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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
NINETIETH SESSION

**H. F. No. 4260**

03/28/2018 Authored by Davnie; Marquart; Murphy, M., and Bly  
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; requiring that certain forecasted positive general  
1.3 fund balances be allocated to restore the special education aid payment percentage;  
1.4 amending Minnesota Statutes 2016, section 127A.45, subdivision 13; Minnesota  
1.5 Statutes 2017 Supplement, section 16A.152, subdivisions 1b, 2.

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

1.7 Section 1. Minnesota Statutes 2017 Supplement, section 16A.152, subdivision 1b, is  
1.8 amended to read:

1.9 Subd. 1b. **Budget reserve level.** (a) The commissioner of management and budget shall  
1.10 calculate the budget reserve level by multiplying the current biennium's general fund  
1.11 nondedicated revenues and the most recent budget reserve percentage under subdivision 8.

1.12 (b) If, on the basis of a November forecast of general fund revenues and expenditures,  
1.13 the commissioner of management and budget determines that there will be a positive  
1.14 unrestricted general fund balance at the close of the biennium and that the provisions of  
1.15 subdivision 2, paragraph (a), ~~clauses (1), (2), (3), and (4)~~, are satisfied, the commissioner  
1.16 shall transfer to the budget reserve account in the general fund the amount necessary to  
1.17 increase the budget reserve to the budget reserve level determined under paragraph (a). The  
1.18 amount of the transfer authorized in this paragraph shall not exceed 33 percent of the positive  
1.19 unrestricted general fund balance determined in the forecast.

1.20 **EFFECTIVE DATE.** This section is effective January 8, 2019.

2.1 Sec. 2. Minnesota Statutes 2017 Supplement, section 16A.152, subdivision 2, is amended  
2.2 to read:

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

2.8 (1) the cash flow account established in subdivision 1 until that account reaches  
2.9 \$350,000,000;

2.10 (2) the budget reserve account established in subdivision 1a until that account reaches  
2.11 \$1,596,522,000;

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

2.16 (4) the amount necessary to restore all or a portion of the net aid reductions under section  
2.17 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75,  
2.18 subdivision 5, by the same amount; and

2.19 (5) ~~the clean water fund established in section 114D.50 until \$22,000,000 has been~~  
2.20 ~~transferred into the fund.~~ the amount necessary to increase the special education aid payment  
2.21 percentage under section 127A.45, subdivision 13, paragraph (b), to not more than 100  
2.22 percent.

2.23 (b) The amounts necessary to meet the requirements of this section are appropriated  
2.24 from the general fund within two weeks after the forecast is released or, in the case of  
2.25 transfers under paragraph (a), clauses (3) ~~and~~<sub>2</sub> (4), and (5), as necessary to meet the  
2.26 appropriations schedules otherwise established in statute.

2.27 (c) The commissioner of management and budget shall certify the total dollar amount  
2.28 of the reductions under paragraph (a), clauses (3) ~~and~~<sub>2</sub> (4), and (5), to the commissioner of  
2.29 education. The commissioner of education shall increase the aid payment percentage ~~and~~<sub>2</sub>  
2.30 reduce the property tax shift percentage, and increase the special education aid payment  
2.31 percentage by these amounts and apply those reductions to the current fiscal year and  
2.32 thereafter.

3.1 ~~(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been~~  
3.2 ~~made.~~

3.3 **EFFECTIVE DATE.** This section is effective January 8, 2019.

3.4 Sec. 3. Minnesota Statutes 2016, section 127A.45, subdivision 13, is amended to read:

3.5 Subd. 13. **Aid payment percentage.** (a) Except as provided in subdivisions 11, 12, 12a,  
3.6 and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A,  
3.7 120B, 121A, 122A, 123A, 123B, 124D, 124E, 125A, 125B, 126C, 134, and section 273.1392,  
3.8 shall be paid at the current year aid payment percentage of the estimated entitlement during  
3.9 the fiscal year of the entitlement.

3.10 (b) For the purposes of this subdivision, a district's estimated entitlement for special  
3.11 education aid under section 125A.76 ~~for fiscal year 2014 and later~~ equals 97.4 percent of  
3.12 the district's entitlement for the current fiscal year.

3.13 (c) The final adjustment payment, according to subdivision 9, must be the amount of  
3.14 the actual entitlement, after adjustment for actual data, minus the payments made during  
3.15 the fiscal year of the entitlement.

3.16 **EFFECTIVE DATE.** This section is effective July 1, 2018.