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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1982

02/25/2014 Authored by Erhardt; Ward, J.A., and Davnie
The bill was read for the first time and referred to the Committee on Ways and Means

A bill for an act

relating to state financial management; increasing the budget reserve; setting priorities for additional forecast revenues; amending Minnesota Statutes 2012, section 16A.152, subdivisions 1a, 2; repealing Minnesota Statutes 2012, section 16A.152, subdivision 1b.

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

Section 1. Minnesota Statutes 2012, section 16A.152, subdivision 1a, is amended to read:

Subd. 1a. **Budget reserve.** A budget reserve account is created in the general fund in the state treasury. The target amount for the budget reserve account for the biennium beginning July 1, 2015, is $2,000,000,000. On July 1 of each subsequent odd-numbered year, the commissioner shall determine the target amount for the current biennium by adjusting the target amount for the prior biennium by the commissioner's estimate of the percentage change in general fund spending for the current biennium over the prior biennium. The commissioner of management and budget shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

Sec. 2. Minnesota Statutes 2012, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $653,000,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; and

(5) to the ~~state airports fund, the amount necessary to restore the amount transferred from the state airports fund under Laws 2008, chapter 363, article 11, section 3, subdivision 5~~ budget reserve account under subdivision 1a until the account reaches the target amount for the current biennium, but no more than ten percent of the amount remaining after the requirement in clause (4) is allocated for this purpose.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

Sec. 3. **REPEALER.**

Minnesota Statutes 2012, section 16A.152, subdivision 1b, is repealed.

16A.152 BUDGET RESERVE AND CASH FLOW ACCOUNTS.

Subd. 1b. **Budget reserve increase.** On July 1, 2003, the commissioner of management and budget shall transfer $300,000,000 to the budget reserve account in the general fund. On July 1, 2004, the commissioner of management and budget shall transfer $296,000,000 to the budget reserve account in the general fund. The amounts necessary for this purpose are appropriated from the general fund.