

HF14 - 1E - Weights and Measures; Petroleum Tank Fund Transfer

Chief Author: **Lyndon Carlson Sr.**  
 Committee: **Ways and Means**  
 Date Completed: **7/19/2020 7:11:57 PM**  
 Lead Agency: **Commerce Dept**  
 Other Agencies:  
     Minn Management and Budget      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) Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Commerce Dept</b>					
Restrict Misc. Special Revenue	-	-	531	-	-
<b>Minn Management and Budget</b>					
Restrict Misc. Special Revenue	-	-	(531)	-	-
Petroleum Tank Release Cleanup	-	-	531	-	-
<b>State Total</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
Petroleum Tank Release Cleanup	-	-	531	-	-
<b>Total</b>	-	-	<b>531</b>	-	-
<b>Biennial Total</b>			<b>531</b>		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Commerce Dept</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
<b>Minn Management and Budget</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
Petroleum Tank Release Cleanup	-	-	-	-	-
<b>Total</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:** Christian Larson      **Date:** 7/19/2020 7:11:57 PM  
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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>	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Commerce Dept</b>					
Restrict Misc. Special Revenue	-	-	531	-	-
<b>Minn Management and Budget</b>					
Restrict Misc. Special Revenue	-	-	(531)	-	-
Petroleum Tank Release Cleanup	-	-	531	-	-
<b>Total</b>	-	-	<b>531</b>	-	-
<b>Biennial Total</b>			<b>531</b>		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Commerce Dept</b>					
Restrict Misc. Special Revenue	-	-	531	-	-
<b>Minn Management and Budget</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
Petroleum Tank Release Cleanup					
Expenditures	-	-	-	-	-
Transfers Out	-	-	531	-	-
<b>Total</b>	-	-	<b>1,062</b>	-	-
<b>Biennial Total</b>			<b>1,062</b>		-
<b>2 - Revenues, Transfers In*</b>					
<b>Commerce Dept</b>					
Restrict Misc. Special Revenue	-	-	-	-	-
<b>Minn Management and Budget</b>					
Restrict Misc. Special Revenue					
Revenues	-	-	-	-	-
Transfers In	-	-	531	-	-
Petroleum Tank Release Cleanup	-	-	-	-	-
<b>Total</b>	-	-	<b>531</b>	-	-
<b>Biennial Total</b>			<b>531</b>		-

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 Committee: **Ways and Means**  
 Date Completed: **7/19/2020 7:11:57 PM**  
 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	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	531	-	-	-
<b>Total</b>	-	-	<b>531</b>	-	-	-
<b>Biennial Total</b>			<b>531</b>			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	-	-	-
<b>Total</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:** Christian Larson    **Date:** 7/19/2020 7:11:45 PM  
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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>		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
Restrict Misc. Special Revenue	-	-	531	-	-	-
<b>Total</b>	-	-	<b>531</b>	-	-	-
<b>Biennial Total</b>			<b>531</b>			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Restrict Misc. Special Revenue	-	-	531	-	-	-
<b>Total</b>	-	-	<b>531</b>	-	-	-
<b>Biennial Total</b>			<b>531</b>			-
<b>2 - Revenues, Transfers In*</b>						
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

Section 11 of A20-0817 will allow the Commissioner of Minnesota Management and Budget to transfer up to \$1,000,000 in aggregate to the Commerce Department’s Weights and Measures Division Special Revenue Fund as needed to make up for a temporary budget shortfall resulting from the impact of COVID-19. Under current law, the Petroleum Inspection Fee provides core funding for Weights and Measures, which receives \$0.89 from the \$1 collected on every 1,000 gallons of petroleum products received in Minnesota. The stay at home order in response to Covid-19 led to a significant decrease in fuel sales that has disrupted the revenue stream for the Division.

Any funds not used by the Weights and Measures Division by the end of fiscal year 2021 will cancel back to the Petrofund. The entire provision sunsets July 1, 2021.

Section 11 also includes reporting language to the legislature on use of funds. The Commissioner of Commerce will report to the Chairs and Ranking Members of the Commerce and Energy Committees in the House and Senate every two months on how the funds were utilized by Weights and Measures.

**Assumptions**

The shortfall in the Weights and Measures Division operational budget will likely remain until petroleum sales volume returns to near pre-pandemic levels. Without a stopgap to fill this operating budget shortfall, there will be a significant impact to scale and gas pump inspections, metrology services, and fuel quality testing.

It is assumed that a 27% reduction in revenue will continue for the remainder of FY21. The revenue reduction will result in an estimated revenue loss of \$986,000 for FY21. After using FY20 to FY21 carry forward funds, the projected FY21 need is \$531,000.

**Expenditure and/or Revenue Formula**

Transfer from the Petrofund to the Weights and Measures account - \$531,000

Expenditures - \$531,000

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

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

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**HF14 - 1E - Weights and Measures; Petroleum Tank Fund Transfer**

Chief Author: **Lyndon Carlson Sr.**  
 Committee: **Ways and Means**  
 Date Completed: **7/19/2020 7:11:57 PM**  
 Agency: **Minn Management and Budget**

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	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	(531)	-	-	-
Petroleum Tank Release Cleanup	-	-	531	-	-	-
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue	-	-	-	-	-
Petroleum Tank Release Cleanup	-	-	-	-	-
<b>Total</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:** Joe Harney      **Date:** 7/19/2020 3:51:17 PM  
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### 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		FY2019	FY2020	FY2021	FY2022	FY2023
Restrict Misc. Special Revenue		-	-	(531)	-	-
Petroleum Tank Release Cleanup		-	-	531	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Restrict Misc. Special Revenue		-	-	-	-	-
Petroleum Tank Release Cleanup						
Expenditures		-	-	-	-	-
Transfers Out		-	-	531	-	-
<b>Total</b>		-	-	531	-	-
<b>Biennial Total</b>				531		-
<b>2 - Revenues, Transfers In*</b>						
Restrict Misc. Special Revenue						
Revenues		-	-	-	-	-
Transfers In		-	-	531	-	-
Petroleum Tank Release Cleanup		-	-	-	-	-
<b>Total</b>		-	-	531	-	-
<b>Biennial Total</b>				531		-

### Bill Description

A fiscal note was requested on Section 11 of the bill.

Section 11, para. a: In FY 2021 only, if petroleum inspection fee account fee revenue appropriated to the Department of Commerce is insufficient to cover the costs associated with its administrative duties under Minnesota Statutes, Section 239.011, Minnesota Management and Budget (MMB) must transfer an amount necessary to pay for the required expenditures from the petroleum tank fund to the petroleum inspection fee account. The maximum aggregate amount MMB may transfer is \$1,000,000.

Section 11, para. B: If money transferred under paragraph (a) during FY 2021 exceeds actual expenditures during the same fiscal year, the remaining money must be transferred back to the petroleum tank fund.

### Assumptions

Based on analysis from the Department of Commerce, the department projects that expenditures in FY 2021 will exceed the available balance in the petroleum inspection fee account by approximately \$531,000. Thus, this fiscal note assumes MMB will process transfers totaling \$531,000 from the petroleum tank fund to the petroleum inspection fee account in FY 2021. If, at the end of the fiscal year, transfers to the petroleum inspection fee account have exceeded expenditures, MMB will work with the Department of Commerce to transfer funds back to the petroleum tank fund.

MMB conducts a wide variety of financial transactions during its ordinary course of business, including assisting agencies manage their appropriations and processing transfers similar to those required in this bill. MMB assumes any additional administrative effort resulting from this bill will be minimal.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

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Chief Author: **Lyndon Carlson Sr.**  
 Committee: **Ways and Means**  
 Date Completed: **7/19/2020 7:11:57 PM**  
 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	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</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:** Jim Carlson      **Date:** 7/16/2020 2:50:43 PM  
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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>		Biennium			Biennium	
Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

The bill authorizes the Commissioner of MMB to transfer up to \$1,000,000 from the Petrofund to the MN Department of Commerce Weights and Measures Division’s petroleum inspection fee account, if standard revenue sources are insufficient to cover operating costs for the Weights and Measures petroleum inspection fee account services.

**Assumptions**

1. Weights and Measures is responsible for verifying the accuracy of weight and measuring equipment at gas stations and ensuring the quality of gasoline; they also investigate consumer complaints related to gas pump accuracy, water in gasoline, etc. (So there is at least some connection with the Petrofund through those activities.)
2. The proposed bill has a maximum dollar limit of \$1,000,000, as well as an end date of fiscal year 2021 i.e., the proposed bill does not allow for an unlimited or ongoing transfer of money.
3. MPCA Petroleum Remediation Program receives money from the Petrofund for staffing (~\$5.3 million/yr.), as well as for the investigation and cleanup of petroleum tank release sites with no viable RP (~\$5-6 million/yr.).
4. The Petrofund is generated by a fee on wholesale petroleum products in the state. Per Statute (115C), when the fund balance falls below \$4,000,000, the fee is turned on for a period of 4 months at a time. In recent years, the fee has been imposed on average about 4 out of every 14 months. There is the potential that this bill would result in the fee needing to be turned on sooner than it would otherwise. However, this would not affect the money that the MPCA receives from the Petrofund, nor the overall viability of the Petrofund given the limited scope.

**Expenditure and/or Revenue Formula**

n/a

**Long-Term Fiscal Considerations**

n/a

**Local Fiscal Impact**

The bill will not have a fiscal impact on local government.

**References/Sources**

PCA staff with experience in the petroleum remediation program.

**Agency Contact:** Tom Higgins 651-757-2436

**Agency Fiscal Note Coordinator Signature:** John Allen

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