

H. F. No. 900

(c) The meetings of the committee shall be convened and chaired by the commissioner of revenue.

Subd. 3. **Committee duties.** The budget committee shall hold public hearings with state agencies to review their budget requests. All documents that are requested and reviewed by the committee and the committee's final report must be published online at the Web sites for the legislature, the Department of Revenue, and the Office of Minnesota Management and Budget for public review. The budget committee shall prepare a budget forecast and an itemized report that outlines the appropriations that appear to be necessary to carry on state government in the succeeding budget period. The report must show the recommended operating and construction budget for each state agency, commission, and council separately.

Sec. 2. Minnesota Statutes 2016, section 16A.10, is amended to read:

16A.10 BUDGET PREPARATION.

Subdivision 1. **Budget format.** In each even-numbered calendar year the commissioner shall prepare budget forms and instructions for all agencies, including guidelines for reporting agency performance measures, subject to the approval of the governor. The commissioner shall request and receive advisory recommendations from the budget committee and the chairs of the senate Finance Committee and house of representatives Ways and Means Committee before adopting a format for the biennial budget document. By June 15, the commissioner shall send the proposed budget forms to the appropriations and finance committees and the budget committee. The committees have until July 15 to give the commissioner their advisory recommendations on possible improvements. To facilitate this consultation, the commissioner shall establish a working group consisting of executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means Committees and the budget committee. The commissioner must involve this group in all stages of development of budget forms and instructions. The budget format must show actual expenditures and receipts for the most recent fiscal year, estimated expenditures and receipts for the current fiscal year, and estimates for each fiscal year of the next biennium. Estimated expenditures must be classified by funds and character of expenditures and subclassified by programs and activities. Agency revenue estimates must have supporting documentation to show how the estimates were made and what factors were used. Receipts must be classified by funds, programs, and activities. Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

(1) provide information so that the legislature can determine the extent to which state programs are successful;

(2) encourage agencies to develop clear goals and objectives for their programs; and

(3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services.

Subd. 1b. **Performance data format.** Agencies shall present performance data that measures the performance of programs in meeting program goals and objectives. Measures reported may include indicators of outputs, efficiency, outcomes, and other measures relevant to understanding each program. Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance issues where feasible and appropriate. The information shall appropriately highlight agency performance issues that would assist the budget committee and legislative review and decision making.

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant statewide goals and indicators related to the proposed initiative.

Subd. 2. **By October 15 and November 30.** By October 15 of each even-numbered year, an agency must file the following with the ~~commissioner~~ budget committee:

(1) budget estimates for the most recent and current fiscal years;

(2) its upcoming biennial budget estimates;

(3) a comprehensive and integrated statement of agency missions and outcome and performance measures; and

(4) a concise explanation of any planned changes in the level of services or new activities.

The commissioner shall prepare and file the budget estimates for an agency failing to file them. By November 30, the commissioner shall send the final budget format, agency budget estimates for the next biennium, and copies of the filed material to the budget committee, and the Ways and Means and Finance Committees, except that the commissioner shall not be required to transmit information that identifies executive branch budget decision items.

Subd. 3. **Duties to governor-elect.** Immediately after the election of a new governor, the commissioner shall report the budget estimates and make available to the governor-elect all department information, staff, and facilities relating to the budget.

Sec. 3. Minnesota Statutes 2016, section 16A.103, is amended to read:

16A.103 FORECASTS OF REVENUE AND EXPENDITURES.

Subdivision 1. **State revenue and expenditures.** In February and November each year, the ~~commissioner~~ budget committee shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the Legislative Commission on Planning and Fiscal Policy, delivery to the legislature must include a presentation to the commission.

Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of variables outside the control of the legislature. Expenditure estimates must not include an allowance for inflation.

Subd. 1b. **Forecast variable.** In determining the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the ~~commissioner~~ budget committee must consult with the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the ~~commissioner~~ budget committee must inform the chairs and lead minority members of the senate State Government Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 1c. **Expenditure data.** State agencies must submit any revisions in expenditure data the ~~commissioner~~ budget committee determines necessary for the forecast to the ~~commissioner~~ budget committee at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by

5.1 the ~~commissioner~~ budget committee must be made available to legislative fiscal staff no
5.2 later than three weeks prior to the release of the forecast.

5.3 Subd. 1d. **Revenue data.** On a monthly basis, the commissioner must provide the budget
5.4 committee and legislative fiscal staff with an update of the previous month's state revenues
5.5 no later than 12 days after the end of that month.

5.6 Subd. 1e. **Economic information.** The commissioner must review economic information
5.7 including economic forecasts with the budget committee and legislative fiscal staff no later
5.8 than two weeks before the forecast is released. The commissioner must invite the budget
5.9 committee and the chairs and lead minority members of the senate Finance Committee and
5.10 the house of representatives Ways and Means Committee, and legislative fiscal staff to
5.11 attend any meetings held with outside economic advisors. The commissioner must provide
5.12 the budget committee and legislative fiscal staff with monthly economic forecast information
5.13 received from outside sources.

5.14 Subd. 1f. **Personal income.** In addition, the ~~commissioner~~ budget committee shall
5.15 forecast Minnesota personal income for each of the years covered by the forecast and include
5.16 these estimates in the forecast documents.

5.17 Subd. 1g. **Period to be forecast.** A forecast prepared during the first fiscal year of a
5.18 biennium must cover that biennium and the next biennium. A forecast prepared during the
5.19 second fiscal year of a biennium must cover that biennium and the next two bienniums.

5.20 Subd. 1h. **Revenue uncertainty information.** The commissioner shall report to the
5.21 legislature within 14 days of a forecast under subdivision 1 on uncertainty in Minnesota's
5.22 general fund revenue projections. The report shall present information on: (1) the estimated
5.23 range of forecast error for revenues; and (2) the data and methods used to construct those
5.24 measurements.

5.25 Subd. 2. **Local revenue.** In February and November of each year, the commissioner of
5.26 revenue shall prepare and deliver to the budget committee, the governor, and the legislature
5.27 forecasts of revenue to be received by school districts as a group, counties as a group, and
5.28 the group of cities and towns that have a population of more than 2,500. The forecasts must
5.29 assume the continuation of current laws, projections of valuation changes in real property,
5.30 and reasonable estimates of projected growth in the national and state economies and affected
5.31 populations. Revenue must be estimated for property taxes, state and federal aids, local
5.32 sales taxes, if any, and a single projection for all other revenue for each group of affected
5.33 local governmental units.