

HF597 - 0 - City Climate Action Grant Program

Chief Author: **Larry Kraft**  
 Committee: **Climate And Energy Finance And Policy**  
 Date Completed: **1/27/2023 7:52:47 PM**  
 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
General Fund	-	4,580	280	140	-	-
<b>Total</b>	-	<b>4,580</b>	<b>280</b>	<b>140</b>	-	-
<b>Biennial Total</b>			<b>4,860</b>			<b>140</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2	2	1	-
<b>Total</b>	-	<b>2</b>	<b>2</b>	<b>1</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:** 1/27/2023 7:52:47 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.

<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>
General Fund	-	4,580	280	140	-	-
<b>Total</b>		<b>-</b>	<b>4,580</b>	<b>280</b>	<b>140</b>	<b>-</b>
<b>Biennial Total</b>			<b>4,860</b>			<b>140</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	4,580	280	140	-	-
<b>Total</b>		<b>-</b>	<b>4,580</b>	<b>280</b>	<b>140</b>	<b>-</b>
<b>Biennial Total</b>			<b>4,860</b>			<b>140</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>			<b>-</b>

**Bill Description**

A bill for an act relating to climate change; establishing a grant program to provide financial assistance to cities to address climate change by developing or implementing plans to prepare for climate change or reduce contributions to climate change; appropriating money.

**Assumptions**

1. This new program at the Minnesota Pollution Control Agency (MPCA) would require reasonable program planning development activities, outreach and education to a large number of potential grant applicants, grant management and oversight.
2. Appropriations are available until December 31, 2025.
3. Potential grant applicants includes all cities in Minnesota, non-profit organizations, and educational institutions.
4. The total number of grants possible is not specified; however, it is estimated at least 100 grants could be awarded due to the bill language specifying no grant awarded may exceed \$50,000. It's likely not all the grants would be for \$50,000, so it is assumed an estimated average of \$43,000 per grant. If all grants were awarded for the max of \$50,000 then only 86 grants could be awarded.

5. While the grant program has not been developed, for purposes of calculating costs, it is assumed staff costs will be incurred through the availability of the appropriation from July 1, 2023 until December 31, 2025, or 2.5 years. Grants will be provided to grantees in calendar year 2024 with a deadline for grantees to complete their work mid-year 2025 to allow sufficient time for grants to be closed. Depending on demand for the grants, more than one request for proposal may be used.

6. It is assumed grant management and oversight will conform to existing grants management statutes and Department of Administration's Office of Grants Management policies including, but not limited to: Minnesota Statutes 16B.97 and 16B.98, and Policy 08-08: Grant Payments, Policy 08-09: Grant Progress Reports, Policy 08-10: Grant Monitoring, and Policy 08-13: Grant Closeout Evaluation.

7. It is assumed funds appropriated in FY24 will carryforward through December 31, 2025.

**Expenditure and/or Revenue Formula**

Establishing and managing a grant program = \$700,000

· 1.5 FTE of program staff for planning, development, coordinating, and administering the grant program 1.5 FTEs x \$140,000/FTE/year = \$210,000/year x 2.5 years = \$525,000

· 0.5 FTE for contracts staff 0.5 FTEs x \$140,000/FTE/year = \$70,000/year x 2.5 years = \$175,000

Total Grants provided: 100 grants x \$43,000 = \$4,300,000 (FY24)

\*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**

Costs related to these grant programs will last until FY 2026

### **Local Fiscal Impact**

The bill proposes that cities must match grant dollars using local funds, at an amount based on population.

### **References/Sources**

MPCA Staff

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