

## CHAPTER 16A

## DEPARTMENT OF FINANCE

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**16A.055 SOME OF THE COMMISSIONER'S DUTIES.**

Subdivision 1. **List.** The commissioner shall:

- (1) receive and record all money paid into the state treasury and safely keep it until lawfully paid out;
- (2) manage the state's financial affairs;
- (3) keep the state's general account books according to generally accepted government accounting principles;
- (4) keep expenditure and revenue accounts according to generally accepted government accounting principles;
- (5) develop, provide instructions for, prescribe, and manage a state uniform accounting system; and
- (6) provide to the state the expertise to ensure that all state funds are accounted for under generally accepted government accounting principles.

*[For text of subds 2 to 5, see M.S.1984]*

**History:** 1Sp1985 c 13 s 95

**16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.**

Despite section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment and for newspaper, magazine, and other subscription fees customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

**History:** 1985 c 248 s 6

**16A.123 APPROVED COMPLEMENT.**

*[For text of subds 1 and 2, see M.S.1984]*

Subd. 3. **Exclusions.** The following kinds of employees need not be counted in an agency's approved complement:

- (1) part-time employees;

- (2) seasonal or intermittent employees as defined by the commissioner of employee relations;
- (3) summer student employees;
- (4) service employees;
- (5) preservice trainees in an affirmative action program approved by the commissioner of employee relations;
- (6) CETA employees;
- (7) repair or construction project employees;
- (8) employees in the department of military affairs paid entirely by federal money; and
- (9) employees who have an active workers' compensation claim as defined by the commissioner of labor and industry.

The commissioner must conclude there is a need and available money before an agency hires an employee of a kind listed in this subdivision.

*[For text of subd 4, see M.S.1984]*

**History:** *1Sp1985 c 13 s 96; 1Sp1985 c 17 s 5*

#### **16A.124 PROMPT PAYMENT OF STATE AGENCY BILLS REQUIRED.**

Subdivision 1. **Definitions.** For the purposes of this section, the following terms have the meanings here given them.

- (a) "Commissioner" means the commissioner of finance.
- (b) "State agency" has the meaning assigned to it in section 16A.011.

*[For text of subs 2 to 4, see M.S.1984]*

Subd. 5. **Payment of interest on late payments required.** (a) A state agency shall pay interest to a vendor for undisputed billings when the agency has not paid the billing within 30 days following receipt of the invoice, merchandise, or service whichever is later. A negotiated contract or agreement between a vendor and a state agency which requires an audit by the state agency prior to acceptance and payment of the vendor's invoice shall not be considered past due until 30 days after the completion of the audit by the state agency. Before any interest payment is made, the vendor must invoice the state agency for such interest.

(b) The rate of interest paid by the agency on undisputed bills not paid within 30 days shall be 1-1/2 percent per month or any part thereof.

(c) All interest penalties and collection costs must be paid from the agency's current operating budget. No agency may seek to increase its appropriation for the purpose of obtaining funds to pay interest penalties or collection costs.

(d) Any vendor who prevails in a civil action to collect interest penalties from a state agency shall be awarded its costs and disbursements, including attorney's fees, incurred in bringing the actions.

(e) No interest penalties may accrue against an agency that delays payment of a bill due to a disagreement with the vendor; provided, that the dispute must be settled within 30 days after the bill became overdue. Upon the resolution of the dispute, the agency must pay the vendor accrued interest on all proper invoices for which payment was not received within the applicable time limit contained in subdivision 3.

(f) The minimum monthly interest penalty payment that a state agency shall pay a vendor for the unpaid balance for any one overdue bill equal to or in excess of

\$100 is \$10. For unpaid balances of less than \$100, the state agency shall pay the actual penalty due to the vendor.

Subd. 5a. **University of Minnesota; payment of interest on late payments authorized.** The University of Minnesota may comply with the requirements of subdivision 5.

*[For text of subds 6 and 7, see M.S.1984]*

Subd. 8. **Applicability.** Subdivisions 1 to 7 apply to all agency purchases, leases, rentals, and contracts for services, including construction and remodeling contracts, except for purchases from or contracts for service with a public utility as defined in section 216B.02 or a telephone company as defined in section 237.01 that has on file with the public utilities commission an approved practice regarding late fees.

**History:** 1985 c 136 s 1-4

### 16A.127 INDIRECT COSTS.

Subdivision 1. **Statewide and agency indirect costs.** (a) As used in this section and in section 16A.128, "statewide indirect costs" means all operating costs incurred by the treasurer and all agencies attributable to providing services to any other agency except as prohibited by federal law. These operating costs include their proportionate share of costs incurred by the legislative and judicial branches.

(b) As used in this section, "agency indirect costs" means all general support costs within the agency that are not directly charged to agency programs.

*[For text of subd 2, see M.S.1984]*

Subd. 3. **Reimbursement.** Under the plan, the commissioner shall make and record the reimbursement to the general fund of the statewide indirect costs attributable to an executive agency's nongeneral fund receipts for the last fiscal year. Unless the commissioner determines that agency indirect cost receipts are a reimbursement for general fund expenditures, the receipts are appropriated to the agency to pay administrative expenses. However, the commissioner may, for reasons of sound financial management, waive the reimbursement under this subdivision for certain nongeneral fund receipts. The commissioner shall report all waivers in the next statewide indirect cost plan.

*[For text of subd 4, see M.S.1984]*

Subd. 5. **Federal share.** The executive agency shall reimburse the general fund for federal money received for statewide indirect costs. Unless the commissioner determines that agency indirect cost receipts are a reimbursement for general fund expenditures, the receipts are appropriated to the agency to pay administrative expenses. If less than the entire executive agency proposal is federally approved, the commissioner may accept reimbursement of less than all of the federal receipts. If no federal funds are approved for indirect costs, the executive agency must document that fact to the commissioner.

*[For text of subds 6 and 7, see M.S.1984]*

Subd. 8. **Exemption.** This section does not apply to the community college system, state universities, or the state board of vocational technical education.

**History:** 1Sp1985 c 13 s 97-100

**16A.128 FEE SETTING.**

Subdivision 1. **Approval.** Fees for accounts for which appropriations are made may not be established or adjusted without the approval of the commissioner. If the fee or fee adjustment is required by law to be fixed by rule, the commissioner's approval must be in the statement of need and reasonableness. These fees must be reviewed each fiscal year. Unless the commissioner determines that the fee must be lower, fees must be set or fee adjustments must be made so the total fees nearly equal the sum of the appropriation for the accounts plus the agency's general support costs, statewide indirect costs, and attorney general costs attributable to the fee function.

Subd. 2. **No rulemaking.** The kinds of fees that need not be fixed by rule unless specifically required by law are:

- (1) fees based on actual direct costs of a service;
- (2) one-time fees;
- (3) fees that produce insignificant revenues;
- (4) fees billed within or between state agencies;
- (5) fees exempt from commissioner approval; or
- (6) fees for admissions to or use of facilities operated by the iron range resources and rehabilitation board, if the fees are set according to prevailing market conditions to recover operating costs.

Subd. 2a. **Procedure.** Other fees not fixed by law must be fixed by rule. The procedure for noncontroversial rules in sections 14.21 to 14.28 may be used except that no public hearing need be held unless 20 percent of the persons who will be required to pay the fee submit to the agency during the 30-day period allowed for comment a written request for a public hearing on the proposed rule. The notice of intention to adopt the rules must state whether a hearing will be held if not required. This procedure may be used only when the total fees estimated for the biennium do not exceed the sum of direct appropriations, indirect costs, transfers in, and salary supplements for that purpose. A public hearing is required to fix fees spent under open appropriations of dedicated receipts.

**History:** *1Sp1985 c 13 s 101; 1Sp1985 c 14 art 10 s 2*

**16A.1281 REPORT ON LOW OR HIGH FEES.**

Each biennium the commissioner shall review fees collected by agencies. The commissioner shall report on the fees to the appropriation and finance committees not later than the date the governor submits the biennial budget to the legislature. The report must analyze the fees that the commissioner believes will be too low or too high in the next biennium for the service provided. The analysis must take into account the cost of collecting the fee.

**History:** *1Sp1985 c 13 s 102*

**16A.133 CREDIT UNION, PARKING, OTHER DEDUCTIONS.**

Subdivision 1. **Credit union.** An agency head may, with the written request of an employee, deduct from the pay of the employee a requested amount to be paid to any state employees' credit union, or the Minnesota benefit association or to any organization contemplated by section 179A.06, of which the employee is a member. If an employee is a member of more than one such credit union or more than one such organization, only one credit union and one organization may be paid money by payroll deduction from the employee's pay. No deduction may be made from the

salary of an employee for payment to a credit union or organization unless 100 employees request deductions for payment to the credit union or organization. The 100 employee minimum does not apply to credit unions and organizations which received authorized payroll deduction payments on June 5, 1971.

*[For text of subds 2 and 3, see M.S.1984]*

**History:** 1985 c 248 s 7

#### **16A.15 ACCOUNTING SYSTEM; ALLOTMENT AND ENCUMBRANCE.**

**Subdivision 1. Reduction.** (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the legislative advisory commission, transfer from the budget and cash flow reserve account established in subdivision 6 to the general fund the money needed to balance expenditures with revenue. An additional deficit shall, with the approval of the governor, and after consulting the legislative advisory commission, be made up by reducing allotments.

(b) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(c) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(d) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

*[For text of subds 2 to 5, see M.S.1984]*

**Subd. 6. Budget and cash flow reserve account.** A budget and cash flow reserve account is created in the general fund in the state treasury. The commissioner of finance on July 1, 1983, shall transfer \$250,000,000 to the account. The commissioner of finance on July 1, 1984, shall transfer an additional \$125,000,000 to the account. The commissioner on July 1, 1985, shall transfer an additional \$75,000,000 to the account. The amounts transferred shall remain in the account until expended under subdivision 1. When an amount has been expended under subdivision 1, but the commissioner later determines during the same biennium that there will probably be a positive undesignated balance in the general fund at the end of the biennium, the commissioner shall transfer from the undesignated fund balance to the budget and cash flow reserve account the amount needed to restore the balance in the account to \$450,000,000.

*[For text of subd 7, see M.S.1984]*

**History:** 1Sp1985 c 14 art 18 s 1,2

#### **16A.154 AID PAYMENT DEFERRAL.**

If in any calendar year the commissioner determines that it is necessary to avoid cash flow borrowing by the state, the commissioner may order that the November 15 payment to taxing districts of property tax reduction aids and local government aids

will be paid by December 15. The order applies only to aid payments made during that calendar year. The commissioner of revenue shall make payments in accordance with the order of the commissioner, notwithstanding the provisions of sections 273.13, subdivision 15a, and 477A.015. If aid payments are to be deferred pursuant to this section, the commissioner of revenue must notify the affected taxing districts by the immediately preceding October 15. This section does not apply to aid payments made to school districts.

**History:** *1Sp1985 c 14 art 18 s 3*

#### **16A.1541 ADDITIONAL REVENUES; PRIORITY.**

If a forecast of general fund revenues and expenditures indicates that there will be an unobligated general fund balance at the close of the biennium, money must be allocated in the following order of priority:

- (1) allocate an amount, if any, necessary to restore the budget and cash flow reserve account as provided by section 16A.15, subdivision 6;
- (2) pay the refund of occupation taxes under Laws 1985, First Special Session chapter 14, article 18, section 7;
- (3) reduce property tax levy recognition percent under section 121.904, subdivision 4c; and
- (4) increase the school aids payment current year percentage under section 121.904, subdivision 4d.

**History:** *1Sp1985 c 14 art 18 s 4*

#### **16A.275 DAILY RECEIPTS DEPOSITED.**

Except as otherwise provided by law, an agency shall deposit receipts totaling \$250 or more in the state treasury daily. The depositing agency shall send a report to the commissioner on the disposition of receipts since the last report. The commissioner shall credit the deposits received during a month to the proper funds not later than the first day of the next month.

**History:** *1Sp1985 c 13 s 103*

#### **16A.283 APPROPRIATIONS TO COURTS.**

If an appropriation for the courts or for an agency in the judicial branch for either fiscal year of a biennium is insufficient, the appropriation for the other fiscal year of the biennium is available for it.

**History:** *1Sp1985 c 13 s 104*

#### **16A.40 WARRANTS.**

Money must not be paid out of the state treasury except upon the warrant of the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

**History:** *1Sp1985 c 13 s 105*

#### **16A.42 CLAIMS: FORM, APPROVAL, REGISTER.**

*[For text of subd 1, see M.S.1984]*

Subd. 2. **Approval.** If the claim is approved, the commissioner shall complete and sign a warrant in the amount of the claim.

Subd. 3. [Repealed, 1Sp1985 c 13 s 376]

*[For text of subd 4, see M.S.1984]*

**History:** 1Sp1985 c 13 s 106

#### **16A.45 OUTSTANDING UNPAID WARRANTS, CANCELLATION.**

*[For text of subd 1, see M.S.1984]*

Subd. 2. **Presentment of canceled warrant.** When a canceled warrant is presented for payment it shall be paid and charged by the commissioner to the fund credited with the amount of the canceled warrant.

*[For text of subd 3, see M.S.1984]*

**History:** 1Sp1985 c 13 s 107

#### **16A.47 COMMISSIONER'S DUTIES WITH ACCOUNTS AND DOCUMENTS.**

The commissioner shall make and keep in the department's office a record of all accounts and documents required by law to be returned to or filed with the commissioner. The commissioner shall file and keep all official receipts and vouchers. The commissioner shall also keep an account for each appropriation, showing the disbursements. The commissioner shall keep other accounts needed to show the daily condition of state finances.

**History:** 1Sp1985 c 13 s 108

#### **16A.58 COMMISSIONER CUSTODIAN OF PAYMENT DOCUMENTS.**

The commissioner is the custodian of original documents on which money has been or may be paid out of the state treasury.

**History:** 1Sp1985 c 13 s 109

#### **16A.625 SPECIAL REVENUE BALANCE CANCELED.**

The unencumbered balance of nondedicated revenue in the special revenue fund on June 30 each year must be canceled and transferred to the general fund.

**History:** 1Sp1985 c 13 s 110

#### **16A.641 STATE BONDS; APPROPRIATIONS.**

*[For text of subds 1 to 9, see M.S.1984]*

Subd. 10. **Appropriation from general fund.** There is annually appropriated to the state bond fund from the general fund the amount that, added to the amount in the state bond fund on November 1 each year for state bonds issued by January 1, 1985, and the amount that added to the amount in the state bond fund on December 1 each year for state bonds issued after January 1, 1985, is needed to pay the principal of and interest on all state bonds due and to become due through July 1 in the second ensuing year. The money appropriated must be available in the state bond fund each year before the tax otherwise required by the Constitution, article XI, section 7, is levied.

Subd. 11. **Constitutional tax levy.** Under the Constitution, article XI, section 7, the state auditor must levy each year on all taxable property within the state a tax sufficient, with the amount then on hand in the state bond fund, to pay all principal and interest on state bonds due and to become due to and including July 1 in the second ensuing year. The tax is not subject to limitation of rate or amount. However, the amount of money appropriated from other sources as provided in subdivision 10, and actually received and on hand prior to the levy in any year, reduces the amount of the tax otherwise required to be levied. The proceeds of the tax must be credited to the state bond fund.

*[For text of subd 12, see M.S.1984]*

Subd. 13. **Application.** This section applies to all state bonds issued after January 1, 1985, notwithstanding other laws relating to specific bonding programs.

**History:** 1Sp1985 c 13 s 111,112; 1Sp1985 c 14 art 4 s 2

### 16A.672 BONDS AND CERTIFICATES OF INDEBTEDNESS.

Subdivision 1. **Authority.** The commissioner may issue, execute, deliver, register, and pay bonds and certificates of indebtedness in the form and manner provided in this section, when authorized under section 16A.641 or 16A.671.

Subd. 2. **Application of commercial code.** All bonds and certificates are securities under sections 336.8-101 to 336.8-408. The commissioner may do for the state whatever may or must be done under those sections to comply with the orders authorizing them. The bonds or certificates may be issued:

- (1) in one or more denominations;
- (2) in bearer form, with interest coupons attached; and
- (3) with provision for registration as to principal only; or
- (4) in fully registered form; and
- (5) with provision for registration of conversion and exchange of forms and denominations, transfer of ownership, and replacement of lost or damaged bonds.

Subd. 3. **Preparation and execution.** (a) Bonds and certificates of indebtedness may be printed or otherwise reproduced in the style and form the commissioner prescribes. They may state in a general way the purpose for which they are issued and the security provided for their payment or may incorporate the authorizing order by reference.

(b) They must be executed by the commissioner under the commissioner's official seal. The signature may be a reproduced facsimile, but no bond or certificate is valid for any purpose unless it is manually signed on its face by the commissioner or by a duly authorized representative of a bank or trust company named by the commissioner as an agent of the state to authenticate it.

*[For text of subs 4 to 11, see M.S.1984]*

**History:** 1Sp1985 c 13 s 113-115

### 16A.85 MASTER LEASE.

Subdivision 1. **Authorization.** The commissioner of administration may determine, in conjunction with the commissioner of finance, the personal property needs of the various state departments, agencies, boards, and commissions that may be economically funded through a master lease program and request the commissioner of finance to execute a master lease and to authorize the sale and issuance of certificates of participation relative to it in an amount sufficient to fund these



personal property needs. The commissioner of administration may use the proceeds from the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16B. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of finance to pay principal and interest coming due on the certificates of participation.

**Subd. 2. Covenants.** The commissioner of finance may covenant in a master lease that the state will abide by the terms and provisions that are customary in net lease or lease-purchase transactions including, but not limited to, covenants providing that the state:

(1) will maintain rental interruption, liability, and casualty insurance notwithstanding section 15.38;

(2) is responsible to the lessor for any public liability or property damage claims or costs related to the selection, use, or maintenance of the leased equipment, to the extent of insurance or self-insurance maintained by the lessee, and for costs and expenses incurred by the lessor as a result of any default by the lessee;

(3) authorizes the lessor to exercise the rights of a secured party with respect to the equipment subject to the lease in the event of default by the lessee and, in addition, for the present recovery of lease rentals due during the current term of the lease as liquidated damages.

**Subd. 3. Master leases not debt.** The commissioner of finance may not enter into a master lease unless the commissioner of finance determines that money has been appropriated and allotted for the payment of the maximum amount of rentals that are payable from state money and that are due or to become due during the appropriation period in which the lease contract is entered into. A master lease does not constitute or create a general or moral obligation or indebtedness of the state in excess of the money from time to time appropriated or otherwise available for the payment of rent coming due under the lease, and the state has no continuing obligation to appropriate money for the payment of rent or other obligations under the lease. Rent due under a master lease during a current lease term for which money has been appropriated is a current expense of the state.

**Subd. 4. Tax exemption.** Property subject to a master lease is not subject to personal property taxes. Property purchased by a lessor for lease to the state under a valid master lease and rent due under the lease are not subject to sales tax.

**Subd. 5. Investment income.** The net income from investment of the proceeds of the certificates of participation, as estimated by the commissioner of finance, must be credited to the fund whose assets will be used to pay off the certificates of participation.

**History:** *1Sp1985 c 13 s 116*