

Preliminary

Consolidated Fiscal Note

2023-2024 Legislative Session

HF2170 - 0 - Buy Clean and Buy Fair Minnesota Act

Chief Author: **Kaela Berg**
Committee: **Climate And Energy Finance And Policy**
Date Completed:
Lead Agency: **Administration Dept**
Other Agencies:
 Administrative Hearings 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	FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept					
General Fund	-	522	367	367	367
Administrative Hearings					
Administrative Hearings	-	-	-	-	-
State Total					
General Fund	-	522	367	367	367
Administrative Hearings	-	-	-	-	-
Total	-	522	367	367	367
Biennial Total			889		734

Full Time Equivalent Positions (FTE)		Biennium		Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept					
General Fund	-	2	2	2	2
Administrative Hearings					
Administrative Hearings	-	-	-	-	-
Total	-	2	2	2	2

Lead LBO Analyst's Comment

LBO Signature: Date:
Phone: Email:

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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		FY2023	FY2024	FY2025	FY2026	FY2027
Administration Dept						
General Fund	-	522	367	367	367	367
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Total	-	522	367	367	367	367
Biennial Total			889			734
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administration Dept						
General Fund	-	522	367	367	367	367
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	2	-	-	-	-
Total	-	524	367	367	367	367
Biennial Total			891			734
2 - Revenues, Transfers In*						
Administration Dept						
General Fund	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	2	-	-	-	-
Total	-	2	-	-	-	-
Biennial Total			2			-

Preliminary

Fiscal Note

2023-2024 Legislative Session

HF2170 - 0 - Buy Clean and Buy Fair Minnesota Act

Chief Author: **Kaela Berg**
Committee: **Climate And Energy Finance And Policy**
Date Completed:
Agency: **Administration 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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Dollars in Thousands					
General Fund	-	522	367	367	367
Total	-	522	367	367	367
Biennial Total			889		734

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	2	2	2	2
Total	-	2	2	2	2

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: Susan Nelson **Date:** 3/3/2023 9:21:22 AM
Phone: 651-296-6054 **Email:** susan.nelson@lbo.mn.gov

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State Cost (Savings) Calculation Details

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

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Total	-	522	367	367	367
Biennial Total			889		734
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	522	367	367	367
Total	-	522	367	367	367
Biennial Total			889		734
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Subd. 3 requires the Commissioner to establish and publish a maximum acceptable global warming potential for certain construction materials used in an eligible project. Three years after establishing the maximum global warming potential for an eligible material and every three years thereafter, the Commissioner shall review the maximum acceptable global warming potential for each eligible material and adjust values downward if warranted.

Subd. 4 requires the Department of Administration and the Department of Transportation to require a specification for bids for an eligible project that the global warming potential reported by a bidder in the environmental product declaration for any eligible material must not exceed the maximum acceptable global warming potential for that eligible material. The Departments may, when evaluating proposals, 1) award higher scores to proposals whose products have a global warming potential below the maximum acceptable level established by the commissioner; 2) select a vendor whose product is below the established maximum acceptable global warming potential level if price of the product is no more than percent above that of the next most preferred vendor; and 3) elect to pay a vendor whose product is significantly below the established maximum acceptable global warming potential level a premium amount, up to an additional percent.

Subd. 5 - No later than July 1, 2024, the Departments of Administration and Transportation must establish a pilot program. The Department of Administration is required to construct a publicly accessible database to post data from the pilot program.

Subd. 6 requires the Commissioner to establish a process and administrative procedures for manufacturers to obtain waivers based on technical considerations or financial hardship.

Subd. 7 requires the Commissioner to design and implement a program to award grants to assist manufacturers of eligible materials located in Minnesota to obtain environmental product declarations.

Subd. 8 No later than October 1, 2023, the Commissioners of Administration and Transportation must establish an environmental standards procurement task force. The Commissioner of Administration shall summarize the findings and recommendations of the task force in a report no later than December 1, 2025.

Subd. 9 No later than February 1, 2025, the Commissioner of Administration shall submit a report regarding the elements contained in the bill.

Assumptions

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Admin would contract with the University of Minnesota, Center for Sustainable Building Research or other consultant to conduct research and complete activities necessary to establish the maximum acceptable global warming potential for each eligible material.

Admin would hire two FTE to oversee the consultant, coordinate with stakeholders and complete other required activities and reporting.

Subd. 6 would require the small rulemaking procedure to be followed.

Subd. 7 Admin assumes that up to 10% of the value of grants awarded would be available to agencies for administration and implementation of the grants program.

Expenditure and/or Revenue Formula

1 FTE State Program Adm Manager Principal and 1 FTE Management Analyst 4 - Estimated salary, fringe and non-salary costs - \$275,000 - FY 24, \$267,000 ongoing

Contract with UofM, CSBR - \$500,000 - FY24 (\$200,000), FY 25-27 (\$100,000 per year)

Small rulemaking procedure - \$46,605 - FY24

Long-Term Fiscal Considerations

The cost impact to construction projects is unknown.

Local Fiscal Impact

References/Sources

Agency Contact: Wayne Waslaski ph. 651-201-2548

Agency Fiscal Note Coordinator Signature: Ify Onyiah

Phone: 651-201-2387

Date: 3/1/2023 4:15:03 PM

Email: ify.onyiah@state.mn.us

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Fiscal Note

2023-2024 Legislative Session

HF2170 - 0 - Buy Clean and Buy Fair Minnesota Act

Chief Author: **Kaela Berg**
Committee: **Climate And Energy Finance And Policy**
Date Completed:
Agency: **Administrative Hearings**

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.

State Cost (Savings)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Dollars in Thousands					
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings	-	-	-	-	-
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: Chloe Burns **Date:** 3/5/2023 10:17:56 PM
Phone: 651-297-1423 **Email:** chloe.burns@lbo.mn.gov

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State Cost (Savings) Calculation Details

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Dollars in Thousands		FY2023	FY2024	FY2025	FY2026	FY2027
Administrative Hearings		-	-	-	-	-
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administrative Hearings		-	2	-	-	-
Total		-	2	-	-	-
Biennial Total				2		-
2 - Revenues, Transfers In*						
Administrative Hearings		-	2	-	-	-
Total		-	2	-	-	-
Biennial Total				2		-

Bill Description

HF2170/SF2156 requires the Department of Administration (Department) to establish potential global warming impact standards for certain construction materials used in eligible projects.

The Department has determined that a small rulemaking will be necessary to meet the requirements of Sec. 1, Subd. 6, Waiver process.

Assumptions

OAH has used the Department's assumption that a small rulemaking will be required to meet the requirements of Sec. 1, Subd. 6, Waiver process. Based on past practices, OAH assumes that a small rulemaking under chapter 14 will require an estimated 10 hours of administrative law judge (ALJ) time for activity related to rulemaking procedures. Of the estimated rulemaking amount of \$46,605, \$2,450 is for the 10 hours of ALJ time for a small rulemaking.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of \$245 per hour (see Minn. Stat. § 16A.126, subd. 1 (2022)).

Expenditure and/or Revenue Formula

Estimated 10 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 1, Subd. 6, Waiver process = 10 hours x \$245/hr = \$2,450 charged to the Department in FY2024 pursuant to the requirements of Minn. Stat. § 14.53.

Long-Term Fiscal Considerations

Costs associated with rulemaking activities are a one-time occurrence.

Local Fiscal Impact

References/Sources

Agency Contact: Denise Collins

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Agency Fiscal Note Coordinator Signature: Denise Collins

Phone: 651-3617875

Date: 3/2/2023 9:07:45 AM

Email: denise.collins@state.mn.us