

**HF2904 - 0 - Plantings, Natural Snow Fencing, Tree Replacement**

Chief Author: **Todd Lippert**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/29/2022 8:23:50 AM**  
 Lead Agency: **Transportation Dept**  
 Other Agencies:  
     Natural Resources Dept      Water and Soil Resources Board

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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 Reductions shown in the parentheses.

<b>State Cost (Savings)</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Natural Resources Dept</b>						
General Fund		-	-	2,000	-	-
<b>Transportation Dept</b>						
General Fund		-	-	2,000	-	-
Trunk Highway		-	-	330	330	330
<b>Water and Soil Resources Board</b>						
General Fund		-	-	90	90	90
<b>State Total</b>						
General Fund		-	-	4,090	90	90
Trunk Highway		-	-	330	330	330
<b>Total</b>		<b>-</b>	<b>-</b>	<b>4,420</b>	<b>420</b>	<b>420</b>
<b>Biennial Total</b>				<b>4,420</b>		<b>840</b>

<b>Full Time Equivalent Positions (FTE)</b>		<b>Biennium</b>			<b>Biennium</b>	
		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Natural Resources Dept</b>						
General Fund		-	-	.5	-	-
<b>Transportation Dept</b>						
General Fund		-	-	-	-	-
Trunk Highway		-	-	-	-	-
<b>Water and Soil Resources Board</b>						
General Fund		-	-	.6	.6	.6
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1.1</b>	<b>.6</b>	<b>.6</b>

**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:** Laura Cecko      **Date:** 3/29/2022 8:23:50 AM  
**Phone:** 651-284-6543      **Email:** laura.cecko@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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
<b>Natural Resources Dept</b>						
General Fund	-	-	2,000	-	-	-
<b>Transportation Dept</b>						
General Fund	-	-	2,000	-	-	-
Trunk Highway	-	-	330	330	330	330
<b>Water and Soil Resources Board</b>						
General Fund	-	-	90	90	90	90
<b>Total</b>	-	-	<b>4,420</b>	<b>420</b>	<b>420</b>	<b>420</b>
<b>Biennial Total</b>			<b>4,420</b>			<b>840</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Natural Resources Dept						
General Fund	-	-	2,000	-	-	-
Transportation Dept						
General Fund	-	-	2,000	-	-	-
Trunk Highway	-	-	330	330	330	330
Water and Soil Resources Board						
General Fund	-	-	90	90	90	90
<b>Total</b>	-	-	<b>4,420</b>	<b>420</b>	<b>420</b>	<b>420</b>
<b>Biennial Total</b>			<b>4,420</b>			<b>840</b>
<b>2 - Revenues, Transfers In*</b>						
Natural Resources Dept						
General Fund	-	-	-	-	-	-
Transportation Dept						
General Fund	-	-	-	-	-	-
Trunk Highway	-	-	-	-	-	-
Water and Soil Resources Board						
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## HF2904 - 0 - Plantings, Natural Snow Fencing, Tree Replacement

Chief Author: **Todd Lippert**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/29/2022 8:23:50 AM**  
 Agency: **Transportation 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
General Fund	-	-	-	2,000	-	-
Trunk Highway	-	-	-	330	330	330
Total	-	-	-	2,330	330	330
Biennial Total				2,330		660

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	-	-	-	-
Trunk Highway	-	-	-	-	-	-
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:** Laura Cecko    **Date:** 3/29/2022 8:23:07 AM  
**Phone:** 651-284-6543    **Email:** laura.cecko@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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
General Fund	-	-	-	2,000	-	-
Trunk Highway	-	-	-	330	330	330
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,330</b>	<b>330</b>	<b>330</b>
<b>Biennial Total</b>				<b>2,330</b>		<b>660</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	-	2,000	-	-
Trunk Highway	-	-	-	330	330	330
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,330</b>	<b>330</b>	<b>330</b>
<b>Biennial Total</b>				<b>2,330</b>		<b>660</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
Trunk Highway	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>				<b>-</b>		<b>-</b>

**Bill Description**

House File 2904/ SF3653 designates unspecified general fund appropriations to three agencies for purposes that accelerate tree planting. MnDOT is appropriated the money for contracts to build and improve living snow fences consisting of Minnesota native trees, shrubs, native grasses, and wildflowers. This one-time appropriation is available until June 30, 2026.

**Assumptions**

After consulting with nursery industry groups, MnDOT estimates \$2,000,000 in Minnesota trees and shrubs is the maximum the agency can utilize and allow enough for other uses by the industry over the four years. This would allow MnDOT to install just over 7 miles of living snow fence, as MnDOT's 2021 average bid price for planting trees and shrubs is about \$275,000 dollars for 1 mile of living snow fence. This would be from the general fund.

In order to install the living snow fences, MnDOT assumes the following additional costs would be needed:

- \$140,000 per mile for either purchasing snow fence easements or entering into private landowner snow fence rental agreements, based on MnDOT average costs.
- 17% of the \$2,000,000 state road construction costs (which living snow fences are considered) as MnDOT's average to design the living snow fences and for construction inspection.

It is assumed these amounts would be from the trunk highway fund.

**Expenditure and/or Revenue Formula**

\$2,000,000 FY 2023 General Fund

$\$140,000 \times 7 \text{ miles} = \$980,000 \text{ easements/agreements} + \$2\text{M} \times 17\% = \$340,000$

Total  $\$980,000 + \$340,000 = \$1,320,000$  over 4 years = \$330,000 each FY 2023 FY2025; a total of \$990,000 in the Trunk Highway Fund

### **Long-Term Fiscal Considerations**

\$330,000 in FY 2026 for one-fourth of the easements/project delivery costs. Some vegetation management will be needed over time, though some existing MnDOT living fences did not need maintenance for twenty years.

There will be operational savings due to less blowing and drifting snow on the roads because of the additional living fences.

### **Local Fiscal Impact**

None

### **References/Sources**

MnDOT Office of Maintenance

#### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Lynn Poirier

**Phone:** 651-366-4869

**Date:** 3/28/2022 7:43:53 PM

**Email:** Lynn.Poirier@state.mn.us

## HF2904 - 0 - Plantings, Natural Snow Fencing, Tree Replacement

Chief Author: **Todd Lippert**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/29/2022 8:23:50 AM**  
 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	

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	
	FY2021	FY2022	FY2023	FY2024	FY2025
Dollars in Thousands					
General Fund	-	-	2,000	-	-
Total	-	-	2,000	-	-
Biennial Total			2,000		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.5	-	-
Total	-	-	.5	-	-

## 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: 3/23/2022 10:17:59 AM  
 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.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>
General Fund	-	-	2,000	-	-	-
<b>Total</b>	-	-	<b>2,000</b>	-	-	-
<b>Biennial Total</b>			<b>2,000</b>			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	2,000	-	-	-
<b>Total</b>	-	-	<b>2,000</b>	-	-	-
<b>Biennial Total</b>			<b>2,000</b>			-
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

This bill appropriates general funds to the Department of Natural Resources in order to administer grants to communities for replacing trees removed to address emerald ash borer. Grants must be prioritized to environmental justice areas in the state.

**Assumptions**

We estimate reduced applications or limited participation relative to the recent Emerald Ash Borer grant program due to several factors. The number of local units of government applying for funds will be constrained by eligibility requirements that limit activities to replacement only and require the use of native species. Grantees in similar programs have expressed financial need for ash tree removal, tree planting, ash treatment, tree inventory, and management plans, as well as the need for climate adaptive tree stock which may include species not native to Minnesota.

Maximum grant amount would be \$250,000 and we anticipate funding 20-40 communities.

Local units of government can use funds to plant trees on private property.

DNR Forestry is responsible for compliance checks.

Costs for administering the grant and financial processing are similar to recent Emerald Ash Borer grant program.

Onetime appropriation of \$2 million in fiscal year 2023 with the ability to complete projects and encumber labor costs through the end of fiscal year 2024.

Grant administration and onsite compliance checks would require an estimated 1,040 hours of staff time.

**Expenditure and/or Revenue Formula**

1,040 hours = 0.50 FTE

0.50 FTE X \$123,000 per FTE = \$61,500

\$1,938,500 granted to local units of government based on assumptions above.



## **Long-Term Fiscal Considerations**

### **Local Fiscal Impact**

Potential financial impact to local units of government by initially reducing tree purchase costs.

Long-term impact of reducing energy consumption, reducing heat island effect, stormwater mitigation, and carbon sequestration.

### **References/Sources**

**Agency Contact:** Samantha Grover 651-259-5254

**Agency Fiscal Note Coordinator Signature:** Tyler Teggatz

**Phone:** 651-259-5304

**Date:** 3/23/2022 9:43:07 AM

**Email:** tyler.teggatz@state.mn.us

## HF2904 - 0 - Plantings, Natural Snow Fencing, Tree Replacement

Chief Author: **Todd Lippert**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/29/2022 8:23:50 AM**  
 Agency: **Water and Soil Resources Board**

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
General Fund	-	-	90	90	90	90
Total	-	-	90	90	90	90
Biennial Total			90		180	

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2021	FY2022	FY2023	FY2024	FY2025
General Fund	-	-	.6	.6	.6	.6
Total	-	-	.6	.6	.6	.6

## 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:** 3/28/2022 9:16:47 AM  
**Phone:** 651-284-6540      **Email:** jim.carlson@lbo.mn.gov

### State Cost (Savings) Calculation Details

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\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>
Dollars in Thousands		<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>	<b>FY2024</b>
					<b>FY2025</b>
General Fund		-	-	90	90
<b>Total</b>		-	-	<b>90</b>	<b>90</b>
<b>Biennial Total</b>				<b>90</b>	<b>180</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund		-	-	90	90
<b>Total</b>		-	-	<b>90</b>	<b>90</b>
<b>Biennial Total</b>				<b>90</b>	<b>180</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund		-	-	-	-
<b>Total</b>		-	-	-	-
<b>Biennial Total</b>				-	-

### Bill Description

Section 1. Appropriates an unspecified amount to the Board of Water and Soil Resources for an accelerated conservation planting program. The work must be carried out consistent with M.S. 103C.501 (cost share for erosion control and water management) and be used for assistance to landowners via local governments for tree shrub and related conservation practices to reduce greenhouse gas emissions and add resiliency to the landscape and improving water quality and habitat. Of the above appropriation, \$500,000 is to address invasive species control via cooperative weed management. Appropriated funds can only be used to acquire and plant trees native to Minnesota.

Section 2. Appropriates an unspecified amount to the Department of Transportation for contracts to build and improve living snow fences. Appropriated funds can only be used to acquire and plant trees native to Minnesota.

Section 3. Appropriates an unspecified amount to the Department of Natural Resources for grants to local governments to replace trees removed to address emerald ash borer. Priority must be given to environmental justice areas, which are defined in this section. Appropriated funds can only be used to acquire and plant trees native to Minnesota.

### Assumptions

- This fiscal note only addresses section 1.
- Minnesota Statutes 103C.501 only allows funds to be granted to soil and water conservation districts (SWCD).
- Funds will be allocated according to existing processes for the Erosion Control and Water Management Program (typically referred to as the Cost Share Program) that allocates funds by formula to SWCDs.
- Discussion with agency staff indicate there is expected to significant demand for Erosion Control and Water Management Program funds for tree, shrub and associated conservation practices.
- BWSR has existing responsibilities for the Erosion Control and Water Management Program, the additional funds combined with the additive purpose as compared to the existing program results in an increase in staffing effort equivalent to 0.35 FTE.
- Funds will be allocated according to existing processes for the Cooperative Weed Management Program (CWMA) that utilizes a request for proposals and an application process for submissions by SWCDs.
- There is existing unmet demand for CWMA funds, for instance, \$355,000 in funds have been requested in the FY22-23 biennium when only \$200,000 is available.
- BWSR has existing CWMP responsibilities and additional work required by the added funds are equivalent to 0.25 FTE.

### **Expenditure and/or Revenue Formula**

Total full-time equivalent (FTE) cost was calculated using an average annualized labor cost of \$100,000, plus \$30,000 fringe, and \$20,000 overhead for a typical position.

$$(.25 \text{ FTE} + .35 \text{ FTE}) * \$150,000 = \$90,000$$

$$\$37.5 + \$52.5 = \$90$$

### **Long-Term Fiscal Considerations**

This is a one-time appropriation, therefore the only long-term fiscal issues are associated with inspection of conservation practices funded through the life of a typical 10-year contract. SWCDs are required to inspect funded practices 4-times after completion and prior to the expiration of the contract with the landowner.

### **Local Fiscal Impact**

As noted above, SWCDs are required to inspect completed practices through the 10-year contract length. These costs are funded via other General Fund Grants.

### **References/Sources**

[https://www.revisor.mn.gov/bills/text.php?number=HF2904&type=bill&version=0&session=ls92&session\\_year=2022&session\\_number=0](https://www.revisor.mn.gov/bills/text.php?number=HF2904&type=bill&version=0&session=ls92&session_year=2022&session_number=0)

I have reviewed the content of this fiscal note and believe it is a reasonable estimate of the expenditures and revenues associated with this proposed legislation.

If Information Technology costs are included, my agency's Chief Information Officer has reviewed the estimate.

**Agency Contact:** David Weirens, 763.229.4308

**Agency Fiscal Note Coordinator Signature:** Jeremy Olson

**Phone:** 651-282-2929

**Date:** 3/28/2022 9:10:52 AM

**Email:** jeremy.olson@state.mn.us