

Consolidated Fiscal Note

2023-2024 Legislative Session

SF356 - 1E - Distribution of Lottery in Lieu Tax

Chief Author: **Grant Hauschild**
 Committee: **Finance**
 Date Completed: **2/23/2023 11:11:42 AM**
 Lead Agency: **Natural Resources Dept**
 Other Agencies:
 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	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept	-	-	-	-	-	-
General Fund	-	12,441	12,889	12,889	12,889	12,889
State Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)	(2,584)
Metro Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)	(2,584)
Local Trls Grants Lott In Lieu	-	(332)	(344)	(344)	(344)	(344)
Zoos Lottery In Lieu	-	(221)	(230)	(230)	(230)	(230)
Heritage Enhancement	-	(5,544)	(5,744)	(5,744)	(5,744)	(5,744)
New Fund	-	(1,354)	(1,403)	(1,403)	(1,403)	(1,403)
State Total						
General Fund	-	12,441	12,889	12,889	12,889	12,889
State Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)	(2,584)
Metro Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)	(2,584)
Local Trls Grants Lott In Lieu	-	(332)	(344)	(344)	(344)	(344)
Zoos Lottery In Lieu	-	(221)	(230)	(230)	(230)	(230)
Heritage Enhancement	-	(5,544)	(5,744)	(5,744)	(5,744)	(5,744)
New Fund	-	(1,354)	(1,403)	(1,403)	(1,403)	(1,403)
Total	-	-	-	-	-	-
Biennial Total						

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept	-	-	-	-	-
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-

NOTE: This is an earlier version of the fiscal note for SF356-1E.

The most current version is available on the Fiscal Note Search Site: <https://www.mn.gov/mmbapps/fnsearchlbo/>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
New Fund	-	-	-	-	-
Total	-	-	-	-	-

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: Jim Carlson **Date:** 2/23/2023 11:11:42 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.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Natural Resources Dept	-	-	-	-	-
General Fund	-	12,441	12,889	12,889	12,889
State Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)
Metro Pks and Trls Lott In Lieu	-	(2,495)	(2,584)	(2,584)	(2,584)
Local Trls Grants Lott In Lieu	-	(332)	(344)	(344)	(344)
Zoos Lottery In Lieu	-	(221)	(230)	(230)	(230)
Heritage Enhancement	-	(5,544)	(5,744)	(5,744)	(5,744)
New Fund	-	(1,354)	(1,403)	(1,403)	(1,403)
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Natural Resources Dept	-	-	-	-	-
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
New Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Natural Resources Dept	-	-	-	-	-
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	(12,441)	(12,889)	(12,889)	(12,889)
State Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,495	2,584	2,584	2,584
Metro Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,495	2,584	2,584	2,584
Local Trls Grants Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	332	344	344	344
Zoos Lottery In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	221	230	230	230
Heritage Enhancement					
Revenues	-	-	-	-	-
Transfers In	-	5,544	5,744	5,744	5,744
New Fund					

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State Cost (Savings) = 1-2	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Revenues	-	-	-	-	-
Transfers In	-	1,354	1,403	1,403	1,403
Total	-	-	-	-	-
Biennial Total			-		-

Fiscal Note

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Chief Author: **Grant Hauschild**
 Committee: **Finance**
 Date Completed: **2/23/2023 11:11:42 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

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State Cost (Savings) Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	12,441	12,889	12,889	12,889
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New Fund	-	(1,354)	(1,403)	(1,403)	(1,403)
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
New Fund	-	-	-	-	-
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: Jim Carlson **Date:** 2/21/2023 1:37:41 PM
Phone: 651-284-6540 **Email:** jim.carlson@lbo.mn.gov

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	FY2023	FY2024	FY2025	FY2026	FY2027
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New Fund	-	(1,354)	(1,403)	(1,403)	(1,403)
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	-	-	-	-
State Pks and Trls Lott In Lieu	-	-	-	-	-
Metro Pks and Trls Lott In Lieu	-	-	-	-	-
Local Trls Grants Lott In Lieu	-	-	-	-	-
Zoos Lottery In Lieu	-	-	-	-	-
Heritage Enhancement	-	-	-	-	-
New Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
General Fund					
Revenues	-	-	-	-	-
Transfers In	-	(12,441)	(12,889)	(12,889)	(12,889)
State Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,495	2,584	2,584	2,584
Metro Pks and Trls Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	2,495	2,584	2,584	2,584
Local Trls Grants Lott In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	332	344	344	344
Zoos Lottery In Lieu					
Revenues	-	-	-	-	-
Transfers In	-	221	230	230	230
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Revenues	-	-	-	-	-
Transfers In	-	5,544	5,744	5,744	5,744
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Revenues	-	-	-	-	-
Transfers In	-	1,354	1,403	1,403	1,403
Total	-	-	-	-	-

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
	Biennial Total			-	-

Bill Description

This bill proposes to increase the distribution of Lottery in Lieu tax from the Department of Revenue to Natural Resource and Game & Fish funds from 72.43 percent to 100 percent. Distributions to Natural Resources and Game & Fish Funds would increase, and therefore leave a decreased amount to the General Fund. Two new accounts would be created in the Natural Resources Fund group.

Assumptions

This analysis reflects increased resources in Natural Resource and Game & Fish funds, and reduced resources to the General Fund. Estimates are based on the November 2022 Budget Forecast. Funds impacted are as follows: General; State Parks and Trails; Metro Parks and Trails; Local Trails Grants; MN Zoos; and Heritage Enhancement.

Two new accounts would be created:

- Regional Parks and Trails Account
- Outdoor Recreational Opportunities for Underserved Communities Account

Because spending from the impacted funds is defined in separate legislation, this fiscal note shows only increased resources and no potential spending increases.

The bill has an effective date of July 1, 2023.

Expenditure and/or Revenue Formula

FY24 budgeted: \$32,684,000 distribution (72.43%)

FY24 proposed: \$45,126,000 distribution (100%)

FY25-27 budgeted (per FY): \$33,862,000 distribution (72.43%)

FY25-27 proposed (per FY): \$46,751,000 distribution (100%)

Current Budgeted Distribution by Account: 72.43% of LIL revenue (\$ in thousands):

Account	% of distributed LIL Revenue	FY24	FY25	FY26	FY27
2107 - State Parks and Trails	22.5%	\$7,354	\$7,619	\$7,619	\$7,619
2108 - Metro Parks and Trails	22.5%	\$7,354	\$7,619	\$7,619	\$7,619
2109 - Local Trails Grants	3%	\$981	\$1,016	\$1,016	\$1,016
2110 - Zoo	2%	\$654	\$677	\$677	\$677
2209 - Heritage Enhancement	50%	\$16,342	\$16,931	\$16,931	\$16,931
Total		\$32,684	\$33,862	\$33,862	\$33,862

Proposed Distribution by Account: 100% of LIL revenue (\$ in thousands):

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Account	% of LIL Revenue	FY24	FY25	FY26	FY27
New - Regional P&T	2%	\$903	\$935	\$935	\$935
New - Underserved	1%	\$451	\$468	\$468	\$468
2107 - State Parks and Trails	21.825%	\$9,849	\$10,203	\$10,203	\$10,203
2108 - Metro Parks and Trails	21.825%	\$9,849	\$10,203	\$10,203	\$10,203
2109 - Local Trails Grants	2.91%	\$1,313	\$1,360	\$1,360	\$1,360
2110 - Zoo	1.94%	\$875	\$907	\$907	\$907
2209 - Heritage Enhancement	48.5%	\$21,886	\$22,675	\$22,675	\$22,675
Total		\$45,126	\$46,751	\$46,751	\$46,751

LIL Distribution Amount Totals, Current and Proposed, based on November 2022 Budget Forecast (\$ in thousands):

	FY24	FY25	FY26	FY27
Current distribution 72.43%	\$32,685	\$33,862	\$33,862	\$33,862
Proposed distribution 100%	\$45,126	\$46,751	\$46,751	\$46,751
Difference	\$12,441	\$12,889	\$12,889	\$12,889

Long-Term Fiscal Considerations

Distributions would continue each year past the FY2027 budgetary horizon.

Local Fiscal Impact

None

References/Sources

Minnesota Statutes 2022, section 297A.94

Agency Contact: Tyler Teggatz (651-259-5304)

Agency Fiscal Note Coordinator Signature: Tyler Teggatz

Phone: 651-259-5304

Date: 2/21/2023 9:02:51 AM

Email: tyler.teggatz@state.mn.us

Fiscal Note

2023-2024 Legislative Session

SF356 - 1E - Distribution of Lottery in Lieu Tax

Chief Author: **Grant Hauschild**
 Committee: **Finance**
 Date Completed: **2/23/2023 11:11:42 AM**
 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	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-	-
Biennial Total			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
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:** 2/22/2023 3:15:03 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Total	-	-	-	-	-
Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Total	-	-	-	-	-
Biennial Total			-		-
2 - Revenues, Transfers In*					
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

Paragraph h of this bill amends Minn. Stat. § 297A.94 by increasing the required deposit of revenues for lottery tickets in lieu of taxes from the Department of Revenue (DOR) to Natural Resource and Game & Fish funds from 72.43% to 97%.

Paragraph i requires 2% of the revenues be transmitted to DOR to be deposited in a regional parks and trails account in the natural resources fund to be used only for parks and trails of regional significance outside of the seven-county metropolitan area, based on recommendations from the Greater Minnesota Parks and Trails Commissioner under Minn. Stat. § 85.536.

Line 3.20 of the bill references Minn. Stat. § 85.353, but this section of statute doesn't exist. DOR assumes that the reference should be to Minn. Stat. § 85.535, which is the Parks and Trails Grant Program.

Paragraph j requires 1% of the revenues be transmitted to DOR to be deposited in an outdoor recreational opportunities for underserved communities account in the natural resources fund to be used only on projects and activities that connect diverse and underserved Minnesotans through expanding cultural environmental experiences, exploration of their environment, and outdoor recreational activities.

This bill is effective July 1, 2023.

Assumptions

DOR currently determines the distribution of funds and makes the distribution. DOR will make the change to distribute the new amount noted in the bill. The administrative impact is minimal.

Expenditure and/or Revenue Formula

The fiscal impact of the proposed distribution change is shown on the accompanying Department of Natural Resources note.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

NOTE: This is an earlier version of the fiscal note for SF356-1E.

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N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact: Chelsea Magadance

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

Phone: 651-556-6308

Date: 2/22/2023 2:24:35 PM

Email: chelsea.magadance@state.mn.us