

Revised

Consolidated Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
 Committee: **Transportation**
 Date Completed: **3/28/2025 1:56:01 PM**
 Lead Agency: **Transportation Dept**
 Other Agencies:
 Administrative Hearings Legislature
 Pollution Control Agency Public Safety 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		FY2025	FY2026	FY2027	FY2028	FY2029
Legislature						
General Fund	-	613	536	613	536	
Pollution Control Agency						
Environmental	-	88	88	88	-	
Transportation Dept						
Trunk Highway	-	11,527	11,527	50,836	50,792	
State Total						
General Fund	-	613	536	613	536	
Environmental	-	88	88	88	-	
Trunk Highway	-	11,527	11,527	50,836	50,792	
Total	-	12,228	12,151	51,537	51,328	
Biennial Total			24,379		102,865	

Full Time Equivalent Positions (FTE)		Biennium			Biennium	
		FY2025	FY2026	FY2027	FY2028	FY2029
Legislature						
General Fund	-	-	-	-	-	-
Pollution Control Agency						
Environmental	-	.5	.5	.5	-	
Transportation Dept						
Trunk Highway	-	22.25	22.25	19.25	19	
Total	-	22.75	22.75	19.75	19	

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.

The Legislature's note was revised to align with the number of advisory meetings estimated by the Minnesota Department

Revised

of Transportation.

LBO Signature: Laura Cecko **Date:** 3/28/2025 1:56:01 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
Legislature						
General Fund	-	613	536	613	536	
Pollution Control Agency						
Environmental	-	88	88	88	-	
Transportation Dept						
Trunk Highway	-	11,527	11,527	50,836	50,792	
Total	-	12,228	12,151	51,537	51,328	
Biennial Total			24,379		102,865	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Legislature						
General Fund	-	613	536	613	536	
Pollution Control Agency						
Environmental	-	88	88	88	-	
Transportation Dept						
Trunk Highway	-	11,527	11,527	50,836	50,792	
Total	-	12,228	12,151	51,537	51,328	
Biennial Total			24,379		102,865	
2 - Revenues, Transfers In*						
Legislature						
General Fund	-	-	-	-	-	
Pollution Control Agency						
Environmental	-	-	-	-	-	
Transportation Dept						
Trunk Highway	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Revised

Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
Committee: **Transportation**
Date Completed: **3/28/2025 1:56:01 PM**
Agency: **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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Trunk Highway	-	11,527	11,527	50,836	50,792
Total	-	11,527	11,527	50,836	50,792
Biennial Total			23,054		101,628

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Trunk Highway	-	22.25	22.25	19.25	19
Total	-	22.25	22.25	19.25	19

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

The Legislature's note was revised to align with the number of advisory meetings estimated by the Minnesota Department of Transportation.

LBO Signature: Laura Cecko **Date:** 3/28/2025 1:52:56 PM
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Revised

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
Trunk Highway	-	11,527	11,527	50,836	50,792
Total	-	11,527	11,527	50,836	50,792
Biennial Total			23,054		101,628
1 - Expenditures, Absorbed Costs*, Transfers Out*					
Trunk Highway	-	11,527	11,527	50,836	50,792
Total	-	11,527	11,527	50,836	50,792
Biennial Total			23,054		101,628
2 - Revenues, Transfers In*					
Trunk Highway	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Bill Description

The bill makes modifications to highway project development and highway purposes, including requiring assessment of cumulative impacts and establishes an environmental justice ombudsperson.

The bill provides direction to the Commissioner for the Pollution Control Agency to consult with the Commissioner of Transportation when finalizing rules related to section 161.179.

The bill would add a definition of highway purposes to statute that include:

- Construction, maintenance and operations of a highway
- Multimodal infrastructure within highway right-of-way related to transit, walking, rolling and bicycling as well as reducing greenhouse gas emissions

The definition of highway purposes includes any costs necessary to administer or support those two bullets. The bill further clarifies trunk highway purpose as included those broader items of highway purpose and adds any offsetting actions specified in section 161.178.

The bill removes the following restrictions on the use of the trunk highway fund:

- Minnesota Safety Council
- Driver education programs
- The MnDOT Offices of Transit and Active Transportation and Passenger Rail
- Public electric vehicle infrastructure

The bill would establish a requirement to form policy advisory committees for all federally funded highway construction projects, excluding maintenance resurfacing projects. The policy advisory committee would need to vote on all proposed alternatives to study, the selection of a preferred alternative, as well as vote again prior to initiating final layout approval and prior to initiating construction.

The bill requires MnDOT and Metropolitan Planning Organizations to estimate the cumulative environmental health impacts of all major trunk highway projects located in or within a mile of census tract identified as part of an environmental justice area. The Commissioner would need to develop an impacts assessment process and a process for establishing community benefits agreements and mitigating impacts identified through the cumulative impact assessment.

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Finally, the bill would establish an environmental justice ombudsperson position with the Department of Transportation.

Assumptions

The Minnesota Pollution Control Agency is leading the rulemaking for 116.065. MnDOT will now need to participate in the rulemaking process in an advisory capacity. Based on MnDOT's understanding of MPCA's timeline, MnDOT assumes this will require 0.25 FTE over three years to participate in meetings, review materials and provide feedback.

MnDOT assumes changes to clarify highway purpose and remove restrictions on trunk highway funds do not come with specific spending authority and would therefore not change the amount spending from the trunk highway fund.

MnDOT assumes that 140 to 180 trunk highway projects per year would be required to follow the new policy advisory committee process. MnDOT assumes every single project would have its own advisory committee on its own schedule, with multiple operating at once. Advisory committees may meet ten or eleven times per year or quarterly depending upon project needs. Based on a similar effort MnDOT has conducted with Hwy 252 environmental process, MnDOT estimates that each Greater Minnesota district would need to add 2 FTE and Metro District would need to hire 4 FTE to manage the process totaling 18 FTE. In addition, consultants would be needed to conduct analysis and track and respond to advisory committee member feedback. MnDOT estimates the additional consultant costs to average \$1 million per district totaling \$8 million per year based on prior contracts for other committees, reports, and working groups.

The requirements of SF 817 Section 3 conflict with the federal environmental review process. Both the federal National Environmental Policy Act (NEPA) and the Minnesota Environmental Policy Act (MEPA) require the preferred alternative to be selected based on a robust analysis of environmental, social, and economic impacts, performance and safety criteria. NEPA and MEPA requires engagement of a much broader group than what is proposed in this bill. If enacted as proposed, this could lead to a finding that MnDOT is not following the required federal process and put in jeopardy all federal transportation funding to the state.

MnDOT assumes the effort to develop the cumulative impact assessment process would be similar to the level of effort required to develop the greenhouse gas and vehicle miles travelled assessment process required by section 161.178. Based on that effort, MnDOT estimates 3 FTEs and \$500,000 in consultant support over two years are needed to develop the process.

MnDOT assumes implementation could begin in FY 2028. MnDOT assumes between 30 and 50 projects per year would need to complete the cumulative impact assessment. MnDOT assumes the level of effort required to complete a cumulative impact assessment is similar to completing a Planning and Environmental Linkages study, which average \$1 million per project.

The cost to develop and implement community benefits agreements and implement any mitigation activities are not known and are likely to vary substantially project by project.

MnDOT assumes the environmental justice ombudsperson would be a full-time position requiring one FTE at the same level as MnDOT's ombudsperson.

Expenditure and/or Revenue Formula

	2026	2027	2028	2029	Total
.25 FTE for MPCA Rulemaking (\$56.10 x 520 x 1.5 overhead = \$43,758)	\$44,000	\$44,000	\$44,000		\$132,000
18 FTE for Policy Advisory Committee Process (\$47.10 hourly x 2080 x 1.5 overhead = \$2,645,136)	\$2,645,000	\$2,645,000	\$2,645,000	\$2,645,000	\$10,580,000
Consultants for Policy Advisory Committee Process	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000	\$32,000,000
3 FTE for Cumulative Impact Assessment (over 2 years)	\$441,000	\$441,000			\$882,000

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(\$47.10 hourly x 2080 x 1.5 overhead=\$440,856)					
Consultants for Cumulative Impact Assessment (over 2 years)	\$250,000	\$250,000			\$500,000
Cumulative Impact Assessments (\$1 million per project)			\$40,000,000	\$40,000,000	\$80,000,000
Environmental Justice Ombudsperson (\$47.10 hourly x 2080 x 1.5 overhead=\$146,952)	\$147,000	\$147,000	\$147,000	\$147,000	\$586,000
Total	\$11,527,000	\$11,527,000	\$50,836,000	\$50,792,000	\$124,724,000

Long-Term Fiscal Considerations

FTE and consultants for the Policy Advisory Committee process would be ongoing. Cumulative Impact Assessment costs for projects would be ongoing. The Environmental Justice Ombudsperson FTE costs would be ongoing.

Local Fiscal Impact

The policy advisory committee requirements related to alternatives analysis and selection will apply to all federally-funded county and city highway projects. Up to 200 projects per year lead by cities and counties could be required to follow the policy advisory committee process.

References/Sources

MnDOT Office of Environmental Stewardship
MnDOT Office of Communications and Public Engagement
MnDOT Office of Transportation System Management
MnDOT Office of Financial Management

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Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
Committee: **Transportation**
Date Completed: **3/28/2025 1:56:01 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

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					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
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:** 3/11/2025 8:36:59 AM
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Revised

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
	Total	-	-	-	-	-
	Biennial Total			-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
	Total	-	-	-	-	-
	Biennial Total			-		-
2 - Revenues, Transfers In*						
	Total	-	-	-	-	-
	Biennial Total			-		-

Bill Description

SF817 adds a subdivision within Minn. Stat. § 116.065 that requires the Minnesota Pollution Control Agency (PCA) to coordinate with the Department of Transportation (DOT) in the PCA's rulemaking regarding cumulative impacts analysis and environmental justice areas to ensure those rules conform with the policies adopted under § 161.179 which is newly created under this bill. § 161.179 outlines a new DOT process for conducting cumulative impacts analysis for trunk highway construction projects. § 161.1611 outlines a new DOT process for all federally funded transportation projects involving highway construction or reconstruction wherein a policy advisory committee is formed to review project design alternatives.

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 they are currently already working on the Cumulative Impacts rulemaking under 116.065, and because that rulemaking is already underway, SF817 will not increase costs at OAH for administrative law judge (ALJ) review time.

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

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact: William Moore

Agency Fiscal Note Coordinator Signature: William Moore

Date: 3/10/2025 5:27:57 PM

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Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
Committee: **Transportation**
Date Completed: **3/28/2025 1:56:01 PM**
Agency: **Legislature**

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	-	613	536	613	536
Total	-	613	536	613	536
Biennial Total			1,149		1,149

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General 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.

The Legislature's note was revised to align with the number of advisory meetings estimated by the Minnesota Department of Transportation.

LBO Signature: Chloe Burns **Date:** 3/25/2025 9:11:50 PM
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Revised

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		FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	613	536	613	536	
Total	-	613	536	613	536	
Biennial Total			1,149		1,149	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
General Fund	-	613	536	613	536	
Total	-	613	536	613	536	
Biennial Total			1,149		1,149	
2 - Revenues, Transfers In*						
General Fund	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

The bill, in part, modifies what Trunk highway funds may be used for and requires that a policy advisory committee be formed to study and consider alternative designs developed by the commissioner of Minnesota Department of Transportation (MnDOT) for federally funded transportation projects.

The policy advisory committee membership includes two legislative members that represent the impacted project area. At least two public meetings need to be held in the relevant area affected by the project.

Assumptions

1. MnDOT will provide administrative support, meeting arrangements, and other such support to the advisory committee.
2. MnDOT assumes in their fiscal note that there are 140 to 180 trunk highway project per year that would be required to follow the new advisory committee process, that each single project would have its own advisory committee, that each advisory committee may meet ten or eleven times per year or quarter depending on the project need, beginning FY26.
3. To coincide with MnDOT's fiscal note, we assume that there are 140 different advisory committees that will each meet ten times per FY beginning FY26. For FY26, we assume that eight of the ten meetings will occur during interim for each advisory committee. For FY27, we assume that seven of the ten meetings will occur during interim for each advisory committee. For FY28, we assume that eight of the ten meetings will occur during interim for each advisory committee. For FY29, we assume that seven of the ten meetings will occur during interim for each advisory committee. In total considering all the 140 committees, in FY26 and FY28, there will be 1,400 committee meetings with 1,120 of those meeting occurring during interim. For FY27 and FY29 with consideration of all 140 committees, there will be again 1,400 meetings with 980 occurring during interim.
4. The bill does not specify which body the various appointed legislative members may be from. For the purpose of this fiscal note, we assume that the appointed members will be one representative and one senator for the various advisory committees.
5. The bill does not provide for payment of per diems or for the reimbursement of expenses of various legislators serving on the advisory committee. However, legislative members could request reimbursement for expenses of engaging in legislative activity. This fiscal note is based on the assumption that the legislative members will request and be paid per diems and reimbursement for their expenses for interim meetings. Additional funds will be needed by the House and Senate.
6. Legislative member meeting participation costs includes the following per member, per legislative interim meeting: per diem (\$86 senators, \$86 representatives), and \$106 round trip mileage (152 round trip mile average). Half of the legislative members will be reimbursed for lodging expenses (\$162.50/night which is blended average cost between House and Senate allowance).

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7. We assume that the cost of the non-legislative members of the advisory committee and any associated cost will be addressed in the fiscal note by MnDOT.

Expenditure and/or Revenue Formula

Advisory Committee Legislative Members Meeting Participation Cost					
Cost Category	FY25	FY26	FY27	FY28	FY29
Senate Member Mtg Participation Cost	0	306,488	268,177	306,488	268,177
House Member Mtg Participation Cost	0	306,488	268,177	306,488	268,177
Total Legislative Member Mtg Participation Cost (rounded)	0	613,000	536,000	613,000	536,000
Total Cost					
Cost Category	FY25	FY26	FY27	FY28	FY29
Total Legislative Member Mtg Participation Cost (rounded)	0	613,000	536,000	613,000	536,000
Total Cost (rounded)	0	613,000	536,000	613,000	536,000

Long-Term Fiscal Considerations

Projected cost will be ongoing.

Local Fiscal Impact

There may be local government cost but that is not addressed in this fiscal note.

References/Sources

Emily Adriaens, House of Representatives
Matt Gehring, House of Representatives
Eric Nauman, Minnesota Senate
Alexis Stangl, Minnesota Senate
Michelle Yurich, Legislative Coordinating Commission

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Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
Committee: **Transportation**
Date Completed: **3/28/2025 1:56:01 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

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Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Environmental	-	88	88	88	-
Total	-	88	88	88	-
Biennial Total			176		88

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Environmental	-	.5	.5	.5	-
Total	-	.5	.5	.5	-

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:** 3/7/2025 9:05:03 PM
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Revised

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		FY2025	FY2026	FY2027	FY2028	FY2029
Environmental	-	88	88	88	-	-
Total	-	88	88	88	88	-
Biennial Total			176			88
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Environmental	-	88	88	88	-	-
Total	-	88	88	88	88	-
Biennial Total			176			88
2 - Revenues, Transfers In*						
Environmental	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill modifies requirements related to highway project development and purposes, including cumulative impact analysis, design analysis, position of environmental justice ombudsperson and permissible uses of highway funds.

Section 1: Amends MN statute 2024, section 116.065 to add subd 6a which requires the MPCA Commissioner to consult with the MNDOT Commissioner when adopting cumulative impact rules (subdivision 6) and to try to conform those rules to the new section 161.179.

Section 2: Under 161.045, subd 1 adds definitions for Highway purposes. In subd 2, removes some of the limitations on spending from the highway user tax distribution fund or the trunk highway fund.

Section 3: Adds 161.1611 Community preferred alternative analysis. Subd 1 requires an alternative study to some federally funded transportation projects and requires that MNDOT study alternative designs approved by a policy advisory committee before developing transportation projects. Subd 2 lists out the requirements for membership on the policy advisory committee that must be formed by MNDOT. Subd 2 also requires MNDOT to develop design alternatives for projects and submit them for approval and requires a 2/3 approval from the committee before selection of a preferred alternative design.

Section 4: Adds 161.179 a Transportation Cumulative Impacts Analysis.

- Subd 1: Adds definitions for "Applicable entity", "Cumulative impacts", "Environmental justice area", "Environmental stressors", "Impacts analysis", "Participating governmental unit", "Project", and "Transportation pollutants".
- Subd 2: Defines the application and implementation of the analysis. Must be a major highway project. Must be located in or within one mile of an EJ area. Applies one year after the MPCA first adopts cumulative impact rules (116.065, subd 6). Applies to projects after the rules adopted.
- Subd 3: Describes the impacts analysis and process. An impacts analysis must occur if the project exceeds benchmarks developed by MNDOT, it will substantially impact the health of residents, an applicable entity determines analysis is warranted following an assessment of petitions and evidence. Following the impacts analysis, MNDOT must make a determination of adverse impacts if the analysis finds a substantial adverse impact, the applicable entity (Commissioner) identifies a likelihood of substantial adverse impacts based on public comments and testimony. If MNDOT identifies a substantial adverse impact, they must alter the project and perform a revised analysis, enter a community benefit agreement with a participating governmental unit, or halt project development. In considering whether an impacts analysis is warranted, the Commissioner must give weight to petitions signed by at least 100 local individuals and supported by material evidence. Within 30 days of

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impact analysis determination, MNDOT must publish a written document on their website containing the reason and information used for the decision.

- Subd 4: The MNDOT commissioner must establish an impacts analysis process. The process must provide for a determination as described in Subd 3. The process must specify requirements that govern an analysis including benchmarks to determine requirement of an analysis, the form, manner and content of an analysis, establishment of a substantial adverse impact, methods for holding public meetings and comments. These requirements should follow the rules adopted by the MPCA under section 116.065, Subd 6.
- Subd 5: At least two public meetings must be held if an impacts analysis is required. The first before the analysis and the second at completion. Before each meeting, MNDOT must publish notice of the meeting, post signage and publish the impacts analysis. At each public meeting, MNDOT must provide an opportunity for robust engagement and accept comments. If there is more than one project subject to these requirements, the public meeting requirements can be consolidated.
- Subd 6: MNDOT must establish policies that govern community benefit agreements (CBA), including procedures for entering into a CBA, the content of CBAs and a process for outreach to residents of the relevant EJ areas. A CBA must provide one or more of the following: a reduction in emissions, a reduction in adverse impacts, a mitigation action, a related beneficial impact. These requirements should follow the rules adopted by the MPCA under section 116.065, Subd 6.
- Subd 7: A mitigation action may be included in a CBA if there is a specified project, funds are identified, mitigation is localized and procedures are established to maintain into the future. A mitigation action must be in the relevant EJ area.

Section 5: Amends MN Statute 2024, Section 174.02, subd 2a to read that the commissioner shall appoint an EJ ombudsperson in addition to the current transportation ombudsperson. The EJ ombudsperson must have experience or expertise. The EJ ombudsperson duties are defined.

Assumptions

- Current Cumulative Impacts rulemaking under 116.065 deadline remains in place. Current MPCA regulatory authority for CI rules does not change, including the triggering action being an air permit.
- This statute does not change or give MPCA authority over transportation projects or MnDOT's cumulative impacts program.
- The MPCA will consult with MNDOT on the rulemaking at a high level and try to conform with the new section 161.179 but will follow section 116.065 in any areas of conflict.
- MPCA staff will help MNDOT understand MPCA's rule and will serve on MNDOT's program development technical team to provide advice and understanding MPCA's program.
- MPCA will not need approval from MNDOT for its current CI rulemaking.
- MPCA is not including transportation related modeling or transportation specific project information and analysis in our cumulative impact rulemaking. All transportation project-specific analyses would be developed by MnDOT as part of their program development.
- 0.5 FTE of Air Assessment Section Staff to coordinate with MNDOT on aligning programs during MNDOT program development for FY26-28.

Expenditure and/or Revenue Formula

Air Assessment Section Staff to coordinate with MNDOT, 0.5 FTE for FY26, FY27, and FY28 (0.5 FTE x \$175,000/year x 3 years = \$262,500)

*The annual cost of 1.0 FTE is \$175,000 in FY2025-2029. Annual costs for 1.0 FTE include salary, fringe, and non-

Revised

specialized employee support costs (work space, computer and office supplies, office equipment, local travel, etc.)

Long-Term Fiscal Considerations

No long-term fiscal consideration. MPCA would not have any role in the implementation of this section by MNDOT.

Local Fiscal Impact

Not aware of any local government implications through MPCA programs.

References/Sources

Agency Contact:

Agency Fiscal Note Coordinator Signature: Jerry Griggs

Phone: 218-846-8130

Date: 3/7/2025 1:49:37 PM

Email: jerry.griggs@state.mn.us

Revised

Fiscal Note

2025-2026 Legislative Session

SF817 - 0 - Highway Project Development Requirements Modified

Chief Author: **Omar Fateh**
Committee: **Transportation**
Date Completed: **3/28/2025 1:56:01 PM**
Agency: **Public Safety 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	
	FY2025	FY2026	FY2027	FY2028	FY2029
Dollars in Thousands					
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
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: Laura Cecko **Date:** 2/28/2025 8:27:40 PM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

Revised

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
Total		-	-	-	-	-
Biennial Total				-		-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total		-	-	-	-	-
Biennial Total				-		-
2 - Revenues, Transfers In*						
Total		-	-	-	-	-
Biennial Total				-		-

Bill Description

The bill modifies several statutes under the purview of the commissioner of transportation.

Assumptions

There is no fiscal impact to Department of Public Safety divisions.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Local Fiscal Impact

References/Sources

Agency Contact:

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