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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH SESSION

H. F. No. 2604

02/29/2012 Authored by Quam; Norton; Benson, M.; Benson, J., and Dettmer
The bill was read for the first time and referred to the Committee on Education Finance

1.1 A bill for an act
1.2 relating to education finance; expanding permissible fund transfers; amending
1.3 Minnesota Statutes 2010, section 123B.79, subdivision 1; repealing Minnesota
1.4 Statutes 2010, section 123B.79, subdivision 8.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2010, section 123B.79, subdivision 1, is amended to read:

1.7 Subdivision 1. **Limitations.** Except as provided in this subdivision, sections
1.8 123B.51, 123B.80, 475.61, and 475.65, a district may not (1) permanently transfer money
1.9 from ~~(1) an operating fund to a nonoperating fund; (2) a nonoperating fund to another~~
1.10 ~~nonoperating fund; or (3) a nonoperating fund to an operating fund~~ the community
1.11 education or food service funds or (2) transfer money received from federal funds granted
1.12 for a particular purpose. A district may not permanently transfer funds that increase state
1.13 aid obligations or result in additional property tax authority for the district. Permanent
1.14 transfers may be made from any fund to any other fund to correct for prior fiscal years'
1.15 errors discovered after the books have been closed for that year. Permanent transfers may
1.16 be made from the general fund to any other operating funds according to section 121A.19
1.17 or if the resources of the other fund are not adequate to finance approved expenditures
1.18 from that other fund. Permanent transfers may also be made from the general fund to
1.19 eliminate deficits in another fund when that other fund is being discontinued. When a
1.20 district discontinues operation of a district-owned bus fleet or a substantial portion of a
1.21 fleet, the balance shall cancel to the district's general fund.

1.22 Sec. 2. **REPEALER.**

1.23 Minnesota Statutes 2010, section 123B.79, subdivision 8, is repealed.

123B.79 PERMANENT FUND TRANSFERS.

Subd. 8. **Account transfer for reorganizing districts.** A district that has reorganized according to sections 123A.35 to 123A.43, 123A.46, or 123A.48, or has conducted a successful referendum on the question of combination under section 123A.37, subdivision 2, or consolidation under section 123A.48, subdivision 15, or has been assigned an identification number by the commissioner under section 123A.48, subdivision 16, may make permanent transfers between any of the funds or accounts in the newly created or enlarged district with the exception of the debt redemption fund, food service fund, and health and safety account of the capital expenditure fund. Fund transfers under this section may be made for up to one year prior to the effective date of combination or consolidation by the consolidating boards and during the year following the effective date of reorganization by the consolidated board. The newly formed board of the combined district may adopt a resolution on or before August 30 of the year of the reorganization authorizing a transfer among accounts or funds of the previous independent school districts which transfer or transfers shall be reported in the affected districts' audited financial statements for the year immediately preceding the consolidation.