

State of Minnesota

H. F. No. 53

1.1 A bill for an act

1.2 relating to state government; establishing a COVID-19 flexible account; providing

1.3 for allocation of certain federal funds; allowing reductions in certain general fund

1.4 appropriations and transfers; requiring reports; appropriating money; amending

1.5 Laws 2020, Fifth Special Session chapter 3, article 9, section 13.

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

1.7 Section 1. Laws 2020, Fifth Special Session chapter 3, article 9, section 13, is amended

1.8 to read:

1.9 Sec. 13. **FUND MAXIMIZATION.**

1.10 On or after December 31, 2020, the commissioner of management and budget is

1.11 authorized to use best efforts to maximize the use of federal CARES Act funding, consistent

1.12 with applicable federal guidance, ~~and to use any unobligated amounts to fund eligible state~~

1.13 ~~activities appropriated for.~~ The commissioner may reduce general fund appropriations and

1.14 transfers in Laws 2020, chapters chapter 66, 70, 71, 74, or 81, or Laws 2020, Seventh Special

1.15 Session chapter 2, and corresponding funding amounts are appropriated from the federal

1.16 coronavirus relief fund up to the unobligated balance of the fund.

1.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.18 Sec. 2. **COVID-19 FLEXIBLE RESPONSE ACCOUNT.**

1.19 Subdivision 1. Account created. The COVID-19 flexible response account is created

1.20 within the state fiscal recovery federal fund in the state treasury to pay expenditures eligible

1.21 under federal guidance for the state fiscal recovery federal fund. \$425,000,000 is transferred

1.22 from the state fiscal recovery federal fund to the COVID-19 flexible response account and

is appropriated to the commissioner of management and budget. The commissioner may transfer funds appropriated under this subdivision to state agencies as necessary. This is a onetime appropriation. Any money in the account that remains unallocated on July 1, 2022, cancels to the state fiscal recovery federal fund. Allocated funds are available until June 30, 2023.

Subd. 2. Legislative COVID-19 Response Commission review. (a) The Legislative COVID-19 Response Commission established under Laws 2020, chapter 71, article 1, section 7, shall review proposed allocations from the COVID-19 flexible response account.

(b) The commissioner of management and budget must submit proposed single expenditures from the COVID-19 flexible response account that exceed \$2,500,000 to the Legislative COVID-19 Response Commission for its review and recommendations. The submission must include the total amount of the proposed expenditure, the purpose of the proposed expenditure, the time period of the proposed expenditure, and any additional information the commissioner of management and budget determines necessary to properly document the proposed expenditure. Upon receiving a submission, the commission has three days after the request is submitted to review the proposed expenditures submitted under this subdivision.

(c) Commission members may make a positive recommendation, a negative recommendation, or no recommendation on a proposed expenditure. If a majority of the commission members from the senate and a majority of the commission members from the house of representatives make a negative recommendation on a proposed expenditure, the commissioner is prohibited from expending the money. If a majority of the commission members from the senate and a majority of the commission members from the house of representatives do not make a negative recommendation, or if the commission makes no recommendation, the commissioner may expend the money.

(d) The commission may hold a public meeting to approve or disapprove a proposed expenditure from the COVID-19 flexible response account. Notwithstanding Minnesota Statutes, section 3.055, the commission may conduct a public meeting remotely. The commission may approve or disapprove proposed expenditures without a public meeting. The commission members may approve or disapprove proposed expenditures via written communication sent to the commissioner of management and budget.

Subd. 3. Monthly expenditure report. The commissioner of management and budget must provide a report on the spending from the COVID-19 flexible response account to the Legislative COVID-19 Response Commission on the last day of each month. The report

3.1 must include the total amount of each expenditure, the purpose of each expenditure, and
3.2 any additional information the commissioner of management and budget determines is
3.3 necessary to properly document each expenditure.

3.4 **Sec. 3. REVENUE REPLACEMENT; AMERICAN RESCUE PLAN ACT; STATE**
3.5 **FISCAL RECOVERY FEDERAL FUND.**

3.6 Subdivision 1. **Transfer.** \$550,000,000 in fiscal year 2023 and \$550,000,000 in fiscal
3.7 year 2024 are transferred from the state fiscal recovery federal fund to the general fund for
3.8 the provision of government services. The fiscal year 2024 transfer must occur prior to
3.9 December 15, 2024. The transfers in this subdivision are onetime.

3.10 Subd. 2. **State appropriation alternative.** (a) If the commissioner of management and
3.11 budget determines that the transfers in subdivision 1 are ineligible uses of the state fiscal
3.12 recovery federal fund, the transfers in subdivision 1 are canceled, and \$550,000,000 is
3.13 appropriated from the state fiscal recovery federal fund in fiscal year 2022 to the
3.14 commissioner of management and budget to replace eligible general fund appropriations
3.15 in the biennium beginning July 1, 2021. Money appropriated to the commissioner of
3.16 management and budget is available in either year of the biennium and may be disbursed
3.17 or transferred to state agencies as necessary. The general fund appropriations being replaced
3.18 are canceled. The commissioner of management and budget must determine eligible
3.19 appropriations consistent with Public Law 117-2 and its corresponding guidance for use of
3.20 the state fiscal recovery federal fund. For purposes of this subdivision, an ineligible use
3.21 includes one that violates a maintenance of effort requirement.

3.22 (b) If the commissioner of management and budget implements the appropriations in
3.23 paragraph (a), the commissioner must cancel \$550,000,000 of the forecasted general fund
3.24 appropriations in the biennium beginning July 1, 2023, that are eligible to be replaced with
3.25 the state fiscal recovery federal fund under Public Law 117-2 and its corresponding guidance
3.26 consistent with the method used in paragraph (a). The commissioner must allocate
3.27 \$550,000,000 from the state fiscal recovery federal fund from the biennium beginning July
3.28 1, 2023, to replace the canceled general fund appropriations. The allocations made by the
3.29 commissioner are appropriated in fiscal year 2024 from the state fiscal recovery federal
3.30 fund and are available in either year of the biennium, but must be obligated by December
3.31 31, 2024. This is a onetime appropriation.

3.32 (c) Prior to implementing any appropriations or planning estimates under this subdivision,
3.33 the commissioner of management and budget must submit the proposed appropriation and
3.34 planning estimate changes to the Legislative Advisory Commission for review. Legislative

4.1 Advisory Commission members have up to ten days to submit any recommendations
4.2 regarding the appropriations to the commissioner.

4.3 Subd. 3. **General fund restoration.** If general fund appropriations in subdivisions 2
4.4 and 3 are reduced or replaced with state fiscal recovery federal fund appropriations, those
4.5 state fiscal recovery federal fund appropriations are onetime for the years indicated, and
4.6 the general fund appropriation base amounts are reinstated in subsequent fiscal years.

4.7 Sec. 4. **SUSPENSION OF STATUTORY APPROPRIATION; AMERICAN RESCUE**
4.8 **PLAN ACT; STATE FISCAL RECOVERY FEDERAL FUND.**

4.9 (a) Notwithstanding Minnesota Statutes, sections 3.3005 and 4.07, \$1,233,000,000 of
4.10 the federal funds received by the state of Minnesota from its state fiscal recovery federal
4.11 fund allocation under Public Law 117-2 must not be spent except pursuant to a direct
4.12 appropriation by law.

4.13 (b) If the funds in this section are not appropriated by the expiration of paragraph (a),
4.14 the remaining funds in paragraph (a) are appropriated to the commissioner of management
4.15 and budget. The commissioner of management and budget may transfer funds appropriated
4.16 under this paragraph to state agencies as necessary. Before spending federal funds
4.17 appropriated in this section, the commissioner of management and budget shall report
4.18 allocations of funds appropriated under this section and their intended purpose to the
4.19 Legislative Advisory Commission, consistent with the urgent federal funds request procedure
4.20 under Minnesota Statutes, section 3.3005, subdivisions 4 and 5.

4.21 **EFFECTIVE DATE.** Paragraph (a) is effective the day following final enactment and
4.22 is retroactive to May 17, 2021. Paragraph (a) expires June 15, 2022. Paragraph (b) is effective
4.23 the day following final enactment.