

**HF955 - 0 - Feedlot Permitting and Reporting**

Chief Author: **Rick Hansen**  
 Committee: **Environment and Natural Resources Finance And Policy**  
 Date Completed: **2/6/2023 8:54:31 AM**  
 Agency: **Pollution Control Agency**

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
Environmental	-	459	494	-	-	-
<b>Total</b>	-	<b>459</b>	<b>494</b>	-	-	-
<b>Biennial Total</b>			<b>953</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Environmental	-	2.85	15	12	12
<b>Total</b>	-	<b>2.85</b>	<b>15</b>	<b>12</b>	<b>12</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.

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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.

<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>
Environmental	-	459	494	-	-	-
<b>Total</b>	<b>-</b>	<b>459</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>953</b>			<b>-</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Environmental						
Expenditures	-	473	2,174	1,680	1,680	1,680
Absorbed Costs	-	(14)	-	-	-	-
<b>Total</b>	<b>-</b>	<b>459</b>	<b>2,174</b>	<b>1,680</b>	<b>1,680</b>	<b>1,680</b>
<b>Biennial Total</b>			<b>2,633</b>			<b>3,360</b>
<b>2 - Revenues, Transfers In*</b>						
Environmental	-	-	1,680	1,680	1,680	1,680
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,680</b>	<b>1,680</b>	<b>1,680</b>	<b>1,680</b>
<b>Biennial Total</b>			<b>1,680</b>			<b>3,360</b>

**Bill Description**

This bill amends Minnesota Statutes 2022, section 116.07, by adding: Section 1, Subd. 7f requiring financial assurance feedlot permits with a capacity of 1,000 animal units or greater and Sec. 3 which may phase in financial assurance requirements consistent with the next reissuance of permits. Sec. 4, Subd. 1 requiring annual inventory of abandoned manure storage areas, Subd. 2 ensuring counties are not penalized in 2023 or 2024 for compliance with Subd.1; and Sec 5 requiring reporting abandoned manure storage areas to the legislature along with recommendation; appropriating money. Sec 5 which provides appropriations from the general fund in Subd. 1(a) \$250,000 in FY24 and \$250,00 in FY25 to implement the financial assurance and list of abandoned manure storage areas to the Minnesota Pollution Control Agency (MPCA), (b) \$700,000 in FY24 to distribute to delegated counties as a one time appropriation to inspect abandoned manure storage areas, and (c) \$250,000 in FY24 to the MPCA to provide a grant to the MN Association of County Feedlot Officers for training; and Subd. 2 which provides an appropriation from the environmental fund of \$250,000 in FY24 and \$250,000 in FY25 to implement financial assurance and develop list of abandoned manure storage areas.

**Assumptions**

1. The costs reflected in this analysis only address Minnesota Pollution Control Agency (MPCA) costs and unless specified are over and above current program appropriations to the MPCA.
2. We assume implementing financial assurance agreements (FAAs) in proposed Section 1, Subd. 7f. Financial Assurance would require program development that would start within approximately six months of the appropriation becoming available and will take one year to complete (spanning fiscal year 2024 and 2025). Implementation of the FAAs will start after program development and be ongoing.
  - a. Development will include program development work, outreach, research, and legal costs to develop the FAA process and instrument. We assume legal assistance (approximately 1,000 hours) and services of an economist (0.5 FTE) will be required to develop the FAAs process and instrument and to ensure the FAA satisfies the requirements of the bill. Feedlot program staff will include 0.5 FTE of feedlot engineering time to research closure costs and 0.5 of feedlot program staff time to develop internal procedures such as data tracking and notification procedures. We assume this work will start six months of the appropriation becoming available and be complete by approximately December 31, 2024.
  - b. Permittees will assume the costs of preparing the financial assurance agreement using the instrument created. FAA requirements will apply to approximately 1,100 feedlot permits. To maximize

efficiency, the FAAs will not be phased in but will be implemented to include the new FAA requirements at the time of the next reissuance of the Federal National Pollutant Discharge Elimination System (NPDES) and State Disposal System (SDS) General permits. We assume one staff person can manage 100 financial assurance agreements based on similar agreements in hazardous waste and solid waste programs.  $1,100 \text{ facilities}/100 = 11 \text{ FTEs}$  needed to manage FAAs to meet the criteria plus one additional FTE to supervise these staff. We assume this work would start in FY2025 to coincide with the expiration of the current SDS General Permits and would be ongoing to annually review FAAs to ensure nothing has changed with the financial stability of the permittees. As per the proposed language, these costs will be incurred by the permit applicants.

3. We assume compiling a list of potential abandoned manure storage areas as outlined in proposed Sec. 4, Subd. 1 (a) will be accomplished by analyzing existing current and historical registration data We assume this analysis and coordination would take 0.1 FTEs to complete this by December 15, 2023 and would be completed one time using existing staff.

4. We assume collecting and compiling the lists of abandoned manure storage areas as outlined in proposed Sec. 4, Subd. 1 (b) will be conducted by the delegated counties and we are not considering how that work is performed.

5. We assume Sec. 4, Subd. 1 (c) will require conducting onsite visits or inspections at feedlots potentially having an abandoned manure storage area to determine which feedlots actually have an abandoned manure storage area as defined by this legislation. We assume approximately 660 MPCA inspections would be conducted at 10 hours per inspection or approximately 4 FTE that would need to be hired or contracted for one year. The scope of inspections will be limited to the closure requirements of Minnesota Rule 7020.

6. We assume Sec. 4, Subd. 1 (d) will required approximately 0.25 FTE to seek advice from the Minnesota Association of County Feedlot Officers and livestock associations on these recommendations and develop the report. We assume the remediation recommendations would be limited to the closure requirements of MN Rule 7020 and no additional site investigation will be done. We assume this report will be one time.

7. We assume the \$250,000 in FY24 and \$250,00 in FY25 appropriated from the general fund and \$250,000 in FY24 and \$250,00 in FY25 appropriated from the environmental fund to the MPCA to implement the financial assurance and list of abandoned manure storage areas from the general fund to implement the financial assurance and list of abandoned manure storage areas are ongoing. We also assume funds appropriated in the first year of a given biennium are available in the second year of the biennium.

8. We assume the \$700,000 in FY24 appropriated from the general fund to the MPCA for distribution to delegated counties will be processed with existing MPCA staff and distribution will coincide with distribution of existing state funds provided to delegated counties. We make no assumptions if this is sufficient for counties to complete the work required in the bill.

9. We assume the \$250,000 in FY24 appropriated from the general fund to the MPCA for a grant to the Minnesota Association of County Feedlot Officers (MACFO) will be processed in a single grant using existing MPCA staff. We make no assumptions if this is sufficient for MACFO to provide training and MACFO will manage with limited MPCA oversight of the training.

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

FTE related costs to develop FAA Process in FY24/25:

- Attorney Costs (1,000 hours x \$148/hour x 1 year) = \$148,000 or \$74,000 in each FY24 and FY25
- Economist (0.5 FTE x \$140,000 x 1 year) = \$70,000 or \$35,000 in each FY24 and FY25
- Feedlot program staff (1.0 FTE x \$140,000 x 1 year) = \$140,000 or \$70,000 in each FY24 and FY25

Total FAA development costs: \$358,000 total or \$179,000 in each FY24 and FY25

FTE related costs to implement FAA Process:

- MPCA program staff and supervisor (12.0 FTE x \$140,000) = \$1,680,000

Total implement FAA process costs: \$1,680,000 in FY25 and ongoing; costs to be paid by applicants (revenue)

FTE related costs to develop a manure storage report:

- Feedlot program staff analysis for report (0.1 FTE x \$140,000) = \$14,000 in FY2024 (by December 15, 2023)
- Contracted or additional staff to conduct onsite visits/inspections (4.0 FTE x \$140,000 x 1 year) = \$560,000 or \$280,000 in each FY24 and FY25
- Feedlot program and other MPCA staff to develop report (0.25 FTE x \$140,000) = \$35,000 in FY25

Total to develop manure storage costs: \$609,000 or \$294,000 in FY24, \$315,000 in FY25.

\*The annual cost of 1.0 FTE is \$140,000 in FY2023-2027. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (workspace, computer and office supplies, office equipment, local travel, etc.)

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

FAAs will need annual review to ensure nothing has changed with the financial stability of the permittees, so those costs would be ongoing as long as FAAs are required.

### **Local Fiscal Impact**

Funds are appropriated to be passed through to local governments (delegated counties). We have not analyzed if these funds would be sufficient to meet the language of the bill.

### **References/Sources**

MPCA Staff

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