

Revised

Consolidated Fiscal Note

2025-2026 Legislative Session

HF3298 - 3A - Petroleum Storage Tank System Reimburs. Prog. Mod

Chief Author: **Shane Mekeland**
 Committee: **Energy Finance And Policy**
 Date Completed: **3/16/2026 6:11:38 PM**
 Lead Agency: **Commerce Dept**
 Other Agencies:
 Pollution Control Agency 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		FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept						
Petroleum Tank Release Cleanup	-	-	(1,342)	(1,397)	(1,397)	
State Total						
Petroleum Tank Release Cleanup	-	-	(1,342)	(1,397)	(1,397)	
Total	-	-	(1,342)	(1,397)	(1,397)	
Biennial Total			(1,342)		(2,794)	

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept						
Petroleum Tank Release Cleanup	-	-	1.35	1.1	1.1	
Total	-	-	1.35	1.1	1.1	

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 Petroleum Tank Release Cleanup Fund (PTRC) is supported by a fee that is imposed on the use of tanks that contain petroleum products and is paid by the distributor as defined under MS 296A.01 subd 15. Pursuant to Minnesota Statutes 115C.08, when the unencumbered balance of the PTRC falls below 4 million dollars, the Commissioner of Revenue shall impose the petroleum tank release cleanup fee for four calendar months. HF3298 would cause the petroleum tank release cleanup fee to activate more frequently than currently forecasted. The revenue amounts shown in the fiscal note State Cost (Savings) Calculation Details table represent the ten-year annual average increase in fee revenues as a result of the increased incidence rate. The actual annual impact to the account will fluctuate, with changes in the account varying based on the activation timeline. Note, the State Cost (Savings) table includes the estimated net fiscal impact of the additional costs and additional revenue estimated for the PTRC.

LBO Signature: Karl Palm **Date:** 3/16/2026 6:11:38 PM
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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	FY2025	FY2026	FY2027	FY2028	FY2029
Commerce Dept					
Petroleum Tank Release Cleanup	-	-	(1,342)	(1,397)	(1,397)
Total	-	-	(1,342)	(1,397)	(1,397)
Biennial Total			(1,342)		(2,794)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Commerce Dept					
Petroleum Tank Release Cleanup	-	-	4,258	4,203	4,203
Total	-	-	4,258	4,203	4,203
Biennial Total			4,258		8,406
2 - Revenues, Transfers In*					
Commerce Dept					
Petroleum Tank Release Cleanup	-	-	5,600	5,600	5,600
Total	-	-	5,600	5,600	5,600
Biennial Total			5,600		11,200

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 Committee: **Energy Finance And Policy**
 Date Completed: **3/16/2026 6:11:38 PM**
 Agency: **Commerce 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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Petroleum Tank Release Cleanup		-	-	(1,342)	(1,397)	(1,397)
Total		-	-	(1,342)	(1,397)	(1,397)
Biennial Total				(1,342)		(2,794)

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Petroleum Tank Release Cleanup		-	-	1.35	1.1	1.1
Total		-	-	1.35	1.1	1.1

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

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State Cost (Savings) Calculation Details

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Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Petroleum Tank Release Cleanup	-	-	(1,342)	(1,397)	(1,397)
Total	-	-	(1,342)	(1,397)	(1,397)
Biennial Total			(1,342)		(2,794)
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Petroleum Tank Release Cleanup	-	-	4,258	4,203	4,203
Total	-	-	4,258	4,203	4,203
Biennial Total			4,258		8,406
2 - Revenues, Transfers In*					
Petroleum Tank Release Cleanup	-	-	5,600	5,600	5,600
Total	-	-	5,600	5,600	5,600
Biennial Total			5,600		11,200

Bill Description

The addition of language authorizing reimbursement from Petrofund for the replacement of pressurized single-wall steel-piping within underground petroleum storage tank systems. This addition has an annual limit of \$4 million, and a time horizon of 10 years (exp. June 30, 2037); culminating in a maximum of \$40 million over that period.

Assumptions

Commerce assumes:

- \$4 million cap annually
- 10 year time horizon expires June 30, 2037
- Reimbursement is capped at 50% up to \$100,000 per location
- Competitive bidding is required for reimbursement to be considered
- A portion of the sites (~75%) will likely result in the finding of a leak, necessitating a leak site creation and expenditure of additional funds. The number of leaks identified wouldn't change the \$100K cap per leak, and would not change the assumptions not all leaks would be funded, and this is an estimate that may alter once new data presents itself.
- Current Staff will require additional time to process new applications.

Expenditure and/or Revenue Formula

Additional FTE: 4 FTE (Engineering Specialist 14L) - Primarily responsible for processing and evaluating Steel Piping applications for reimbursement; provides engineering expertise regarding system processes regarding Steel Piping processes.

• .2 FTE (State Program Administrator Director) - Evaluates the business process regarding implementation of the Steel Piping processes and how they affect overall fund, workload and staffing considerations.

• .25 FTE (Engineering Specialist Senior 16L) - Secondary responsibility for processing and evaluating Steel Piping applications for reimbursement; provides quality control Steel Piping processes; Provides higher level engineering expertise regarding unique circumstances

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- Database development to support the new task
- .25 FTE MNIT (Estimate- ongoing)
- One-time cost of Development to add to data base in time to meet the timing of work requests (estimated at \$55,000 - .25 of a database administrator).

			FY26	FY27	FY28	FY29
Salary			0	129,746	129,746	129,746
Fringe			0	38,924	38,924	38,924
Other Personnel Related Costs			0	33,965	33,965	33,965
			0	202,635	202,635	202,635
MNIT Database Development				55,000		
				257,635		

Commerce Expenditure assumptions:

- Max \$4,000,000 reimbursement per year
- Each case is limited to 50% Reimbursement up to \$100,000
- Based on information obtained by Industry, costs are typically around \$200,000
- Roughly 40-60 cases per year will be serviced.
- Will require increase to frequency of Petrofund being activated (currently 12-15 months; estimate 9-12 month frequency)
- The fee under statute 115C.08, subd. 3 is currently triggered for this fund when the account falls below \$4,000,000. With the implementation of this bill and increased fund expenditures, it is anticipated that triggering the imposition of the fee will occur at a higher rate, which would increase revenue to the Petroleum Tank Release Cleanup Fund account by an estimated \$5.6 million per year on average. In practice, this revenue will fluctuate annually based on the incidence of the cleanup fee triggering. It is being depicted as an annual average of the marginal change in revenue collected in the Petro Tank Release Cleanup Fund for the purposes of this fiscal note.

Estimate of Petroleum Tank Release Cleanup Fund (current vs. estimate with HF3298)

Current	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Beginning Balance	12,362	9,508	6,654	31,800	28,946	26,092	23,238	20,384	17,530	14,676
Revenues	28,785	28,785	56,785	28,785	28,785	28,785	28,785	28,785	28,785	28,785
Expenditures	31,639	31,639	31,639	31,639	31,639	31,639	31,639	31,639	31,639	31,639
Ending Balance	9,508	6,654	31,800	28,946	26,092	23,238	20,384	17,530	14,676	11,822
Est. with HF3298	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Beginning Balance	12,632	5,520	26,463	19,406	12,349	5,292	26,235	19,178	12,121	5,064
Revenues	28,785	56,785	28,785	28,785	28,785	56,785	28,785	28,785	28,785	56,785
Expenditures	35,897	35,842	35,842	35,842	35,842	35,842	35,842	35,842	35,842	35,842
Ending Balance	5,520	26,463	19,406	12,349	5,292	26,235	19,178	12,121	5,064	26,007

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Change from Current	-	28,000	(28,000)	-	-	28,000	-	-	-	28,000
10-Year Change Average	5,600									

Long-Term Fiscal Considerations

10 year time horizon; capped at no more than \$40,000,000 over life of (pressurized single-wall steel-piping) initiative

Revenue is estimated to continue at a rate of approximately 5.6 million per year, though will fluctuate annually with the incidence of the fee imposition.

Local Fiscal Impact

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Amy Trumper

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Revised

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Chief Author: **Shane Mekeland**
 Committee: **Energy Finance And Policy**
 Date Completed: **3/16/2026 6:11:38 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

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
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: Jordan Peoples **Date:** 3/13/2026 3:00:02 PM
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Revised

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

Bill establishes a reimbursement program for underground petroleum storage tank systems with pressurized single-walled steel piping by amending MN Statutes 2024, sections 115C.09, subdivision 4; 115C.09 by adding a subdivision.

The bill adds to the eligible expenditures for Petroleum tank release cleanup fund to include partial reimbursement the replacement cost for pressurized single-walled steel piping and related equipment in underground petroleum storage tank systems.

In the new subdivision, it defines the equipment eligible, location eligible and person eligible for reimbursement. It requires that starting January 1, 2027 the board must reimburse the owner 50% of the cost of replacing eligible equipment if conditions are met. It puts a location cap and annual cap for reimbursements from the fund. The provision expires June 30, 2037.

Assumptions

An expansion of the eligibility of the petroleum tank release cleanup fund to include single walled steel piping reimbursement does not directly impact the Agency.

A portion of the sites (75%) are likely to result in the finding of a leak, which will necessitate the Agency oversight of a leak site and expenditure of additional petroleum tank release clean up funds for the associated clean-up.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Up to \$40,000,000 in additional reimbursements over a 10-year period will be required.

Local Fiscal Impact

N/A

References/Sources

Minnesota Pollution Control Agency staff familiar with underground/leaking storage tanks and the Petrofund Program.

Revised

Agency Contact: Pam Anderson (651-757-2190)

Agency Fiscal Note Coordinator Signature: Jill Morberg

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Date: 3/5/2026 11:49:35 AM

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Chief Author: **Shane Mekeland**
Committee: **Energy Finance And Policy**
Date Completed: **3/16/2026 6:11:38 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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
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:** 3/13/2026 2:37:02 PM
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State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

HF 3298 with the A3 amendment establishes a reimbursement program for underground petroleum storage tank systems with pressurized single-walled steel piping in Minnesota Statutes 2024, section 115C. These reimbursements will come out of the petroleum tank release cleanup fund. These changes will expire June 30th, 2037.

Assumptions

The Department of Revenue (Revenue) assumes an effective date of August 1, 2026, since no effective date is provided. Revenue assumes the reimbursements allowed in the bill may require the department to impose the distributor fee more frequently to meet the statutory requirement to impose the fee when the fund balance falls below \$4,000,000. Revenue assumes this may impact the petroleum tank release cleanup fund and will defer to the Department of Commerce to estimate that impact.

The Special Taxes Division assumes it will send a GovDelivery notifying taxpayers of this change and update our website.

The Tax Research Division assumes minimal additional work providing summary data related to this bill, and that this work would be completed by existing staff.

The Appeals, Legal Services, and Disclosure Division (ALSD) assumes a Special Taxes attorney will review website material and GovDelivery notifications. The work will be completed by existing staff.

Expenditure and/or Revenue Formula

N/A

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Revised

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: George Drometer

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