

**HF849 - 0 - Residential Electric Panel Upgrade Grants**

Chief Author: **Athena Hollins**  
 Committee: **Climate And Energy Finance And Policy**  
 Date Completed: **2/15/2023 8:36:26 AM**  
 Agency: **Commerce 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
General Fund	-	150	-	-	-	-
<b>Total</b>	-	<b>150</b>	-	-	-	-
<b>Biennial Total</b>			<b>150</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	.1	.1	-	-
<b>Total</b>	-	<b>.1</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:** Karl Palm      **Date:** 2/15/2023 8:36:26 AM  
**Phone:** 651-296-6055      **Email:** karl.palm@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>FY2023</b>	<b>FY2024</b>	<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>
General Fund	-	150	-	-	-
<b>Total</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>150</b>		<b>-</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	150	-	-	-
<b>Total</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Biennial Total</b>		<b>150</b>		<b>-</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**

HF849-0 proposes to create a new residential electric panel upgrade grant program under Minnesota Statutes 216C. Details as follows:

Section 1

- Subdivision 1 establishes definitions for multiple terms for the purpose of the program. Terms include electric panel, income-eligible, multifamily building, phase I, phase II, single-family residence, unit, and upgrade.
- Subdivision 2 establishes the grant program as a pilot and the department’s role in providing financial assistance to applicants.
- Subdivision 3 creates an application process for applicants seeking grant funding under the proposed pilot program.
- Subdivision 4 establishes eligibility criteria for phase I and phase II of the program.
- Subdivision 5 establishes limitations on the total grant amount and limitations for how the grant award is to be used by the eligible owner.
- Subdivision 6 limits the number of grant awards per eligible owner.
- Subdivision 7 establishes a reporting requirement for the department. The department must submit a report to the legislature 90 days of the program ends with certain reporting criteria.

Section 2

- Paragraph (a) adds an appropriation placeholder with an undetermined amount to the commissioner of commerce. The funding source is identified as the renewable development account established under Minnesota Statute 116C.779. It also allows the Department to pay reasonable administrative costs.
- Paragraph (b) includes an appropriation placeholder with an undetermined amount to the commissioner of commerce. The funding source is identified as the general fund. It also allows the Department to pay reasonable administrative costs.

## **Assumptions**

For purposes of this note, Commerce must make several assumptions on the size of the program due to the blank appropriation in section 2 of the bill. For purposes of this note, Commerce grounds assumptions in the agency's experience administering the Healthy AIR program which is a pilot project that administers \$150,000 annually in grants to eligible households.

Commerce assumes that the program operations would be administered in full prior to December 31, 2025.

Commerce assumes program administration would be conducted in conjunction with existing programs to leverage eligibility determinations for grants and maximize administrative efficiencies.

Commerce assumes that households eligible for grants under this program may be eligible for federal HOMES/HEEHRA provisions contained in the federal Inflation Reduction Act, but Commerce assumes that this pilot would be aligned separately from that work at the agency.

Based on the size of the Healthy AIR program, Commerce assumes a .10 mid-level (10L) position would be needed for two year years to operate the program, determine eligibility criteria, and produce the legislative reports required by the bill. Please note, the agency assumptions on administrative costs and resource needs will need to be updated once a program size is determined by the Legislature. If the pilot program were the same size as the Healthy AIR program at \$150,000 a year, Commerce assumes that the program would serve up to 39 single-family housing units and three multifamily buildings

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

Expenditures:

- If the pilot was for \$150,000
- \$20,000 would go to developing and administering the program (.10 or \$10K/year x 2 years)
- If 75% of the grants went to single-family units and 25% went to multi-family complexes
- $\$130,000 \times 75\% / \$2,500 / \text{unit} = 39$  single-family units served
- $\$130,000 \times 25\% / \$12,500 / \text{multifamily building} = 3$  buildings served

If the dollar value of the grant program or the number of grant contracts increase substantially both could trigger increases in the admin cost percentage.

## **Long-Term Fiscal Considerations**

N/A

## **Local Fiscal Impact**

N/A

## **References/Sources**

Healthy AIR program administered by the Department of Commerce

### **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Amy Trumper

**Phone:** 651-539-1517

**Date:** 2/14/2023 2:55:23 PM

**Email:** amy.trumper@state.mn.us