

HF4171 - 0 - LTFM Energy Efficiency Projects

Chief Author: **Sydney Jordan**  
 Committee: **Education Finance**  
 Date Completed: **3/5/2024 6:49:50 PM**  
 Agency: **Education Department**

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	-	-	33	33	33	33
<b>Total</b>	-	-	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>
<b>Biennial Total</b>			<b>33</b>			<b>66</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	.2	.2	.2
<b>Total</b>	-	-	<b>.2</b>	<b>.2</b>	<b>.2</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:** Alyssa Holterman Rosas      **Date:** 3/5/2024 6:49:50 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.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	33	33	33
<b>Total</b>	-	-	<b>33</b>	<b>33</b>	<b>33</b>
<b>Biennial Total</b>			<b>33</b>		<b>66</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	-	33	33	33
<b>Total</b>	-	-	<b>33</b>	<b>33</b>	<b>33</b>
<b>Biennial Total</b>			<b>33</b>		<b>66</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

**Bill Description**

Sections one and two of this bill modify the Long-Term Facilities Maintenance (LTFM) statute (Minnesota Statute 123B.595). The bill allows districts with approved energy efficiency projects to levy for additional revenue when approved by the Commissioner. Districts would need to supply additional project documentation to MDE for approval. The bill removes the existing prohibition for including energy efficiency projects as a qualifying expense. The LTFM sections are effective for revenue for FY26 and later. Section 3 of the bill modifies capital grants and loan provisions under Minnesota Statutes 2023, section 126C.69 by striking the prohibition of heating system improvements from the list of qualifying uses. This provision is effective July 1, 2024.

**Assumptions**

Under Minnesota Statutes 2023, section 123B.595, no minimum cost has been established for proposed energy efficiency projects. Currently, proposed projects may range from \$0 and beyond. Proposed bill language designates no state aid; therefore, all approved energy efficiency projects will be levied upon the local tax payer.

Energy efficiency projects have their own provisions under Minnesota Statutes 2023, section 123B.65. This statute allows a district to enter into a guaranteed energy-savings contract with a qualified provider, or a district may enter into an installment payment contract for the purchase and installation of energy conservation measures.

It is assumed that state administration of capital grants and loans would be unaffected by local heating system spending choices.

A 0.2 FTE Education Finance Specialist II will be required to review and approve additional narrative information for the proposed energy efficiency projects under the 10-year LTFM plan.

**Expenditure and/or Revenue Formula**

	FY24	FY25	FY26	FY27
Education Specialist 2		32,890	32,896	32,901

**Long-Term Fiscal Considerations**

The provisions in the bill would be in place permanently.

**Local Fiscal Impact**

Districts would be allowed to levy additional revenue for energy efficiency projects. With no prior energy efficiency data to track, the increased local levy amount for energy efficiency is unknown.

**References/Sources**

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