414	\$10,414	\$10,414
2108 - Metro Parks and Trails	22.5%	\$10,052	\$10,414	\$10,414	\$10,414
2109 - Local Trails Grants	3%	\$1,340	\$1,388	\$1,388	\$1,388
2110 - Zoo	2%	\$893	\$925	\$925	\$925
2209 - Heritage Enhancement	50%	\$22,338	\$23,142	\$23,142	\$23,142
Total		\$44,675	\$46,283	\$46,283	\$46,283

LIL Distribution Amount Totals, Current and Proposed, based on November 2022 Budget Forecast (\$ in

thousands):

	FY24	FY25	FY26	FY27
LIL Revenue	\$45,126	\$46,751	\$46,751	\$46,751
Current distribution 72.43%	\$32,685	\$33,862	\$33,862	\$33,862
Proposed distribution 99.00%	\$44,675	\$46,283	\$46,283	\$46,283
Difference	\$11,990	\$12,421	\$12,421	\$12,421

Long-Term Fiscal Considerations

Distributions would continue each year past the FY2027 budgetary horizon.

Local Fiscal Impact

None

References/Sources

Minnesota Statutes 2022, section 297A.94

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

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

Date: 1/23/2023 9:31:39 AM

Email: tyler.teggatz@state.mn.us

HF389 - 0 - Distribution of Lottery in Lieu Tax

Chief Author: **Rick Hansen**
 Committee: **Environment and Natural Resources Finance And Policy**
 Date Completed: **1/23/2023 2:38:04 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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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: Joel Enders **Date:** 1/23/2023 7:33:03 AM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

State Cost (Savings) Calculation Details

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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

Effective 7/1/2023, this bill amends Minn. Stat. § 297A.94 by increasing the required deposit of revenues for lottery tickets in lieu of taxes from the Department of Revenue (DOR) to Natural Resource and Game & Fish funds from 72.43% to 99%.

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. The administrative impact is minimal.

Expenditure and/or Revenue Formula

The fiscal impact of the proposed distribution change is shown on the accompanying Department of Natural Resources note.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact: Chelsea Magadance

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

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Date: 1/20/2023 4:03:02 PM

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