

## CHAPTER 16A

## DEPARTMENT OF FINANCE

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**16A.10 BUDGET PREPARATION.**

*[For text of subd 1, see M.S.1996]*

Subd. 2. **By October 15 and November 30.** By October 15 of each even-numbered year, an agency must file the following with the commissioner:

- (1) budget estimates for the most recent and current fiscal years;
- (2) its upcoming biennial budget estimates;
- (3) a comprehensive and integrated statement of agency missions and outcome and performance measures; and
- (4) a concise explanation of any planned changes in the level of services or new activities.

The commissioner shall prepare and file the budget estimates for an agency failing to file them. By November 30, the commissioner shall send the final budget format, agency budget plans or requests for the next biennium, and copies of the filed material to the ways and means and finance committees, except that the commissioner shall not be required to transmit information that identifies executive branch budget decision items. At this time, a list of each employee's name, title, and salary must be available to the legislature, either on paper or through electronic retrieval.

*[For text of subd 3, see M.S.1996]*

**History:** 1997 c 202 art 2 s 12

**16A.103 FORECASTS OF REVENUE AND EXPENDITURES.**

Subdivision 1. **State revenue and expenditures.** In February and November each year, the commissioner shall prepare and deliver to the governor and legislature a forecast of state revenue and expenditures. The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. In determining the rate of inflation, the application of inflation, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chair of the senate state government finance committee, the chair of the house committee on ways and means, and house and senate fiscal staff. In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents. A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

*[For text of subs 2 and 3, see M.S.1996]*

**History:** 1997 c 202 art 2 s 13

#### **16A.11 BUDGET TO LEGISLATURE.**

Subdivision 1. **When.** The governor shall submit a four-part budget to the legislature. Parts one and two, the budget message and detailed operating budget, must be submitted by the fourth Tuesday in January in each odd-numbered year. Part three, the detailed recommendations as to capital expenditure, must be submitted as follows: agency capital budget requests by July 1 of each odd-numbered year, and governor's recommendations by January 15 of each even-numbered year. Part four, the detailed recommendations as to information technology expenditure, must be submitted at the same time the governor submits the budget message to the legislature.

*[For text of subs 2 to 3a, see M.S.1996]*

Subd. 3b. **Contracts.** The detailed budget estimate must also include the following information on professional or technical services contracts:

- (1) the number and amount of contracts over \$40,000 for each agency for the past biennium;
- (2) the anticipated number and amount of contracts over \$40,000 for each agency for the upcoming biennium; and
- (3) the total number and value of all contracts from the previous biennium, and the anticipated total number and value of all contracts for the upcoming biennium.

Subd. 3c. **Part four; detailed information technology budget.** The detailed information technology budget must include recommendations for information technology projects to be funded during the next biennium and planning estimates for an additional two biennia.

*[For text of subs 4 and 5, see M.S.1996]*

**History:** 1997 c 202 art 2 s 14-16

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

*[For text of subs 1 to 4a, see M.S.1996]*

Subd. 4b. **Health care payments.** (a) The commissioner of human services must pay or deny a valid vendor obligation for health services under the medical assistance, general assistance medical care, or MinnesotaCare program within 30 days after receipt. A "valid vendor obligation" means a clean claim submitted directly to the commissioner by an eligible health care provider for health services provided to an eligible recipient. A "clean claim" means an original paper or electronic claim with correct data elements, prepared in accordance with the commissioner's published specifications for claim preparation, that does not require an attachment or text information to pay or deny the claim. Adjustment claims, claims with attachments and text information, and claims submitted to the commissioner as the secondary or tertiary payer, that have been prepared in accordance with the commissioner's published specifications, must be adjudicated within 90 days after receipt.

For purposes of this subdivision, paragraphs (b) and (c) apply.

(b) The agency is not required to make an interest penalty payment on claims for which payment has been delayed for purposes of reviewing potentially fraudulent or abusive billing practices, if there is an eventual finding by the agency of fraud or abuse.

(c) The agency is not required to make an interest penalty payment of less than \$2.

*[For text of subs 5 to 8, see M.S.1996]*

**History:** 1997 c 203 art 9 s 1

#### **16A.1285 DEPARTMENTAL EARNINGS.**

*[For text of subs 1 and 2, see M.S.1996]*

**Subd. 3. Duties of commissioner of finance.** The commissioner of finance shall classify, monitor, analyze, and report all departmental earnings that fall within the definition established in subdivision 1. Specifically, the commissioner shall:

(1) establish and maintain a classification system that clearly defines and distinguishes categories and types of departmental earnings and takes into account the purpose of the various earnings types and the extent to which various earnings types serve a public or private interest;

(2) prepare a biennial report that documents collection costs, purposes, and yields of all departmental earnings, the report to be submitted to the legislature on or before the fourth Tuesday in January in each odd-numbered year and to include estimated data for the year in which the report is prepared, actual data for the two years immediately before, and estimates for the two years immediately following; and

(3) prepare and maintain a detailed directory of all departmental earnings.

*[For text of subs 4 and 5, see M.S.1996]*

**History:** 1997 c 202 art 2 s 17

### **16A.129 OTHER COMMISSIONER POWERS.**

*[For text of subs 1 and 2, see M.S.1996]*

**Subd. 3. Cash advances.** When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

**History:** 1997 c 202 art 2 s 18

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

*[For text of subd 2, see M.S.1996]*

**Subd. 3. Allotment and encumbrance.** (a) A payment may not be made without prior obligation. An obligation may not be incurred against any fund, allotment, or appropriation unless the commissioner has certified a sufficient unencumbered balance or the accounting system shows sufficient allotment or encumbrance balance in the fund, allotment, or appropriation to meet it. The commissioner shall determine when the accounting system may be used to incur obligations without the commissioner's certification of a sufficient unencumbered balance. An expenditure or obligation authorized or incurred in violation of this chapter is invalid and ineligible for payment until made valid. A payment made in violation of this chapter is illegal. An employee authorizing or making the payment, or taking part in it, and a person receiving any part of the payment, are jointly and severally liable to the state for the amount paid or received. If an employee knowingly incurs an obligation or authorizes or makes an expenditure in violation of this chapter or takes part in the violation, the violation is just cause for the employee's removal by the appointing authority or by the governor if an appointing authority other than the governor fails to do so. In the latter case, the governor shall give notice of the violation and an opportunity to be heard on it to the employee and to the appointing authority. A claim presented against an appropriation without prior allotment or encumbrance may be made valid on investigation, review, and approval by the agency head in accordance with the commissioner's policy, if the services, materials, or supplies to be paid for were actually furnished in good faith without collusion and without intent to de-

fraud. The commissioner may then draw a warrant to pay the claim just as properly allotted and encumbered claims are paid.

(b) The commissioner may approve payment for materials and supplies in excess of the obligation amount when increases are authorized by section 16B.07, subdivision 2.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a contractor to proceed with supplemental work within the limits of the appropriation before money is encumbered. Under this circumstance, the agency may requisition funds and allow contractors to expeditiously proceed with a construction sequence. While the contractor is proceeding, the agency shall immediately act to encumber the required funds.

*[For text of subd 4, see M.S.1996]*

**History:** 1997 c 202 art 2 s 19

## 16A.152 BUDGET RESERVE AND CASH FLOW ACCOUNT.

*[For text of subs 1 and 1a, see M.S.1996]*

**Subd. 2. Additional revenues; priority.** If on the basis of a forecast of general fund revenues and expenditures after November 1 in an odd-numbered year, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money as follows:

(a) first, to the budget reserve until the total amount in the account equals \$522,000,000; then

(b) 60 percent to the property tax reform account established in section 16A.1521; and

(c) 40 percent is an unrestricted balance in the general fund.

The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released.

*[For text of subs 3 to 7, see M.S.1996]*

**History:** 1997 c 231 art 9 s 1

**NOTE:** Subdivision 2, clauses (b) and (c), are not to be implemented for the forecast of general fund revenues and expenditures in November 1997 until sections 290.01, subdivision 19b, 290.0671, subdivision 1, and 290.0674, as amended and added by Laws 1997, First Special Session chapter 4, article 13, sections 1 to 3, are implemented. However, if the November 1997 forecast does not provide an unrestricted general fund balance adequate to implement sections 290.01, subdivision 19b, 290.0671, subdivision 1, and 290.0674, as amended and added by Laws 1997, First Special Session chapter 4, article 13, sections 1 to 3, the provisions of subdivision 2, clauses (b) and (c), are effective. Laws 1997, First Special Session chapter 4, article 13, section 5, subdivision 2.

## 16A.1521 PROPERTY TAX REFORM ACCOUNT.

(a) A property tax reform account is established in the general fund.

(b) Amounts in the account are available for and may only be spent to reform the property tax system by:

(1) reducing the class rates to the target rates specified in section 273.13, subdivision 32, or to further reduce the ratio of the highest class rate to lowest class rate;

(2) increasing state education aids to reduce property taxes;

(3) increasing the state share of education funding to 70 percent;

(4) increasing the education homestead credit; or

(5) increasing the property tax refund.

As provided by section 273.13, subdivision 32, the governor shall recommend to the legislature uses of money in the account to compress class rate ratios, while mitigating the shifting of relative property tax burdens from one class to another through the mechanisms listed in clauses (2) through (5).

(c) The balance in the account does not cancel and remains in the account until appropriated for property tax reform. Investment earnings on the account are credited to the account.

**History:** 1997 c 231 art 9 s 2

**16A.26 ONE DEPOSITORY ACCOUNT FOR EACH TAX.**

Notwithstanding sections 297F.10, 297G.10, 298.17, 298.282, 298.39, and 298.396, and similar laws to the contrary relating to the depositing, disposition, or apportionment of tax receipts, the commissioner may use one depository account for each tax. To do so, there must be enough information to identify and dispose of or apportion the tax under law. The commissioner shall ask the appropriate officials for the transfers and necessary certifications. The commissioner may issue directives to carry out this section.

**History:** 1997 c 106 art 2 s 1; 1997 c 179 art 2 s 1

**16A.276 CASH OVERAGE AND SHORTAGE ACCOUNT.**

The commissioner may keep accounts to record daily the difference between actual and recorded cash receipts including losses from forged and uncollectible checks. At the end of the fiscal year, the commissioner shall clear the accounts by transferring the balances to the general fund and paying the deficits from operating accounts of the agencies charged with the deficit.

**History:** 1997 c 7 art 2 s 5

**16A.632 CAPITAL ASSET PRESERVATION AND REPLACEMENT ACCOUNT.**

*[For text of subd 1, see M.S.1996]*

Subd. 2. **Standards.** Article XI, section 5, clause (a), of the constitution states general obligation bonds may be issued to finance only the acquisition or betterment of state land, buildings, and improvements of a capital nature. In interpreting this and applying it to the purposes of the program contemplated in this section, the following standards are adopted for the disbursement of money from the capital asset preservation and replacement account:

(a) No new land, buildings, or major new improvements will be acquired. These projects, including all capital expenditures required to permit their effective use for the intended purpose on completion, will be estimated and provided for individually through a direct appropriation for each project.

(b) An expenditure will be made from the account only when it is a capital expenditure on a capital asset previously owned by the state, within the meaning of accepted accounting principles as applied to public expenditures. The commissioner of administration will consult with the commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The commissioner shall also furnish each revision of the list. The legislature assumes that many provisions for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the constitution and capital expenditures under correct accounting principles, and will be financed more efficiently and economically under the program than by direct appropriations for specific projects. However, the purpose of the program is to accumulate data showing how additional costs may be saved by appropriating money from the general fund for preservation measures, the necessity of which is predictable over short periods.

(c) The commissioner of administration will furnish instructions to agencies to apply for funding of capital expenditures for preservation and replacement from the account, will review applications, will make initial allocations among types of eligible projects enumerated below, will determine priorities, and will allocate money in priority order until the available appropriation has been committed.

(d) Categories of projects considered likely to be most needed and appropriate for financing are the following:

(1) unanticipated emergencies of all kinds, for which a relatively small amount should be initially reserved, replaced from money allocated to low-priority projects, if possible, as emergencies occur, and used for stabilization rather than replacement if the cost would exhaust the account and should be specially appropriated;

(2) projects to remove life safety hazards, like replacement of mechanical systems, building code violations, or structural defects, at costs not large enough to require major capital requests to the legislature;

- (3) elimination or containment of hazardous substances like asbestos or PCBs; and
- (4) moderate cost replacement and repair of roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings.

*[For text of subs 3 and 4, see M.S.1996]*

**History:** 1997 c 187 art 3 s 1

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

*[For text of subs 1 to 3, see M.S.1996]*

**Subd. 4. Sale and issuance.** State bonds must be sold and issued upon sealed bids in the manner and on the terms and conditions determined by the commissioner in accordance with the laws authorizing them and subject to the approval of the attorney general, but not subject to chapter 14, including section 14.386. For each series, in addition to provisions required by subdivision 3, the commissioner may determine:

- (1) the time, place, and notice of sale and method of comparing bids;
- (2) the price, not less than par for highway bonds;
- (3) the principal amount and date of issue;
- (4) the interest rates and payment dates;
- (5) the maturity amounts and dates, not more than 20 years from the date of issue, subject to subdivision 5;
- (6) the terms, if any, on which the bonds may or must be redeemed before maturity, including notice, times, and redemption prices; and
- (7) the form of the bonds and the method of execution, delivery, payment, registration, conversion, and exchange, in accordance with section 16A.672.

*[For text of subs 5 to 13, see M.S.1996]*

**History:** 1997 c 187 art 4 s 1

#### **16A.642 STATE BONDS; REPORTS; CANCELLATIONS.**

**Subdivision 1. Reports.** (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by February 1 of each odd-numbered year on the following:

(1) all laws authorizing the issuance of state bonds for state or local government building projects enacted more than five years before February 1 of that odd-numbered year; the projects authorized to be acquired and constructed with the bond proceeds for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds for state or local government programs or projects other than those described in clause (1), enacted more than five years before February 1 of that odd-numbered year; and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the bonds were authorized or issued have been canceled, completed, or otherwise concluded. The bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

*[For text of subd 2, see M.S.1996]*

Subd. 3. **Application of unused bond proceeds.** All canceled bond proceeds shall be transferred to the state bond fund and used to pay or redeem bonds from which they were derived.

**History:** 1997 c 202 art 2 s 20,21

**NOTE:** The amendment to subdivision 1 by Laws 1997, chapter 202, article 2, section 20, is effective March 1, 1998. Laws 1997, chapter 202, article 2, section 65.

### 16A.645 GOPHER STATE BONDS.

Subdivision 1. **Establishment of program.** The commissioner of finance, in consultation with the University of Minnesota, the Minnesota state colleges and universities, and the private college council, shall establish a college savings bond program, to be known as "gopher state bonds" to encourage individuals to save for higher education costs by investing in state general obligation bonds. The program consists of: (1) issuing a portion of the state general obligation bonds in zero coupon form and in denominations and maturities that will be attractive to individuals saving to pay for higher education costs; and (2) developing a program for marketing the bonds to investors who are saving to pay for higher education costs. The commissioner of finance may designate all or a portion of each state general obligation bond sale as "gopher state bonds."

Subd. 2. **Denominations; maturities.** The commissioner shall determine the appropriate denominations and maturities for gopher state bonds. It is the intent of the legislature to make bonds available in as small denominations as is feasible given the costs of marketing and administering the bond issue. Minimum denominations of \$500 must be made available. The minimum denomination bonds need not be made available for bonds of all maturities. For purposes of this section, "denomination" means the compounded maturity amount of the bond.

Subd. 3. **Direct sale permitted.** Notwithstanding the provisions of section 16A.646, subdivision 5, the commissioner may sell any series of gopher state bonds directly to the public or to financial institutions for prompt resale to the public upon the terms and conditions and the restrictions the commissioner prescribes. The commissioner may enter into all contracts deemed necessary or desirable to accomplish the sale in a cost-effective manner including a private or negotiated sale, but the commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services.

Subd. 4. **Marketing plan.** The commissioner and the higher education advisory council shall develop a plan for marketing gopher state bonds.

The plan must include strategies to:

- (1) inform parents and relatives about the availability of the bonds;
- (2) take orders for the bonds;
- (3) target the sale of the bonds to Minnesota residents, especially parents and relatives of children who are likely to seek higher education;
- (4) ensure that purchase of the bonds by corporations will not prevent individuals and relatives of future students from buying them; and
- (5) market the bonds at the lowest cost to the state.

Subd. 5. **Effect on student grants.** The first \$25,000 of gopher state bonds purchased for the benefit of a student must not be considered in determining the financial need of an applicant for the state grant program under section 136A.121. This \$25,000 is in addition to any other asset exclusion authorized under chapter 136A.

**History:** 1997 c 183 art 2 s 1

**NOTE:** This section, as added by Laws 1997, chapter 183, article 2, section 1, is effective for the sale of general obligation bonds after July 1, 1998. Laws 1997, chapter 183, article 2, section 21.

### 16A.646 ZERO COUPON BONDS.

Subdivision 1. **Authority to issue.** When authorized by law to issue state general obligation bonds, the commissioner may issue all or part of the bonds as serial maturity bonds or as zero coupon bonds or a combination of the two.

Subd. 2. **Definitions.** For purposes of this section and section 16A.645, the following terms have the meanings given them.

(a) "Compounded maturity" means the amount of principal and interest payable at maturity on zero coupon bonds.

(b) "Serial maturity bonds" means bonds maturing on a specified day in two or more consecutive years and bearing interest at a specified rate payable periodically to maturity or prior redemption.

(c) "Zero coupon bonds" means bonds in a stated principal amount, maturing on a specified date or dates, and bearing interest that accrues and compounds to and is payable only at maturity or upon prior redemption of the bonds.

**Subd. 3. Method of sale; principal amount.** Except as otherwise provided by this section or section 16A.645, any series of bonds including zero coupon bonds must be issued and sold under the provisions of section 16A.641. The stated principal amount of zero coupon bonds must be used to determine the principal amount of bonds issued under the laws authorizing issuance of state general obligation bonds.

**Subd. 4. Sinking fund.** The commissioner's order authorizing the issuance of zero coupon bonds shall establish a separate sinking fund account for the zero coupon bonds in the state bond fund. There is annually appropriated from the general fund to each zero coupon bond account, beginning in the year in which the zero coupon bonds are issued, an amount not less than the sum of:

(1) the total stated principal amount of the zero coupon bonds that would have matured from their date of issue to and including the second July 1 following the transfer of appropriated money, if the bonds matured serially in an equal principal amount in each year during their term and in the same month as their stated maturity date; plus

(2) the total amount of interest accruing on the stated principal amount of the bonds and on interest previously accrued, from bonds date of issue to and including the second July 1 following the transfer of appropriated money; less

(3) the amount in the sinking fund account for the payment of the compounded maturity amount of the bonds, including interest earnings on amounts in the account. This appropriation is in lieu of all other appropriations made with respect to zero coupon bonds. The appropriated amounts must be transferred from the general fund to the sinking fund account in the state bond fund by December 1 of each year.

**Subd. 5. Sale.** Except as otherwise provided in section 16A.645, zero coupon bonds, or a series of bonds including zero coupon bonds, must be sold at public sale at a price not less than 98 percent of their stated principal amount. No state trunk highway bond may be sold for a price of less than par and accrued interest.

**History:** 1997 c 183 art 2 s 2

**NOTE:** This section, as added by Laws 1997, chapter 183, article 2, section 2, is effective for the sale of general obligation bonds after July 1, 1998. Laws 1997, chapter 183, article 2, section 21.

## 16A.661 GENERAL OBLIGATION SPECIAL TAX BONDS.

*[For text of subs 1 and 2, see M.S.1996]*

**Subd. 3. Establishment of debt service fund; appropriation of debt service fund money.** (a) There is established within the state bond fund a separate and special account designated as a general obligation special tax bond debt service account. There must be credited to this debt service account in each fiscal year from the tobacco tax revenue fund established in section 297F.10 an amount sufficient to increase the balance on hand in the debt service account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from proceeds of the tax to and including the second following July 1. The money on hand in the debt service account must be used solely for the payment of the principal of, and interest on, the bonds, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.

(b) There is established within the state bond fund a separate and special account designated as a general obligation special tax bond debt service account. There must be credited to this debt service account in each fiscal year from the sports and health club sales tax revenue



fund established in section 297A.44 an amount sufficient to increase the balance on hand in the debt service account on each December 1 to an amount equal to the full amount of principal and interest to come due on all outstanding bonds whose debt service is payable primarily from proceeds of the tax to and including the second following July 1. The money on hand in the debt service account must be used solely for the payment of the principal of, and interest on, the bonds, and is appropriated for this purpose. This appropriation does not cancel as long as any of the bonds remain outstanding.

*[For text of subs 4 to 7, see M.S.1996]*

**History:** 1997 c 106 art 2 s 2

## 16A.662 INFRASTRUCTURE DEVELOPMENT BONDS.

*[For text of subs 1 to 4, see M.S.1996]*

**Subd. 5. Assessment to higher education systems.** (a) In order to reduce the amount otherwise required to be transferred to the state bond fund with respect to bonds heretofore or hereafter issued under Laws 1990, chapter 610, article 1, section 30, subdivision 2, the commissioner of finance shall assess each higher education system for one-third the amount that would otherwise need to be transferred with respect to those bonds sold to finance capital improvement projects at institutions under the control of the system; provided that, to the extent that the amount to be transferred is for payment of principal and interest on bonds sold to finance life safety improvements, the commissioner must not assess the higher education systems for the transfer.

(b) After each sale of the bonds, the commissioner of finance shall notify the board of trustees of the Minnesota state colleges and universities and the regents of the University of Minnesota of the amounts for which each system is responsible for each year for the life of the bonds. The amounts payable each year are reduced by one-third of the net income from investment of those bond proceeds that must be allocated among the systems in proportion to the amount of principal and interest otherwise required to be paid by each. Each higher education system shall pay its annual share of debt service payments to the commissioner of finance by December 1 each year. If a higher education system fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise payable to the system to cover the amount of the missed debt service payment. The commissioner of finance shall credit the payments received from the higher education systems to the infrastructure development bond debt service account in the state bond fund each December 1 before the transfer is made under subdivision 4.

*[For text of subs 6 to 8, see M.S.1996]*

**History:** 1997 c 183 art 3 s 38

## 16A.6701 DEPOSIT OF CERTAIN STATE LICENSE FEES, SERVICE FEES, AND CHARGES.

**Subdivision 1. State license and service fees.** For purposes of section 16A.67, subdivision 3, and this section, the term "state license and service fees" means, and refers to, all license fees, service fees, and charges imposed by law and collected by any state officer, agency, or employee, which are listed below or which are defined as departmental earnings under section 16A.1285, subdivision 1, and the use of which is not otherwise restricted by law, and which are not required to be credited or transferred to a fund other than the general fund:

Minnesota Statutes 1994, sections 3.9221; 5.12; 5.14; 5.16; 5A.04; 6.58; 13.03, subdivision 10; 16A.155; 16A.48; 16A.54; 16A.72; 16B.59; 16B.70; 17A.04; 18.51, subdivision 2; 18.53; 18.54; 18C.551; 19.58; 19.64; 27.041, subdivision 2, clauses (d) and (e); 27.07, subdivision 5; 28A.08; 32.071; 32.075; 32.392; 35.71; 35.824; 35.95; 41C.12; 45.027, subdivisions 3 and 6; 46.041, subdivision 1; 46.131, subdivisions 2, 7, 8, 9, and 10; 47.101, subdivision 2; 47.54, subdivisions 1 and 4; 47.62, subdivision 4; 47.65; 48.475, subdivision 1;

48.61, subdivision 7; 48.93; 49.36, subdivision 1; 52.01; 52.203; 53.03, subdivisions 1, 5, and 6; 53.09, subdivision 1; 53A.03; 53A.05, subdivision 1; 53A.081, subdivision 3; 54.294, subdivision 1; 55.04, subdivision 2; 55.095; 56.02; 56.04; 56.10; 59A.03, subdivision 2; 59A.06, subdivision 3; 60A.14, subdivisions 1 and 2; 60A.23, subdivision 8; 60K.19, subdivision 5; 65B.48, subdivision 3; 70A.14, subdivision 4; 72B.04, subdivision 10; 79.251, subdivision 5; 80A.28, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, and 9; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 80C.16, subdivisions 2 and 3; 80C.18, subdivision 2; 82.20, subdivision 8 and 9; 82A.04, subdivision 1; 82A.08, subdivision 2; 82A.16, subdivisions 2 and 6; 82B.09, subdivision 1; 83.23, subdivisions 2, 3, and 4; 83.25, subdivisions 1 and 2; 83.26, subdivision 2; 83.30, subdivision 2; 83.31, subdivision 2; 83.38, subdivision 2; 85.052; 85.053; 85.055; 88.79, subdivision 2; 89.035; 89.21; 115.073; 115.77, subdivisions 1 and 2; 116.41, subdivision 2; 116C.69; 116C.712; 116J.9673; 125.08; 136C.04, subdivision 9; 155A.045; 155A.16; 168.27, subdivision 11; 168.33, subdivisions 3 and 7; 168.54; 168.67; 168.705; 168A.152; 168A.29; 169.345; 171.06, subdivision 2a; 171.29, subdivision 2; 176.102; 176.1351; 176.181, subdivision 2a; 177.30; 181A.12; 183.545; 183.57; 184.28; 184.29; 184A.09; 201.091, subdivision 5; 204B.11; 207A.02; 214.06; 216C.261; 221.0355; 239.101; 240.06; 240.07; 240.08; 240.09; 240.10; 246.51; 270.69, subdivision 2; 270A.07; 272.484; 296.06; 296.12; 296.17; 297F.03; 297.33; 299C.46; 299C.62; 299K.09; 299K.095; 299L.07; 299M.04; 300.49; 318.02; 323.44, subdivision 3; 325D.415; 326.22; 326.3331; 326.47; 326.50; 326.92, subdivisions 1 and 3; 327.33; 331A.02; 332.15, subdivisions 2 and 3; 332.17; 332.22, subdivision 1; 332.33, subdivisions 3 and 4; 332.54, subdivision 7; 333.055; 333.20; 333.23; 336.9–413; 336A.04; 336A.05; 336A.09; 345.35; 345.43, subdivision 2a; 345.44; 345.55, subdivision 3; 347.33; 349.151; 349.161; 349.162; 349.163; 349.164; 349.165; 349.166; 349.167; 357.08; 359.01, subdivision 3; 360.018; 360.63; 386.68; and 414.01, subdivision 11; Minnesota Statutes 1994, chapters 154; 216B; 237; 302A; 303; 308A; 317A; 322A; and 322B; Laws 1990, chapter 593; Laws 1993, chapter 254, section 7; and Laws 1994, chapter 573, section 4; Minnesota Rules, parts 1800.0500; 1950.1070; 2100.9300; 7515.0210; and 9545.2000 to 9545.2040.

*[For text of subs 2 and 3, see M.S.1996]*

**History:** 1997 c 106 art 2 s 3

## 16A.671 CERTIFICATES OF INDEBTEDNESS.

*[For text of subs 1 to 4, see M.S.1996]*

**Subd. 5. Terms.** The commissioner may establish by order with the approval of the attorney general, but not subject to chapter 14, including section 14.386, the terms of each series of certificates of indebtedness including:

- (1) the manner of sale under subdivision 6;
- (2) the price, principal amount, and date of issue;
- (3) the interest rate or rates and payment dates, or the basis of computation of a variable rate;
- (4) the maturity date or dates, within the current biennium except as provided in subdivision 10;
- (5) the terms, if any, of redemption before maturity;
- (6) the form and method of execution, delivery, payment, registration, conversion, and exchange, under section 16A.672.

*[For text of subs 6 to 11, see M.S.1996]*

**History:** 1997 c 187 art 4 s 2

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

*[For text of subd 1, see M.S.1996]*

**Subd. 2. Application of commercial code.** All bonds and certificates are securities under sections 336.8–101 to 336.8–603. 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.

*[For text of subs 3 and 4, see M.S.1996]*

**Subd. 5. Registrar.** The commissioner, in order to issue any bonds or certificates, may name a registrar to act for the state under sections 336.8–101 to 336.8–603, and to authenticate and deliver obligations upon initial issuance and registration of transfer, exchange, or conversion. The registrar must be an incorporated bank or trust company, in or out of the state, authorized by the laws of the United States or the state in which it is located to perform these duties.

*[For text of subs 6 to 13, see M.S.1996]*

**History:** 1997 c 7 art 1 s 5,6

## 16A.69 APPROPRIATIONS INTO SINGLE PROJECT ACCOUNT.

*[For text of subd 1, see M.S.1996]*

**Subd. 2. Transfer between accounts.** Upon the awarding of final contracts for the completion of a project for construction or other permanent improvement, or upon the abandonment of the project, the agency to whom the appropriation was made may transfer the unencumbered balance in the project account to another project enumerated in the same section of that appropriation act. The transfer must be made only to cover bids for the other project that were higher than was estimated when the appropriation for the other project was made and not to cover an expansion of the other project. The money transferred under this section is appropriated for the purposes for which transferred. For transfers for technical colleges by the board of trustees of the Minnesota state colleges and universities, the total cost of both projects and the required local share for both projects are adjusted accordingly. The agency proposing a transfer shall report to the chair of the senate finance committee and the chair of the house of representatives ways and means committee before the transfer is made under this subdivision.

*[For text of subd 3, see M.S.1996]*

**History:** 1997 c 183 art 3 s 1

## 16A.76 FEDERAL RESERVE; HEALTH CARE ACCESS FUND.

**Subdivision 1. Establish reserve.** The federal contingency reserve is established within the health care access fund for uses necessary to preserve access to basic health care services when federal funding is significantly reduced.

**Subd. 2. Reserve financing.** The funds in reserve shall be equal to the amount of federal financial participation received since July 1, 1995, for services and administrative activities funded by the health care access fund up to a reserve limit of \$150,000,000. Investment income attributed to the federal contingency reserve balances shall also be included in the total reserve amount.

**Subd. 3. Permitted use.** The federal contingency reserve is established to protect access to basic health care services that are publicly funded. Funds held in the federal contingency reserve are available for appropriation in the event that federal funds for basic health care services are significantly reduced such as under federal reform or other significant changes to federal law.

**Subd. 4. Limits on use.** The federal contingency reserve is not available for supplementing reductions in federal funding resulting from application of current federal law funding formulas, for funding long-term care services, or for replacing existing general fund commitments.

**History:** *1997 c 225 art 3 s 1*