

**CHAPTER 284—H.F.No. 2446**

*An act relating to state government finance; authorizing principles, criteria, and procedures for consolidating and eliminating certain funds and accounts; requiring reports; making technical and clarifying changes to provisions related to the budget process; amending Minnesota Statutes 2002, sections 3.23; 3.98, subdivision 3; 15.16, subdivision 5; 16A.102, by adding a subdivision; 16A.53, subdivision 1, by adding subdivisions; 16A.641, subdivision 2; 16B.24, subdivision 3; 16B.31, subdivision 3; 85A.02, subdivision 5a; 115A.557, subdivision 4; 116O.071, subdivision 3; 116P.08, subdivision 3; 144.701, subdivision 4; 245.90; 270.063, subdivision 1; 270.71; Minnesota Statutes 2003 Supplement, sections 16A.11, subdivision 3; 84.026; 116J.966, subdivision 1; repealing Minnesota Statutes 2002, section 3.24.*

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

**ARTICLE 1**

**SPECIAL REVENUE ACCOUNTS**

Section 1. Minnesota Statutes 2002, section 16A.53, subdivision 1, is amended to read:

Subdivision 1. ~~FUND CREATES FUNDS AND ACCOUNTS CREATED BY~~ **LAW**. When a law creates a fund or account in the treasury into which are deposited certain revenues and out of which certain expenditures are appropriated, the commissioner may consider the creation of the fund or account as the creation of a bookkeeping account in the state's general books of account accounting system so as to reflect the revenues deposited in the treasury and credited to the bookkeeping account and the expenditures appropriated from the treasury and charged to the bookkeeping account. The commissioner must organize these bookkeeping accounts into funds in accordance with generally accepted accounting principles.

Sec. 2. Minnesota Statutes 2002, section 16A.53, is amended by adding a subdivision to read:

**Subd. 3. COMMISSIONER TO MANAGE FUNDS AND ACCOUNTS.** (a) As necessary, the commissioner may eliminate an account that is no longer needed for the purposes specified for it in law.

(b) The commissioner must eliminate an account that meets the criteria in paragraph (c) unless the commissioner determines that the account is necessary for efficient fiscal operation.

(c) Criteria for account elimination are:

(1) receipts to the account and transfers into the account average less than \$1,000 per year in the past four years;

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(2) year-end balances in the past four years average less than \$1,000 per year; and

(3) the account has been in existence for at least four years.

(d) Any balances in an eliminated account must be transferred to the general fund unless some other disposition is specified in law. If the commissioner eliminates an account established in law, the commissioner must notify the legislature, in a report to the appropriate finance committees, of the elimination.

Sec. 3. Minnesota Statutes 2002, section 16A.53, is amended by adding a subdivision to read:

Subd. 4. **REPORT.** Each agency that manages accounts within a fund must report at least annually to the appropriate finance committees of the legislature on the number, purpose, and recent financial activity in those accounts. The commissioner must establish uniform criteria and timing for the reports.

**Sec. 4. SPECIAL REVENUE FUND ACCOUNTS.**

Beginning in fiscal year 2005, the commissioner of finance shall review one-quarter of the accounts in the accounting special revenue fund. Each following year, the commissioner shall review an additional one-quarter of the accounts until they have all been evaluated. This review must categorize the accounts by type and include a legislative history of each account, a financial history of each account, and a rationale for the existence of the account under generally accepted accounting principles. The review must explain why the account should not be in the general fund. Beginning with the 2005 regular session, the commissioner shall report to the legislature on the accounts reviewed and recommend any accounts that should be terminated. The commissioner shall work with house and senate fiscal staff to determine the categorization of accounts and other standards for the review.

**Sec. 5. COMMISSIONER'S RECOMMENDATIONS ON FEE ACCOUNTS.**

By January 2, 2005, the commissioner of finance must report to the Finance Committee of the senate and the Ways and Means Committee of the house of representatives on the different procedures for accounting for and appropriating licensing fee revenue, and must make recommendations for consistent treatment of that fee revenue.

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**ARTICLE 2**

**STATE BUDGET PROCESS**

Section 1. Minnesota Statutes 2002, section 3.23, is amended to read:

**3.23 APPROPRIATIONS.**

A standing statutory appropriation, within the meaning of this section and section 3.24, is one which sets apart a specified or unspecified and open amount of public

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money or funds of the state general fund for expenditure for a purpose and makes the amount, or a part of it, available for use continuously ~~and at a time more distant than for a period of time beyond the end of the second fiscal year after the session of the legislature at which the appropriation is made.~~

Every appropriation stated to be an "annual appropriation," "payable annually," "appropriated annually," or "annually appropriated," and every appropriation described by equivalent terms or language is a standing statutory appropriation as defined in this section.

Sec. 2. Minnesota Statutes 2002, section 3.98, subdivision 3, is amended to read:

Subd. 3. **DISTRIBUTION.** A copy of the fiscal note shall be delivered to the chair of the Appropriations Ways and Means Committee of the house of representatives, the chair of the Finance Committee of the senate, the chair of the standing committee to which the bill has been referred, to the chief author of the bill and to the commissioner of finance.

Sec. 3. Minnesota Statutes 2002, section 15.16, subdivision 5, is amended to read:

Subd. 5. **OBTAINING RECOMMENDATION.** No control of state-owned lands may be transferred between state departments or agencies without the departments or agencies first consulting the chairs of the senate Finance Committee and house of representatives Appropriations Ways and Means Committee and obtaining their recommendations. The recommendations are advisory only. Failure to obtain a prompt recommendation is deemed a negative recommendation.

Sec. 4. Minnesota Statutes 2002, section 16A.102, is amended by adding a subdivision to read:

Subd. 4. REPORTING INFORMATION. When updated information is available at the time of a state revenue and expenditure forecast as specified in section 16A.103, subdivision 1, and after the completion of a legislative session, the Department of Finance must report on revenue relative to personal income as specified in subdivision 1.

Sec. 5. Minnesota Statutes 2003 Supplement, section 16A.11, subdivision 3, is amended to read:

Subd. 3. **PART TWO: DETAILED BUDGET.** (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) Tables listing expenditures for the next biennium must show the appropriation base for each year as well as the governor's total recommendation for that year for each expenditure line. The appropriation base is the amount appropriated for the second year of the current biennium, ~~adjusted in accordance with any provisions of law that specify~~

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changes to the base. The tables must separately show any adjustments to the base required by current law or policies of the commissioner of finance. For forecasted programs, the tables must also show the amount of the forecast adjustments, based on the most recent forecast prepared by the commissioner of finance under section 16A.103. For all programs, the tables must show the amount of appropriation changes recommended by the governor, after adjustments to the base and forecast adjustments, and the total recommendation of the governor for that year.

(c) The detailed estimates must include a separate line listing the total cost of professional and technical service contracts for the prior biennium and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions.

(d) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 6. Minnesota Statutes 2002, section 16A.641, subdivision 2, is amended to read:

Subd. 2. **REPORT.** Before a sale of general obligation bonds, the commissioner shall report the amount of bonds to be issued and a detailed list of the projects or a statement of the program to be financed to the chairs of the house Appropriations Ways and Means and Tax Committees and of the senate Finance and Tax Committees, and the minority leaders of the house and senate, for their advisory recommendation. The recommendation is positive if not received within ten days.

Sec. 7. Minnesota Statutes 2002, section 16B.24, subdivision 3, is amended to read:

Subd. 3. **DISPOSAL OF OLD BUILDINGS.** The commissioner, upon request of the head of an agency which has control of a state-owned building which is no longer used or which is a fire or safety hazard, shall, after obtaining approval of the chairs of the senate Finance Committee and house of representatives Appropriations Ways and Means Committee, sell, wreck, or otherwise dispose of the building. In the event a sale is made the proceeds shall be deposited in the proper account or in the general fund.

Sec. 8. Minnesota Statutes 2002, section 16B.31, subdivision 3, is amended to read:

Subd. 3. **FEDERAL AID.** (a) **APPLICATION FOR AID.** The commissioner, or any other agency to whom an appropriation is made for a capital improvement, shall apply for the maximum federal share for each project.

(b) **ACCEPTANCE OF AID.** The commissioner is the state agency empowered to accept money provided for or made available to this state by the United States of

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America or any federal department or agency for the construction and equipping of any building for state purposes not otherwise provided for by law, other than University of Minnesota buildings, in accordance with the provisions of federal law and any rules or regulations promulgated under federal law. The commissioner may do whatever is required of this state by federal law, rules, and regulations in order to obtain the federal money.

(c) **FEDERAL FUNDS CONSIDERED PART OF APPROPRIATION.** The commissioner may after consultation with the chairs of the senate Finance Committee and house of representatives Appropriations Ways and Means Committee, adopt a plan, provide for an improvement, or construct a building that contemplates expenditure for its completion of more money than the appropriation for it, if the excess money is provided by the United States government and granted to the state of Minnesota under federal law or any rule or regulation promulgated under federal law. This federal money, for the purpose of this section, is a part of the appropriation for the project.

(d) **DELAYED FEDERAL MONEY.** If an amount is payable to a creditor of the state from a project account which is financed partly with federal money and the project is included in appropriations made to the commissioner for public buildings and equipment, and the amount cannot be paid on time because of a deficiency of money in the project account caused by a delay in the receipt of federal money, the commissioner may provide money needed to pay the amount by temporarily transferring the sum to the project account from any other appropriation made to the commissioner in the same act. Required money for a payment is appropriated for that purpose. When the delayed federal money is received, the commissioner shall have the amount of money transferred returned to the account from which it came.

Sec. 9. Minnesota Statutes 2003 Supplement, section 84.026, is amended to read:

**84.026 CONTRACTS AND GRANTS FOR PROVISION OF NATURAL RESOURCES SERVICES.**

The commissioner of natural resources is authorized to enter into contractual or grant agreements with any public or private entity for the provision of statutorily prescribed natural resources services by or for the department. The contracts or grants shall specify the services to be provided and the amount and method of reimbursement. Funds generated in a contractual agreement made pursuant to this section shall be deposited in the special revenue fund and are appropriated to the department for purposes of providing the services specified in the contracts. All contractual and grant agreements shall be processed in accordance with the provisions of section 16C.05. The commissioner shall report revenues collected and expenditures made under this section to the chairs of the Committees on Appropriations Ways and Means in the house and Finance in the senate by January 1 of each odd-numbered year.

Sec. 10. Minnesota Statutes 2002, section 85A.02, subdivision 5a, is amended to read:

Subd. 5a. **EMPLOYEES.** (a) The board shall appoint an administrator who shall serve as the executive secretary and principal administrative officer of the board and,

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subject to its approval, shall operate the Minnesota Zoological Garden and enforce all rules and policy decisions of the board. The administrator must be chosen solely on the basis of training, experience, and other qualifications appropriate to the field of zoo management and development. The board shall set the salary of the administrator. The salary of the administrator may not exceed 130 percent of the salary of the governor; however, any amount exceeding 95 percent of the salary of the governor must consist of nonstate funds. The administrator shall perform duties assigned by the board and serves in the unclassified service at the pleasure of the board. The administrator, with the participation of the board, shall appoint a development director in the unclassified service or contract with a development consultant to establish mechanisms to foster community participation in and community support for the Minnesota Zoological Garden. The board may employ other necessary professional, technical, and clerical personnel. Employees of the zoological garden are eligible for salary supplement in the same manner as employees of other state agencies. The commissioner of finance shall determine the amount of salary supplement based on available funds.

(b) The board may contract with individuals to perform professional services and may contract for the purchases of necessary species exhibits, supplies, services, and equipment. The board may also contract for the construction and operation of entertainment facilities on the zoo grounds that are not directly connected to ordinary functions of the zoological garden. The zoo board may not enter into a final agreement for construction of an entertainment facility that is not directly connected to the ordinary functions of the zoo until after final construction plans have been submitted to the chairs of the senate Finance and house Appropriations Ways and Means Committees for their recommendations.

The zoo may not contract for entertainment during the period of the Minnesota State Fair that would directly compete with entertainment at the Minnesota State Fair.

Sec. 11. Minnesota Statutes 2002, section 115A.557, subdivision 4, is amended to read:

Subd. 4. **REPORT.** By July 1 of each odd-numbered year, the director shall report on how the money was spent and the resulting statewide improvements in solid waste management to the house of representatives and senate Appropriations Ways and Means, Finance, and Environment and Natural Resources Committees, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on Environment and Natural Resources Finance. The report shall be included in the report required under section 115A.411.

Sec. 12. Minnesota Statutes 2003 Supplement, section 116J.966, subdivision 1, is amended to read:

Subdivision 1. **GENERALLY.** (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

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(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign direct investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) enter into contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries, to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to section 16C.06; and

(12) market trade-related materials to businesses and organizations, and the proceeds of which must be placed in a special revolving account and are appropriated to the commissioner to prepare and distribute trade-related materials.

(b) The programs and activities of the commissioner of employment and economic development and the Minnesota Trade Division may not duplicate programs and activities of the commissioner of agriculture or the Minnesota World Trade Center.

(c) The commissioner shall notify the chairs of the senate Finance and house Appropriations Ways and Means Committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.

Sec. 13. Minnesota Statutes 2002, section 116O.071, subdivision 3, is amended to read:

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Subd. 3. **AUTHORITY TO PERFORM REQUESTED EVALUATIONS.** The governor, speaker of the house of representatives, house of representatives minority leader, senate majority leader, senate minority leader, chair of the house of representatives Appropriations Ways and Means Committee, chair of the senate Finance Committee, director, or a member of the legislature considering the introduction or approval of legislation containing funding for scientifically and technologically related research and development may request the corporation to evaluate a loan or grant made or to be made or the proposed legislation for funding scientifically and technologically related research and development to determine (1) whether it complies with the guidelines required by subdivision 1, clause (1), item (ii); (2) whether it is technically feasible; and (3) for development proposals, whether the proposal appears to have the potential for economic development. Ad hoc committees may be appointed by the corporation.

Sec. 14. Minnesota Statutes 2002, section 116P.08, subdivision 3, is amended to read:

Subd. 3. **STRATEGIC PLAN REQUIRED.** (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years. The strategic plan must be updated every two years. The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives Appropriations Ways and Means and senate Finance Committees by January 1 of each odd-numbered year.

(b) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption.

Sec. 15. Minnesota Statutes 2002, section 144.701, subdivision 4, is amended to read:

Subd. 4. **FILING FEES.** Each report which is required to be submitted to the commissioner of health under sections 144.695 to 144.703 and which is not submitted to a voluntary, nonprofit reporting organization in accordance with section 144.702 shall be accompanied by a filing fee in an amount prescribed by rule of the commissioner of health. Upon the withdrawal of approval of a reporting organization, or the decision of the commissioner to not renew a reporting organization, fees collected under section 144.702 shall be submitted to the commissioner. Fees received under this subdivision shall be deposited in a revolving fund and are appropriated to the commissioner of health for the purposes of sections 144.695 to 144.703. The commissioner shall report the termination or nonrenewal of the voluntary reporting organization to the chair of the Health and Human Services Subdivision of the Appropriations Finance Committee of the house of representatives, to the chair of the Health and Human Services Division of the Finance Committee of the senate, and the commissioner of finance.

Sec. 16. Minnesota Statutes 2002, section 245.90, is amended to read:

**245.90 COURT AWARDED FUNDS, DISPOSITION.**

The commissioner of human services shall notify the house Appropriations Ways and Means and senate Finance Committees of the terms of any contractual arrange-

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ment entered into by the commissioner and the attorney general, pursuant to an order of any court of law, which provides for the receipt of funds by the commissioner.

Any funds recovered or received by the commissioner pursuant to an order of any court of law shall be placed in the general fund.

Sec. 17. Minnesota Statutes 2002, section 270.063, subdivision 1, is amended to read:

Subdivision 1. **APPROPRIATION.** For the purpose of collecting delinquent state tax liabilities or debts as defined in section 16D.02, subdivision 3, there is appropriated to the commissioner of revenue an amount representing the cost of collection by contract with collection agencies, revenue departments of other states, or attorneys to enable the commissioner to reimburse these agencies, departments, or attorneys for this service. The commissioner shall report quarterly on the status of this program to the chair of the house Tax and Appropriation Ways and Means Committees and senate Tax and Finance Committees.

Sec. 18. Minnesota Statutes 2002, section 270.71, is amended to read:

**270.71 ACQUISITION AND RESALE OF SEIZED PROPERTY.**

For the purpose of enabling the commissioner of revenue to purchase or redeem seized property in which the state of Minnesota has an interest arising from a lien for unpaid taxes, or to provide for the operating costs of collection activities of the Department of Revenue, there is appropriated to the commissioner an amount representing the cost of such purchases, redemptions, or collection activities. Seized property acquired by the state of Minnesota to satisfy unpaid taxes shall be resold by the commissioner. The commissioner shall preserve the value of seized property while controlling it, including but not limited to the procurement of insurance. For the purpose of refunding the proceeds from the sale of levied or redeemed property which are in excess of the actual tax liability plus costs of acquiring the property, there is hereby created a levied and redeemed property refund account in the agency fund. All amounts deposited into this account are appropriated to the commissioner of revenue. The commissioner shall report quarterly on the status of this program to the chairs of the house Taxes and Appropriations Ways and Means Committees and senate Taxes and Tax Laws and Finance Committees.

**Sec. 19. REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 3.23, as section 16A.011, subdivision 14a.

**Sec. 20. REPEALER.**

Minnesota Statutes 2002, section 3.24, is repealed.

Presented to the governor May 18, 2004

Signed by the governor May 29, 2004, 12:30 p.m.

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