

SF570 - 0 - Environmental Permitting Efficiency

Chief Author: **Grant Hauschild**
 Committee: **Environment, Climate, And Legacy**
 Date Completed: **2/14/2025 2:58:26 PM**
 Lead Agency: **Pollution Control Agency**
 Other Agencies:
 Administrative Hearings Attorney General
 Employment and Economic
 Dvlpmt

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	FY2025	FY2026	FY2027	FY2028	FY2029
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Attorney General	-	-	-	-	-
General Fund	-	-	-	-	-
Employment and Economic Dvlpmt					
General Fund	-	726	726	726	726
Pollution Control Agency					
General Fund	-	4,663	5,436	5,065	6,047
State Total					
Administrative Hearings	-	-	-	-	-
General Fund	-	5,389	6,162	5,791	6,773
Total	-	5,389	6,162	5,791	6,773
Biennial Total			11,551		12,564

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Administrative Hearings	-	-	-	-	-
Administrative Hearings	-	-	-	-	-
Attorney General	-	-	-	-	-
General Fund	-	3.2	3.2	3.2	3.2
Employment and Economic Dvlpmt					
General Fund	-	4	4	4	4
Pollution Control Agency					
General Fund	-	20.79	23.4	23.72	29.62
Total	-	27.99	30.6	30.92	36.82

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:** 2/14/2025 2:58:26 PM
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		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	-	-	-	-	-
Attorney General	-	-	-	-	-	-
General Fund	-	-	-	-	-	-
Employment and Economic Dvlpmt						
General Fund	-	726	726	726	726	726
Pollution Control Agency						
General Fund	-	4,663	5,436	5,065	6,047	
Total	-	5,389	6,162	5,791	6,773	
Biennial Total			11,551		12,564	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	1	-	36	-	-
Attorney General	-	-	-	-	-	-
General Fund	-	864	863	863	863	863
Employment and Economic Dvlpmt						
General Fund	-	726	726	726	726	726
Pollution Control Agency						
General Fund	-	4,663	5,436	5,065	6,047	
Total	-	6,254	7,025	6,690	7,636	
Biennial Total			13,279		14,326	
2 - Revenues, Transfers In*						
Administrative Hearings	-	-	-	-	-	-
Administrative Hearings	-	1	-	36	-	-
Attorney General	-	-	-	-	-	-
General Fund	-	864	863	863	863	863
Employment and Economic Dvlpmt						
General Fund	-	-	-	-	-	-
Pollution Control Agency						
General Fund	-	-	-	-	-	-
Total	-	865	863	899	863	
Biennial Total			1,728		1,762	

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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		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	4,663	5,436	5,065	6,047	
Total	-	4,663	5,436	5,065	6,047	
Biennial Total			10,099	11,112		

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	20.79	23.4	23.72	29.62	
Total	-	20.79	23.4	23.72	29.62	

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:** 2/10/2025 9:18:22 PM
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		Biennium		Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
General Fund	-	4,663	5,436	5,065	6,047
Total	-	4,663	5,436	5,065	6,047
Biennial Total			10,099		11,112
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	4,663	5,436	5,065	6,047
Total	-	4,663	5,436	5,065	6,047
Biennial Total			10,099		11,112
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

A bill improving efficiency of Wetland Conservation Act determinations modifying permitting efficiency reporting requirements; improving the efficiency of the environmental and resource management permit application process; requiring the Pollution Control Agency to issue separate permits for the construction and operation of certain facilities; modifying the expedited permitting process of the Pollution Control Agency; requiring petitioners for environmental assessment worksheets to reside in the affected or adjoining counties; eliminating scoping environmental assessment worksheet requirements for projects requiring an environmental impact statement; requiring modification of the state implementation plan; requiring reports.

Amends Minnesota Statutes 2024, sections 15.99, subdivision 3 to limit the number of permit application extension of the Wetland Conservation Act to no more than one.

Section 2

Amends 116.03, subdivision 2b:

(b) to require semiannual permitting efficiency reports (permits issued or denied) on meeting tier 2 goals, due Aug 1 and Feb 1 to the governor and chairs and ranking minority members of the house and senate and posted to the agency website. If more than 50% of permits in the reporting period are deemed incomplete, additional reporting is required to a new ombudsman established in 116J.035. Report will include:

1. Explanation of the delay for each permit.
2. Number of days from submission to determination of incomplete for each permit.
3. Summary for the reporting period and assessment of program or system changes needed to achieve tier 2 goals.
4. Statement of number of tier 2 permits completed and as a percent of total applications, separately for industrial and municipal.
5. Estimate of resources that would be needed for all permits to reach the goal for permits that did not meet the goal due to lack of staff.

(d) to require immediate notification to the applicant of missing information, request remedies as soon as possible, and specifies time limits do not reset unless a corrected application is more than 30% larger. Notice of complete applications must also inform the applicant of any missing information supplied by the commissioner. Failure to meet the goal for issuing a permit constitutes a final decision.

adds (l) setting requirements to review and issue, deny, or issue public notice within 150 days of the applicable

period, with allowances for a 60-day extension. Allows any person to seek an order of the district court requiring immediate action after the application period expires. Allows time limits to be extended through written agreement between the commissioner and the applicant.

Section 3

Amends 116.07, subdivision 4a to require separate permits for constructing a facility and for its operation and requires minimizing the time required to construct and begin operation.

Section 4

Amends 116.07 subdivision 4d to require applicants who request expediated permitting to reimburse the agency, requires a timeline to be established, and if timeline and costs are agreed to allow fees to be retained by the agency (for administering permitting duties) even if completed ahead of schedule.

Section 5

Amends 116D.04, subdivision 2a to change the petition process for environmental assessment worksheets to require signatures on petitions be from individuals who reside in the county or one or more adjoining counties to the proposed action instead of the state as a whole.

Section 6

Amends 116J.035, by adding a subdivision outlining the appointment of an Ombudsman for business permitting to be appointed by the commissioner of employment and economic development to assist business with obtaining permits within the state. Duties to include:

1. Conducting independent evaluations of permitting processes that affect business in the state.
2. Monitoring, reviewing, and providing comments and recommendations on laws and regulations.
3. Facilitating and promoting participation of businesses in developing laws and regulations.
4. Providing reports on the requirements of permitting laws and laws impact on business.
5. Disseminating information about proposed legislation to businesses
6. Participating in and sponsoring meetings and conferences about business permitting
7. Investigating and assisting in resolving complaints and disputes from businesses against state or local authorities
8. Operating a toll-free line to provide confidential help on permitting-related problems and grievances
9. Establishing cooperative programs with trade associations and small businesses to promote and achieve voluntary compliance with applicable laws and regulations
10. Establishing cooperative programs with federal, state, and local government entities and the private sector to assist businesses in securing funding to comply with laws and regulations.
11. Conducting studies to evaluate the impacts of laws and regulations.
12. Coordinating with Minnesota Business First Stop, the ombudsman for small business air-quality compliance assistance and other relevant state officials.
13. Investigating the cause of permit applications being deemed incomplete when the ombudsman receives a Pollution Control Agency permitting report under section 116.03 subdivision 2b, paragraph (b). In this role, the ombudsman may act independently of any agency in providing testimony to the legislature, contacting and making periodic reports to federal and state officials as necessary to carry out the duties imposed by this subdivision, and addressing problems or concerns related to business permitting. The language also outlines the knowledge, skills, and abilities the ombudsman must have and directs the commissioner of employment and economic development to provide the necessary office space, supplies, equipment, and clerical support to effectively perform the duties imposed by this subdivision.

Section 7

Directs the Environmental Quality Board to amend Minnesota Rules, part 4410.2100 to provide that neither an environmental assessment worksheet nor any other scoping document needs to be prepared for a project that falls within a mandatory environmental impact statement category under Minnesota Rules, part 4410.4400, or other applicable law; and to provide that a scoping process undertaken under Minnesota Rules, part 4410.2100, must be completed no later than 280 days after the process begins.

Section 8

Directs the commissioner of the Pollution Control Agency to seek approval from the federal Environmental Protection Agency for revisions to the state's federal Clean Air Act state implementation plan to reflect the requirements of Minnesota Statutes, section 116.07, subdivision 4a, as amended by this act. And requires the commissioner of the Pollution Control Agency report quarterly to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy on the status of efforts to implement paragraph (a) until the revisions required by paragraph (a) have been either approved or denied.

Section 9

Clarifies the intent of the legislature in recognizing the need to retain and grow the state's economy and vital infrastructure to keep Minnesota competitive on a national and global level. This growth requires innovation and creativity, which will be achieved while protecting our environment and natural resources as prescribed under current law. It is therefore the intent of the legislature in enacting this bill that the state will meet or exceed efficiency goals, modernize existing regulatory systems, and communicate clearly to permit applicants and stakeholders to ensure a predictable, transparent, and fair permitting and environmental review process.

Assumptions

- The costs reflected in this analysis only address the Minnesota Pollution Control Agency (MPCA) and the Environmental Quality Board (EQB).
- The annual cost of 1.0 FTE is \$175,000 in FY2024-2028. 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.)

Section 2

1. A process will need to be developed to require the agency to contact permit applicants about missing application information and give them an opportunity for the deficiencies to be remedied. This will add processing time to each permit application that is missing information.
2. In state fiscal year 2024, the MPCA received 2,248 Tier 1 and 332 Tier 2 applications. The MPCA estimates that 75% (or 1,935) applications may be deemed incomplete across programs. The MPCA estimates that it would take an average of 10 hours per permit to review completeness and work with the facility to rectify the deficient permits within 30 business days. This would result in an additional 19,350 hours or approximately 9 FTEs of additional staffing needs.
3. Estimate of time to prepare the required semi-annual permitting efficiency report:
 - a. 165 hours for the data analysis unit for reworking the report and programs for testing and verifying the quality of the data, including updating Tempo configuration.
 - b. 25 hours for program staff to provide summaries of work and process improvement efforts.
 - c. The total of 190 hours equate to approximately 0.1 FTE of staff time annually.
4. Assume the reporting period is 6 months-permit applications received in the 6-month reporting period.
5. Assume incomplete means Tier 2 permits not issued within appropriate goal period. (This definition is based on the reporting requirements to the Ombudsman) The report would need to be sent to the Ombudsman for business permitting every 6 months.
6. Additional legal expenses are expected when the MPCA is sued in district court for missing the permitting timelines.
7. In state fiscal year 2024, the MPCA received 2,248 Tier 1 and 332 Tier 2 applications. Five percent (or 129) applications were not issued or denied within the applicable time period.
8. The MPCA assumes that permittees will be highly motivated to challenge pending permit decisions in district court because it will expedite the permitting process for that applicant. A lawsuit will result in a court order that will require the MPCA to work on that permit ahead of others. MPCA assumes that a permittee will utilize legal and administrative tools provided to it by law. Therefore, a reasonable assumption is 75% of 129 permit applications, or approximately 97 annually will be challenged in district court.
9. The MPCA assumes that an additional 97 cases per year have the potential to more than double the attorney fees and costs the MPCA pays to the AGO. In consulting with the Attorney General's Office, the MPCA assumes that each case would require at least 50 hours of AGO attorney time, at the rate of \$178.00 per hour, resulting in

\$863,300.

10. The MPCA assumes that MPCA permitting staff and MPCA legal staff will support the AGO in litigation. This typically involves preparation of materials to defend a district court lawsuit, including reviewing and providing the permit record for submission to the court and responding to discovery requests.

11. MPCA assumes the court will require staff to be available for depositions and other court proceedings.

12. The MPCA has observed that district court proceedings are the most resource intensive legal proceedings because they allow parties to conduct discovery (including document requests and depositions) and involve numerous motions at various stages of the lawsuits and filing of declarations and affidavits. These activities all require MPCA technical and legal staff time. MPCA permitting and technical staff involved in district court proceedings can spend hundreds of hours supporting district court lawsuits.

13. MPCA assumes that the challenges involving permit application timeliness will involve detailed reviews of the entire permit record, and that MPCA will need technical experts to explain the details of the permitting process that is unique to each permit to demonstrate the appropriate timeline that should be issued by the court.

14. The amount of MPCA staff time required to defend a district court lawsuit is highly variable and difficult to predict. Based on our experience in district court on disputes involving permits and similar technical issues, these cases involve four to ten (often more) MPCA technical and legal staff, across multiple programs and divisions, each providing individual highly specialized expertise. Litigation also often requires higher management involvement. Therefore, MPCA assumes that every court challenge will require 50 to 300 hours of MPCA staff time. It is reasonable to apply an average of 100 hours to every case to support the defense of 97 lawsuits in district court. This equates to 9,700 hours (100 hours x 97 applications) MPCA staff time annually. MPCA will need to reallocate staff from permit development support to litigation defense in district court. The 9,700 hours of staff time equates to 4.5 FTEs of staff time annually (1 FTE of legal support and 3.5 FTE of permitting and technical staff).

Section 3

15. Assume that issuing separate permits for construction and operation of a facility only impacts MPCA air permits.

1. Assume MPCA Legal Services Unit provides legal support (not the Attorney General's Office).

17. Assume splitting the air permitting program into separate permits for construction and operation would require a major and complex rulemaking. Following MPCA's standard guidance for a major rulemaking with additional legal support expected to be needed due to the complexity of the rulemaking, this rulemaking would require 6 FTE of additional staff for three years including: 1 FTE air assessment, 2 FTE air permitting, 1 FTE EJ/Engagement staff, 1 FTE rules staff, 1 FTE legal staff.

18. Assume fixed costs for a major rulemaking per MPCA standard guidance: OAH/ALJ - \$36,450 (assuming \$270/hr), State Register \$7,890, Transcripts \$1,000, Venue rental \$5,000 for a total of 50,340.

19. Assume the change to separate permits for construction and operation would require updated forms, revised documents and training of staff. Assume the following additional staff for 2 years to implement those changes in FY27 and FY28: 2 FTE air permitting, 0.5 FTE air assessment.

20. For the new permitting system, a redesign of MPCA's database permitting system and Tempo including our online services would be required. Assume 25% of the below costs would occur in FY 2026 and 75% of the costs would occur in FY2027. Changes and staffing needs would include:

- a. Business process development and requirement gathering: 30 hours business solutions, 60 hours air program staff=0.05 FTE.
- b. Online services design: 3,640 hours of consultant, consultant time at \$175/hour.
- c. Online services design: 400 hours (0.2 FTE) of MPCA staff business solutions and AQ program.
- d. TEMPO updates: 80 hours MPCA staff business solutions and 120 hours of air program staff = 0.1 FTE.
- e. Data migration/cleanup: 50 hours business solutions staff and MNIT staff = 0.02 FTE.

21. Splitting the air permit program into separate permits for construction applications. We estimate 46 additional permit actions per year (average data for FY20-FY24):

- a. One permit engineer can complete 5 permit actions per year per FTE, resulting in 9 FTE additional permit engineers/writers needed.
- b. To inspect all the construction permits after they are issued, 3 FTE compliance and enforcement staff will be needed (1 C&E FTE can inspect 15 facilities per year)
- c. 1 FTE air assessment staff will be needed for the additional dispersion modeling and risk assessment needed for the additional 46 permit actions.
- d. With 12 additional permitting and C&E FTEs, 1 FTE additional business support staff will be

needed for mailings, database entry and other support needs.

e. With 12 additional permitting and C&E FTEs, 1 FTE additional legal staff will be needed for legal advice and representation in court to support the permitting and in particular the compliance and enforcement staff as they implement and maintain the new permitting program.

Section 4

22. Assume that this is a change from current practices and whenever there is a request for expedited permitting, the Agency must assign staff to the expedited permit.

23. Assume that the MPCA must prepare an estimate for the timeline of the expedited permitting for the applicant to agree to in advance of the work. It is assumed that this will take additional time with the applicant and MPCA staff to develop the timeline. Approximately 2 hours per expedited permit request.

24. 8 expedited permitting requests per year based on 40 requests received from 2020 to 2024.

25. This would result in an additional 16 hours of permit engineer work which could be absorbed by the program.

Section 5

26. EQB receives and processes approximately 15 petitions each calendar year. The number of petitions is not expected to change significantly as a result of this bill; it is expected that the time it would take to review petitions to ensure they meet the statutory requirements would increase. It currently takes 1 2 hours to review most petitions, and that would increase to 3 5 hours per petition. Estimating a three hour increase per petition, this would take 45 hours/year or 0.022 of an FTE. (\$3,850)

Section 6

27. Section 6, DEED will assume all costs in section 6, subdivision 9 Ombudsman for business permitting and the Ombudsman is not included in this fiscal note and we assume these costs will be in a separate fiscal note submitted by DEED.

28. Assume MPCA staff will support the Ombudsman. This would require 1 FTE of additional MPCA staff to respond coordinate and respond to the Ombudsman.

Section 7

29. Assume a minor rulemaking by EQB to amend Minnesota Rules, part 4410.2100. Based on the Minnesota rulemaking manual's cost appendix, it is estimated that this rulemaking would take approximately 150 hours of EQB program staff time; 6 hours of legal review by the Attorney General's office and 4 hours of services from the Office of Administration Hearings plus filing fees, for a total of \$15,223.

	Hours for Minor rule (ex. expedited process or short rule)	Cost
Program and Rules Staff (\$84.13/hour)	150	\$12,620
Legal Review (\$178/hour)	6	\$1068
OAH Services (\$270/hour)	4	\$1,080
OAH Filing Fee		\$50
State Register (\$135/page)		\$405

Section 8

30. Assume rulemaking required by changes to section 116.07, subdivision 4a would require a State Implementation Plan (SIP) update. We assume that a Title V Program approval would be required in addition to a SIP approval.

31. Assume this work would happen in FY2028.

32. Assume the quarterly report to the legislature will be in the form of an emailed update letter. This work can be absorbed by existing staff.

33. Activities include writing the narratives, coordinating with EPA, public notice, responding to comments, and a public hearing if requested during the notice period after the rulemaking is completed in FY28.

34. Assume Air Assessment staff: 0.5 FTE of air assessment staff and 0.1 FTE of Air Permit staff would be required for 1 year to complete both the Title V Program submittal and the SIP submittal packages.

Expenditure and/or Revenue Formula

*The annual cost of 1.0 FTE is \$175,000 in FY2024-2028. Annual costs for 1.0 FTE include salary, fringe, and non-specialized employee support costs (work space, computer and office supplies, office equipment, local travel, etc.)

Total fiscal year costs for MPCA:

FY26: \$4,643,738 including 20.70 FTE

FY27: \$5,432,112 including 23.38 FTE

FY28: \$5,061,140 including 23.70 FTE

FY29 and on-going: \$6,043,300 including 29.60 FTE

Total fiscal year costs for EQB:

FY26: \$19,073 including 0.09 FTE

FY27: \$3,850 including 0.02 FTE

FY28: \$3,850 including 0.02 FTE

FY29 and on-going: \$3,850 including 0.02 FTE

Some FTE's could come from the Environmental Fund depending on the Fund balance.

-
Section 2: Semi-annual permitting efficiency reporting costs:

Responding to incomplete permits:

- Permitting staff across programs (9.0 FTE x \$175,000/FTE) = \$1.575 million for each fiscal year FY26, FY27, FY28, FY29 and on-going.

Preparing semi-annual report

- MPCA program and data analysis staff: (0.1 FTE x \$175,000/FTE) = \$17,500 for each fiscal year FY26, FY27, FY28, FY29 and on-going.

AGO costs for district court cases

- MPCA-attorney fees and costs to AGO: (50 hours/case x 97 cases x \$178.00/hour) = \$863,300 for each fiscal year FY26, FY27, FY28, FY29 and on-going.

Supporting AGO in district court cases

- Permitting, technical and legal staff: (4.5 FTE x \$175,000/FTE) = \$787,500 for each fiscal year FY26, FY27, FY28, FY29 and on-going.

Total cost for Section 2 (MPCA):

- FY26 = \$3,243,300 including 13.6 FTE
- FY27 = \$3,243,300 including 13.6 FTE
- FY28 = \$3,243,300 including 13.6 FTE
- FY29 and ongoing = \$3,243,300 including 13.6 FTE

-
Section 3 (Issuing separate air permitting construction and operating permits)

-
Rulemaking FTE related costs to create new air permitting program

- MPCA staff: (6.0 FTE x \$175,000/FTE) = 1.05 million/yr for fiscal years, FY26, FY27 and FY28.

-

Rulemaking administrative costs to create new air permit program:

- Assume costs in FY28
 - OAH/ALJ: \$36,450
 - State Register: \$7,890
 - Transcripts: \$1,000
 - Venue costs: \$5,000
- Total of \$50,340 for rulemaking costs

-

Updating air permitting process documents (over 2 years)

- Air Quality staff: (2.5 FTE x \$175,000/FTE) = \$437,500/yr for fiscal years, FY27 and FY28.

-

Redesign of data permitting system

- MPCA staff resources: (0.37 FTE x \$175,000/FTE) = \$64,750 (\$16,188 in FY2026 and \$48,562 in FY2027)
- Online services design (consultant): 3,640 hours x \$175/hour = \$637,000 (\$159,250 in FY2026 and 477,750 in FY2027)

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Ongoing costs to support newly separated construction/operation air program

- MPCA staff: (15 FTE x \$175,000/FTE) = \$2.625 million for each fiscal year FY29 and on-going.

Total cost for Section 3 (MPCA):

- FY26 = \$1,225,438 including 6.1 FTE
- FY27 = \$2,013,812 including 8.78 FTE
- FY28 = \$1,537,840 including 8.5 FTE
- FY29 and ongoing = \$2,625,000 including 15 FTE

-

Section 4 (expedited permit requests)

- Costs absorbed by program

Section 5 (petitions, EQB)

-

- EQB staff to review petitions: (0.022 FTE x \$175,000/FTE) = \$3,850 each fiscal year FY26, FY27, FY28, FY29 and on-going.

Total cost for Section 5 (EQB):

- FY26 = \$3,850 including 0.022 FTE
- FY27 = \$3,850 including 0.022 FTE
- FY28 = \$3,850 including 0.022 FTE
- FY29 and ongoing = \$3,850 including 0.022 FTE

Section 6 (MPCA staff support of Ombudsman)

- MPCA staff: (1 FTE x \$175,000/FTE) = \$175,000 each fiscal year FY26, FY27, FY28, FY29 and on-going.

Total cost for Section 6 (MPCA):

- FY26 = \$175,000 including 1 FTE
- FY27 = \$175,000 including 1 FTE
- FY28 = \$175,000 including 1 FTE

- FY29 and ongoing = \$175,000 including 1 FTE

-
Section 7 (rulemaking on EIS scoping, EQB)

- Assume costs in FY26
- Program and Rules Staff: (150 hours x \$84.13/hour FTE) = \$12,620
 - Legal review: \$1068
 - OAH Services: \$1080
 - OAH Filing Fee: \$50
 - State Register: \$405

Total cost for Section 7 (EQB):

- FY26 = \$15,223 including 0.07 FTE

Section 8 (State implementation plan revisions)

- Air quality staff: (0.6 FTE x \$175,000) = \$105,000 for FY28

Total cost for Section 8 (MPCA):

- FY28 = \$105,000 including 0.6 FTE

Long-Term Fiscal Considerations

Cost associated with this bill will continue into future fiscal years.

Local Fiscal Impact

Few to any fiscal impacts to local government.

References/Sources

Agency Contact: Kari Palmer (651-757-2635)

Agency Fiscal Note Coordinator Signature: Jerry Griggs

Phone: 218-846-8130

Date: 2/10/2025 6:27:27 PM

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SF570 - 0 - Environmental Permitting Efficiency

Chief Author: **Grant Hauschild**
 Committee: **Environment, Climate, And Legacy**
 Date Completed: **2/14/2025 2:58:26 PM**
 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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State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Administrative Hearings	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
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: Shannon Zila **Date:** 2/7/2025 3:39:43 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.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
Administrative Hearings	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Administrative Hearings	-	1	-	36	-	-
Total	-	1	-	36	-	-
Biennial Total			1			36
2 - Revenues, Transfers In*						
Administrative Hearings	-	1	-	36	-	-
Total	-	1	-	36	-	-
Biennial Total			1			36

Bill Description

SF570 requires the Pollution Control Agency (PCA) to modify certain aspects of the Wetland Conservation Act to make it more efficient. Among the modifications in this bill are changes to the frequency and content of permitting efficiency reports; changes to the way in which environmental and resource management permit application deficiencies are responded to; bifurcating issuance of permits for construction and operation of certain facilities; eliminating the scoping environmental assessment worksheet requirements for projects that require an environmental impact statement; and Department of Employment and Economic Development appointing an ombudsman for business permitting to assist businesses with obtaining permits necessary to operate in Minnesota. The sections outlined below are highlighted because their implementations require PCA and the Environmental Quality Board (EQB) to undertake rulemaking under chapter 14.

Section 3 requires PCA to issue separate permits for constructing a facility and for operating a facility and requires PCA to minimize the time required to construct and begin operation of the permitted facility.

Section 7 requires EQB to conduct rulemaking to amend Minnesota Rules, part 4410.2100 to provide that neither an environmental assessment worksheet nor any other scoping document needs to be prepared for a project that falls within a mandatory environmental impact statement category and to provide that a scoping process undertaken under Minnesota Rules, part 4410.2100, must be completed no later than 280 days after the process begins.

Assumptions

The Office of Administrative Hearings (OAH) in consultation with Minnesota Management and Budget (MMB) assesses agencies the cost of services rendered to them. All agencies shall include in their budgets provisions for such assessments.

OAH has used PCA's assumption that a major rulemaking will be required to meet the requirements of Sec. 3. Based on past practices, OAH assumes that a major rulemaking under chapter 14 will require an estimated 135 hours of Administrative Law Judge (ALJ) time for activity related to rulemaking procedures. Of the total rulemaking amount estimated by PCA in relation to implementing Sec. 3, \$36,450 is for the estimated 135 hours of ALJ time for a major rulemaking.

OAH has used PCA's assumption that a minor, noncontroversial rulemaking will be required of EQB to meet the requirements of Sec. 7. Based on past practices, OAH assumes that a minor rulemaking under chapter 14 will require an estimated 4 hours of ALJ time for activity related to rulemaking procedures. Of the total rulemaking amount estimated by

PCA, \$1,080 is for the estimated 4 hours of ALJ time for a minor rulemaking to implement the requirements of Sec. 7.

OAH currently bills ALJ time for rulemaking at the MMB-approved billable rate of \$270 per hour (see Minn. Stat. § 16A.126, subd. 1 (2023)).

Expenditure and/or Revenue Formula

Estimated 135 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 3 = 135 hours x \$270/hr = \$36,450 charged to PCA in FY2028 pursuant to the requirements of Minn. Stat. § 14.53.

Estimated 4 hours of ALJ time for rulemaking activities related to implementing the requirements of Sec. 7 = 4 hours x \$270/hr = \$1,080 charged to EQB in FY2026 pursuant to the requirements of Minn. Stat. § 14.53.

FY2026 Expenditures: \$1,080

FY2028 Expenditures: \$36,450

Long-Term Fiscal Considerations

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

Local Fiscal Impact

References/Sources

Agency Contact: William Moore

Agency Fiscal Note Coordinator Signature: William Moore

Phone: 651-361-7893

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Email: william.t.moore@state.mn.us

SF570 - 0 - Environmental Permitting Efficiency

Chief Author: **Grant Hauschild**
 Committee: **Environment, Climate, And Legacy**
 Date Completed: **2/14/2025 2:58:26 PM**
 Agency: **Attorney General**

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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	3.2	3.2	3.2	3.2
Total	-	3.2	3.2	3.2	3.2

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: Chloe Burns **Date:** 2/14/2025 2:54:49 PM
Phone: 651-297-1423 **Email:** chloe.burns@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		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	864	863	863	863	863
Total	-	864	863	863	863	863
Biennial Total			1,727			1,726
2 - Revenues, Transfers In*						
General Fund	-	864	863	863	863	863
Total	-	864	863	863	863	863
Biennial Total			1,727			1,726

Bill Description

SF 570 is a bill for improving efficiency of Wetland Conservation Act determinations modifying permitting efficiency reporting requirements; improving the efficiency of the environmental and resource management permit application process; requiring the Pollution Control Agency to issue separate permits for the construction and operation of certain facilities; modifying the expedited permitting process of the Pollution Control Agency; requiring petitioners for environmental assessment worksheets to reside in the affected or adjoining counties; eliminating scoping environmental assessment worksheet requirements for projects requiring an environmental impact statement; requiring modification of the state implementation plan; requiring reports.

The bill also amends Minnesota Statutes 2024, sections 15.99, subdivision 3 to limit the number of permit application extension of the Wetland Conservation Act to no more than one.

Assumptions

In Section 2 of the bill, MPCA assumes that 75% of approximately 129 permits will be challenged in the district court. The AGO assumes that each case would require at least 50 hours of attorney time, at the rate of \$178.00 per hour, resulting in \$863,300.

In Section 7 of the bill, MPCA assumes a minor rulemaking by EQB to amend Minnesota Rules, part 4410.2100. It is estimated that this rulemaking would take approximately 6 hours of legal review by the Attorney General's office at the rate of \$178.00 per hour, resulting in \$1068.

The Office of the Attorney General uses billing rates to calculate revenue and costs. The billable hour rate reflects the cost of providing legal services. The billing rates effective from July 1, 2025-June 30, 2027 are:

- \$178/hour for attorneys
- \$108/hour for legal assistants (including investigators, paralegals, mediators, financial analysts, and support staff).
- One FTE is 1500 billable hours per year.

Expenditure and/or Revenue Formula

Expenditures

	Hourly billing rate	# of hours	total	FY26	FY27	FY28	FY29
Attorney time for district court	\$178	4850 (97 cases x 50 hours)	\$863,300	\$863,300	\$863,300	\$863,300	\$863,300
Attorney time for legal review of rulemaking	\$178	6	\$1068	\$1068			
Totals			\$864,368	\$864,368	\$863,300	\$863,300	\$863,300

Costs billed to partner agency:

	Hourly billing rate	# of hours	Total	FY26	FY27	FY28	FY29
Attorney time for district court	\$178	4850 (97 cases x 50 hours)	\$863,300	\$863,300	\$863,300	\$863,300	\$863,300
Attorney time for legal review of rulemaking	\$178	6	\$1068	\$1068			
Totals		4856	\$864,368	\$864,368	\$863,300	\$863,300	\$863,300

Long-Term Fiscal Considerations

n/a

Local Fiscal Impact

n/a

References/Sources

n/a

Agency Contact: Laura Sayles

Agency Fiscal Note Coordinator Signature: Laura Capuana

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SF570 - 0 - Environmental Permitting Efficiency

Chief Author: **Grant Hauschild**
 Committee: **Environment, Climate, And Legacy**
 Date Completed: **2/14/2025 2:58:26 PM**
 Agency: **Employment and Economic Dvlpmnt**

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		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	726	726	726	726
Total		-	726	726	726	726
Biennial Total				1,452		1,452

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund		-	4	4	4	4
Total		-	4	4	4	4

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:** 2/7/2025 12:17:59 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.

State Cost (Savings) = 1-2		Biennium			Biennium
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028
					FY2029
General Fund	-	726	726	726	726
Total	-	726	726	726	726
Biennial Total			1,452		1,452
1 - Expenditures, Absorbed Costs*, Transfers Out*					
General Fund	-	726	726	726	726
Total	-	726	726	726	726
Biennial Total			1,452		1,452
2 - Revenues, Transfers In*					
General Fund	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

SF570 establishes a new office of the ombudsman for business permitting to assist businesses with obtaining permits necessary to operate in the state. This bill provides duties for the office including, but not limited to evaluating permitting processes, reviewing and commenting on regulations that impact businesses in the state, among others. The bill also establishes required skills and knowledge for the position.

The section of this bill that applies to DEED is MN Statute 116J.035, Subd. 9, starting at line 14.4.

Assumptions

The new office would be established and require a hiring process for a director-level ombudsman to lead and establish the office, with a background in business regulations and permitting. The new ombudsman would then hire appropriate staff to support the responsibilities of the office as outlined in the bill. Due to the wide scope established in the bill language regarding the monitoring, review, and commenting on federal, state, and local laws and regulations, additional staff will be required beyond the ombudsman.

In FY26, the assumption is that the office would be staffed by the director, one management analyst, and two business advisors to conduct outreach and communication. It is expected that staffing could increase dependent on expanding scope of the office and business needs in the state.

Technical Note: DEED assumes that the duties of the ombudsman listed under Sec. 6, Subd. 9 of this bill pertain only to matters involved in business permitting. If the duties listed are to be interpreted more broadly this may shift the fiscal impact of this legislation.

Expenditure and/or Revenue Formula

Staffing costs below include salary, fringe, and indirect costs including IT and space, rent, travel, supplies, and training each year per position. DEED assumes that the ombudsman would be hired at the 17M Director level or higher.

	FY26	FY27	FY28	FY29
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Director - Economic Development Manager (17M or higher classification)	\$212,023	\$212,023	\$212,023	\$212,023
Management Analyst (14-15L)	\$174,695	\$174,695	\$174,695	\$174,695
Business Advisors (2 total)	\$338,974	\$338,974	\$338,974	\$338,974

Long-Term Fiscal Considerations

Additional costs may be incurred after the office is established and it is possible that IT costs, space/lease costs, and staffing costs may increase due to workload or requests for assistance.

Local Fiscal Impact

References/Sources

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