CHAPTER 16A

DEPARTMENT OF MANAGEMENT AND BUDGET

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16A.01 DEPARTMENT OF MANAGEMENT AND BUDGET; COMMISSIONER; EMPLOYEES.

Subdivision 1. **Commissioner.** The commissioner of management and budget manages the Department of Management and Budget, which may also be known as Minnesota Management and Budget. The commissioner is the state's controller and chief accounting and financial officer.

Subd. 2. **Appointment; qualification.** The governor appoints the commissioner under section 15.06. The commissioner must have broad experience as an executive financial manager.

Subd. 3. **Deputy; confidential secretary.** The commissioner may appoint a deputy and a confidential secretary. Each serves at the commissioner's pleasure in the unclassified service.

Subd. 4. **Organize, hire, delegate.** The commissioner shall:

(1) organize the department;

(2) hire the agents and classified civil service employees necessary to run the department;

(3) define their duties; and

(4) set conditions for, and control, delegation of the commissioner's powers, duties, and responsibilities to them.

History: *1973 c 492 s 1; 1977 c 305 s 8,9; 1984 c 628 art 2 s 1; 2009 c 101 art 2 s 40,109*

16A.011 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to this chapter.

Subd. 2. **Agency.** Except when otherwise modified, "agency" includes an office, department, board, council, committee, authority, or commission of state government.

Subd. 3. **Allotment.** "Allotment" means a limit placed by the commissioner on the amount to be spent or encumbered during a period of time pursuant to an appropriation.

Subd. 4. **Appropriation.** "Appropriation" means an authorization by law to expend or encumber an amount in the treasury.

Subd. 5. [Renumbered subd 17]

Subd. 6. **Biennium.** "Biennium" means a period of two consecutive fiscal years beginning in an odd-numbered calendar year and ending in the next odd-numbered calendar year.

Subd. 7. **Commissioner.** "Commissioner" means the commissioner of management and budget unless a different commissioner is specified.

Subd. 8. **Constitution.** "Constitution" means the state constitution.

Subd. 9. **Department.** Except in subdivision 2, "department" means the Department of Management and Budget unless a different department is specified.

Subd. 10. **Employee.** "Employee" includes elected officials, officers, and employees of the state, or agency, as the context requires.

Subd. 11. **Encumbrance.** "Encumbrance" means the commitment of a portion or all of an allotment in order to meet an obligation that is expected to be incurred to pay for goods or services received by the state or to pay a grant.

Subd. 12. **Executive agency.** "Executive agency" means an agency in the executive branch of state government.

Subd. 12a. **Executive branch state agency.** "Executive branch state agency" means an agency in the executive branch of state government, but does not include constitutional officers.

Subd. 13. **Finance Committee.** "Finance Committee" means the Finance Committee of the senate.

Subd. 14. **Fiscal year.** "Fiscal year" means the period beginning at midnight between June 30 and July 1 and ending 12 months later.

Subd. 14a. **Statutory appropriation.** A statutory appropriation is one which sets apart a specified or unspecified and open amount of public 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 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 statutory appropriation as defined in this subdivision.

Subd. 15. [Obsolete, 2003 c 112 art 2 s 50]

Subd. 15a. **Transfer.** A "transfer" means the authorization to move state money from one fund, account, or agency to another fund, account, or agency within the state treasury. When authorized by law, a transfer must reduce money in one fund, account, or agency and increase the same amount to a separate fund, account, or agency.

Subd. 16. **Treasury.** Unless otherwise modified, "treasury" means the state treasury.

Subd. 17. **Ways and Means Committee.** "Ways and Means Committee" means the chief fiscal committee of the house of representatives.

History: *(48) 1913 c 140 s 1; 1969 c 399 s 1; 1984 c 597 s 31; 1984 c 628 art 2 s 1; art 6 s 1; 1988 c 469 art 1 s 1; 1993 c 192 s 43-45; 2000 c 395 s 4; 2004 c 284 art 2 s 1,19; 2009 c 101 art 2 s 109; 2023 c 62 art 2 s 49*

WARRANTS; GIFTS; INVESTMENTS

16A.012 WARRANTS; DISCOUNTS.

The commissioner of management and budget shall in no case purchase, redeem, or receive any warrant at less than its face value, nor receive any fee or reward for transacting any official duty, other than the salary provided by law. If the public revenue shall suffer loss by reason of the commissioner's failure to call delinquents to account when required to do so by law, the commissioner shall be accountable for all sums due from such delinquents as if the same had been paid.

History: *RL s 46; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.013 GIFTS; ACCEPTANCE.

Subdivision 1. **Procedure.** The commissioner of management and budget is authorized to receive and accept, on behalf of the state, any gift, bequest, devise, or endowment which may be made by any person, by will, deed, gift, or otherwise, to or for the benefit of the state, or any of its departments or agencies, or to or in aid, or for the benefit, support, or maintenance of any educational, charitable, or other institution maintained in whole or in part by the state, or for the benefit of students, employees, or inmates thereof, or for any proper state purpose or function, and the money, property, or funds constituting such gift, bequest, devise, or endowment. No such gift, bequest, devise, or endowment shall be so accepted unless the commissioner of management and budget determines that it is for the interest of the state to accept it, and approve of and direct the acceptance. If a gift, bequest, devise, or endowment is money or other negotiable instruments, then the deposit of it does not constitute acceptance. In the event that the money or other negotiable instruments are deposited but not approved, the amount deposited must be refunded. When, in order to effect the purpose for which any gift, bequest, devise, or endowment has been accepted, it is necessary to sell property so received, the commissioner of management and budget, upon request of the authority in charge of the agency, department, or institution concerned, may sell it at a price which shall be fixed by the State Board of Investment.

Subd. 2. **Charitable trusts; administration.** When a charitable trust is created by will or otherwise for the benefit of the state or any of its departments or agencies or to or in aid, or for the benefit, support or maintenance of any educational, charitable, or other institution maintained in whole or in part by the state, or for the benefit of students, employees, or inmates thereof and any officer or employee of the state or any of its departments or agencies is named in the trust instrument as trustee, it shall be presumed that such trust is a gift to be administered under this section and the courts shall construe the instrument creating the trust accordingly.

Subd. 3. **Gift subject to contract.** Whenever the gift, bequest, devise, or endowment referred to in subdivisions 1 and 2 consists of real property, or an interest therein, which is subject to a contract for the conveyance thereof made by the donor or a predecessor in interest with another, or of the vendor's interest, or some portion thereof, in such a contract for conveyance, the commissioner of management and budget is authorized, on behalf of and in the name of the state of Minnesota, upon receipt from the vendee under such contract for conveyance, or the vendee's personal representatives or assigns, of such amounts as are due the state or the department, agency, or institution involved, to execute a deed conveying to such vendee, or the vendee's personal representatives or assigns, all the right, title, and interest of the state of Minnesota in and to the real property involved.

Subd. 4. **Termination of contract.** In case of default by the purchaser, or the purchaser's personal representatives or assigns, in the conditions of any such contract for the conveyance of real estate, the commissioner of management and budget is authorized, in the name of the state of Minnesota, to terminate such contract under and pursuant to the provisions of Minnesota Statutes 1941, section 559.21.

Subd. 5. **Previous gifts.** The provisions of subdivisions 3 and 4 apply to gifts, bequests, devises, or endowments heretofore made.

History: *1907 c 170 s 1; 1941 c 353 s 1; 1945 c 359 s 1; 1973 c 492 s 14; 1983 c 301 s 63; 1986 c 444; 1995 c 254 art 1 s 39; 1Sp2001 c 10 art 2 s 15; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.014 ADMINISTRATION OF GIFTS.

In case any such gift, bequest, devise, or endowment is so accepted, the same and the proceeds thereof shall be administered and applied according to the terms of the will, deed of gift, or other instrument defining,

providing for, creating, or establishing the same; but all such property and funds shall be held by the commissioner of management and budget in an official capacity and paid out and disbursed the same as other state funds.

History: *1907 c 170 s 2; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.015 INVESTMENT OF GIFTS.

In case it is provided by the terms of such will, deed of gift, or other instrument that the capital of the money, property, or fund constituting such gift, bequest, devise, or endowment, or any part of such capital, shall be kept invested, the same shall be invested and kept invested in the same manner and by the same officers or body as the school funds of the state are by law required to be invested.

History: *1907 c 170 s 3; 2003 c 112 art 2 s 50*

16A.016 PAYMENT; APPROPRIATION.

Subdivision 1. **Payment; expenditure.** In the event such gift, bequest, devise, or endowment is made or designated by the donor for a certain institution, department, or agency, the commissioner of management and budget shall, from time to time, pay out in the usual manner, upon the order of the board, commission, or other body charged with the direct and immediate supervision, control, or management of the designated institution, department, or agency, all money which may become available for such purpose under the terms of such will, deed or gift, or other instrument; and the same shall be expended and applied by this board, commission, or other body as nearly as may be in accordance with the terms and conditions of such gift, bequest, devise, or endowment.

Subd. 2. **Appropriation.** There is hereby appropriated from the fund in the state treasury created under sections 16A.013 to 16A.015, to which such money was credited to such person, department, agency, or institution as is entitled to such payment an amount sufficient to carry out the terms and conditions of such gift, bequest, devise, or endowment.

History: *1907 c 170 s 4; 1941 c 353 s 2; 1959 c 158 s 1; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.02 [Repealed, 1984 c 628 art 2 s 4]

COMMISSIONER'S DUTIES; AUTHORITY

16A.04 BUDGET AND CASH PROJECTION.

Subdivision 1. **To prepare, consult, supervise.** The commissioner shall prepare the biennial budget with projections of revenues and expenditures for both the biennial budget period and the biennium following the biennial budget period. The governor shall supervise the preparation unless there is a governor-elect, who then shall provide the supervision.

Subd. 2. [Repealed, 1984 c 628 art 2 s 4]

Subd. 3. [Repealed, 1984 c 628 art 2 s 4]

Subd. 4. [Renumbered 16A.041]

History: *1973 c 492 s 4; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 51,52; 1993 c 192 s 46*

16A.041 RULEMAKING.

The commissioner may make rules on the powers, duties, and responsibilities given to the department or the commissioner under state law.

History: *1973 c 492 s 4; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 51,52*

16A.05 [Repealed, 1977 c 410 s 19]

16A.055 COMMISSIONER'S DUTIES.

Subdivision 1. **List.** (a) 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.

(b) In addition to the duties in paragraph (a), the commissioner has the powers and duties given to the commissioner in chapter 43A.

Subd. 1a. **Program evaluation and organizational development services.** The commissioner may assist state agencies by providing analytical, statistical, program evaluation using experimental or quasi-experimental design, and organizational development services to state agencies in order to assist the agency to achieve the agency's mission and to operate efficiently and effectively. For purposes of this section, "experimental design" means a method of evaluating the impact of a service that uses random assignment to assign participants into groups that respectively receive the studied service and those that receive service as usual, so that any difference in outcomes found at the end of the evaluation can be attributed to the studied service; and "quasi-experimental design" means a method of evaluating the impact of a service that uses strategies other than random assignment to establish statistically similar groups that respectively receive the service and those that receive service as usual, so that any difference in outcomes found at the end of the evaluation can be attributed to the studied service.

Subd. 1b. **Consultation to develop performance measures for grants.** (a) The commissioner must, in consultation with the commissioners of health, human services, and children, youth, and families, develop an ongoing consultation schedule to create, review, and revise, as necessary, performance measures, data collection, and program evaluation plans for all state-funded grants administered by the commissioners of health, human services, and children, youth, and families that distribute at least $1,000,000 annually.

(b) Following the development of the ongoing consultation schedule under paragraph (a), the commissioner and the commissioner of the administering agency must conduct a grant program consultation in accordance with the ongoing consultation schedule. Each grant program consultation must include a review of performance measures, data collection, program evaluation plans, and reporting for each grant

program. Following each consultation, the commissioner and the commissioner of the administering agency may revise evaluation metrics of a grant program. The commissioner may provide continuing support to the grant program in accordance with subdivision 1a.

Subd. 2. **Accounting system required.** An agency must use the uniform accounting system prescribed by the commissioner.

Subd. 3. **Access to records.** An agency must give the commissioner or a designee of the commissioner free access to its financial documents.

Subd. 4. **Commissioner's designee.** The commissioner may assign a designee to an agency to monitor its financial activities and to ensure compliance with statutes and administrative requirements promulgated by the commissioner. The designee may assist the agency as the commissioner considers appropriate. The agency's head shall supervise its employees and develop a budget consistent with its goals, responsibilities, and priorities.

Subd. 5. **Retirement fund reporting.** The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

Subd. 6. **Mission; efficiency.** It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

Subd. 7. **Grant acceptance.** The commissioner may apply for and receive grants from any source for the purpose of fulfilling any of the duties of the department. All funds received under this subdivision are appropriated to the commissioner for the purposes for which the funds are received.

History: *(80-2) 1939 c 431 art 3 s 1; 1955 c 863 s 15; 1973 c 492 s 3; 1976 c 231 s 3; 1979 c 314 s 1; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 95; 1989 c 351 s 14; 1993 c 192 s 47; 1995 c 248 art 11 s 1; 1996 c 457 s 2; 1998 c 366 s 20; 2000 c 461 art 1 s 2; 2006 c 271 art 3 s 47; 2008 c 204 s 4; 2008 c 349 art 10 s 1; 2009 c 101 art 2 s 41,42; 1Sp2019 c 9 art 2 s 6; 2023 c 62 art 2 s 50; 2024 c 127 art 66 s 1,2*

16A.056 WEBSITE WITH SEARCHABLE DATABASE ON STATE EXPENDITURES.

Subdivision 1. **Web database requirement.** The commissioner, in consultation with the commissioners of administration and revenue and the legislative auditor, must maintain a website with a searchable database providing the public with information on state contracts, state appropriations, state expenditures, state tax expenditures, and state entities that are the subject of audits. The website must not include information that is not public data, as defined in section 13.02, subdivision 8a. For each data field identified in subdivisions 2 to 6, the searchable database must allow a user of the website to:

(1) perform a search using that field;

(2) sort by that field;

(3) obtain information grouped or aggregated by that field, where groups or subtotals are feasible; and

(4) view information in that field by each fiscal year.

The searchable database may accommodate grouping and aggregating by allowing the user to download the data into a user-controlled database.

Subd. 2. **Contracts.** (a) The searchable database on the website must include at least the following data fields on state contracts:

(1) the name of the entity receiving the contract;

(2) the name of the agency entering into the contract;

(3) an indication if the contract is for (i) goods; (ii) professional or technical services; (iii) services other than professional and technical services; or (iv) a grant; and

(4) the fund or funds from which the entity receiving the contract will be paid.

(b) For each contract, the database must also include:

(1) an address for each entity receiving a contract; and

(2) a brief statement of the purpose of the contract or grant.

(c) Information on a new contract or grant must be entered into the database within 30 days after the contract or grant is entered into.

(d) For purposes of this section, a "grant" is a contract between a state agency and a recipient, the primary purpose of which is to transfer cash or a thing of value to the recipient to support a public purpose. Grant does not include aid payments to units of local government, payments to state employees, or payments made under laws providing for assistance to individuals.

Subd. 3. **Appropriations.** The searchable database on the website must include at least the following data fields on state appropriations:

(1) the agency receiving the appropriation, or the name of the nonstate entity receiving state money;

(2) the agency program, to the extent applicable;

(3) the agency activity, to the extent applicable;

(4) an item within an activity if applicable;

(5) the fund from which the appropriation is made; and

(6) the object of expenditure.

Subd. 4. **State expenditures.** The searchable database on the website must include at least the following data fields on state expenditures:

(1) the name of the agency or nonstate entity making the expenditure;

(2) the agency program, to the extent applicable;

(3) the agency activity, to the extent applicable;

(4) an item within an activity if applicable;

(5) the fund from which the expenditure is made; and

(6) the object of expenditure.

Subd. 5. **Tax expenditures.** The website must include a searchable database of state tax expenditures. For each fiscal year, the database must include data fields showing the estimated impact on state revenues of each tax expenditure item listed in the report prepared under section 270C.11.

Subd. 6. **Audits.** The website required by this section must include a link to a website containing the findings and results from the audits completed by the legislative auditor that have been released to the public.

Subd. 7. **Retention of data.** The database required under this section must include information beginning with fiscal year 2012 appropriations and must retain data for at least ten years.

Subd. 8. **Consultation.** The commissioner of management and budget must consult with the chairs of the house of representatives Ways and Means and senate Finance Committees before encumbering any money appropriated on or after July 1, 2009, for the planning, development, and implementation of state accounting or procurement systems. No money appropriated for these purposes may be spent unless the commissioner certifies that the systems will allow compliance with requirements of this section.

History: *2009 c 101 art 2 s 43,109; 2013 c 134 s 15*

16A.0561 MAPPED DATA ON EXPENDITURES.

(a) Data on expenditure of money from the funds as specified under sections 3.303, subdivision 10, and 116P.08 may, if practicable, be made available on the web in a manner that allows the public to obtain information about a project receiving an appropriation by clicking on a map. To the extent feasible, the map should include or link to information about each project, including, but not limited to, the location, the name of the entity receiving the appropriation, the source of the appropriation, the amount of money received, and a general statement of the purpose of the appropriation.

(b) If requested, the Legislative Coordinating Commission may, to the extent practicable, provide relevant executive branch agencies with public geospatial data that it receives for its website required under section 3.303, subdivision 10. The commissioner may make this information available to the public in a similar manner as information provided under paragraph (a).

(c) In creating plans for public expenditures from all geographically locatable or project based appropriations, prospective budget and project planning should consider geographic and data reporting that would facilitate the goals of this section.

History: *2010 c 392 art 1 s 2*

16A.057 INTERNAL CONTROLS AND INTERNAL AUDITING.

Subdivision 1. **Establishment of system.** The commissioner is responsible for the system of internal controls across the executive branch. The commissioner must coordinate the design, implementation, and maintenance of an effective system of internal controls and internal auditing for all executive agencies. The system must:

(1) safeguard public funds and assets and minimize incidences of fraud, waste, and abuse;

(2) ensure that programs are administered in compliance with federal and state laws and rules; and

(3) require documentation of internal control procedures over financial management activities, provide for analysis of risks, and provide for periodic evaluation of control procedures to satisfy the commissioner that these procedures are adequately designed, properly implemented, and functioning effectively.

Subd. 2. **Standards.** The commissioner must adopt internal control standards and policies that agencies must follow to meet the requirements of subdivision 1. These standards and policies may include separation of duties, safeguarding receipts, time entry, approval of travel, and other topics the commissioner determines are necessary to comply with subdivision 1.

Subd. 3. **Training and assistance.** The commissioner shall coordinate training for accounting personnel and financial managers in state agencies on internal controls as necessary to ensure financial integrity in the state's financial transactions. The commissioner shall provide internal control support to agencies that the commissioner determines need this assistance.

Subd. 4. **Sharing internal audit resources.** The commissioner must administer a program for sharing internal auditors among executive agencies that do not have their own internal auditors and for assembling interagency teams of internal auditors as necessary.

Subd. 5. **Monitoring Office of the Legislative Auditor audits.** (a) The commissioner must review audit reports from the Office of the Legislative Auditor and take appropriate steps to address internal control problems found in executive agencies.

(b) The commissioner must submit a report to the legislative auditor no later than September 1 of each year detailing the implementation status of all recommendations identified in an auditor's financial audit, program evaluation, or special review during the prior five years. The report must include a specific itemization of recommendations that have not been implemented during that period, along with the basis for that decision.

Subd. 6. **Budget for internal controls.** The commissioner of management and budget may require that each executive agency spend a specified percentage of its operating budget on internal control systems. The commissioner of management and budget may require that an agency transfer a portion of its operating budget to the commissioner to pay for internal control functions performed by the commissioner.

Subd. 7. **Annual report.** The commissioner must report to the legislative audit commission and the governor by January 31 of each odd-numbered year on the system of internal controls and internal auditing in executive agencies.

Subd. 8. **Agency head responsibilities.** The head of each executive agency is responsible for designing, implementing, and maintaining an effective internal control system within the agency that complies with the requirements of subdivision 1, clauses (1) to (3). The head of each executive agency must annually certify that the agency head has reviewed the agency's internal control systems, and that these systems are in compliance with standards and policies established by the commissioner. The agency head must submit the signed certification form to the commissioner of management and budget, in a form specified by the commissioner.

Subd. 9. **State colleges and universities.** This section does not apply to the Minnesota State Colleges and Universities system.

History: *2009 c 101 art 2 s 44,109; 2025 c 39 art 2 s 29*

16A.06 ADDITIONAL COMMISSIONER DUTIES AND POWERS.

Subdivision 1. **Agency to comply.** The commissioner has the duties and powers stated in this section. An executive agency must do what the commissioner requires of it under this section.

Subd. 2. **Financial reports.** The commissioner from time to time shall require an executive agency to prepare financial reports on department forms so the administration and the legislature can compare spending plans with appropriations for programs and activities.

Subd. 3. **Evaluate and compare costs.** The commissioner shall provide a system to measure the effect of fund expenditures so as to evaluate and compare the cost of functions or programs.

Subd. 4. **Reporting agency performance.** Executive agencies shall prepare performance-based budget plans according to schedules, forms, and standards as established by the commissioner. The commissioner may also require other periodic reports of agency performance.

Subd. 5. **Estimates.** The commissioner from time to time shall require an executive agency to report estimates of its income and receipts. The commissioner shall use the estimates to evaluate the state's financial condition.

Subd. 6. **Report on financial affairs.** The commissioner shall, when directed, report on the state's financial affairs to the governor.

Subd. 7. **Information for policy making.** The commissioner shall obtain from an executive agency any information needed to make state financial policy.

Subd. 8. [Repealed, 1994 c 632 art 3 s 65]

Subd. 9. [Repealed, 2013 c 134 s 31]

Subd. 10. [Repealed, 2003 c 112 art 1 s 19]

Subd. 11. **Permanent school fund reporting.** The commissioner shall annually report to the Legislative Permanent School Fund Commission and the legislature the amount of the permanent school fund transfer and information about the investment of the permanent school fund provided by the State Board of Investment. The State Board of Investment shall provide information about how they maximized the long-term economic return of the permanent school fund.

Subd. 12. **Audit of state's use of federal funds.** The commissioner shall contract with a qualified auditor to conduct the annual audit required by the Single Audit Act of 1984, Public Law 98-502; the Single Audit

Act Amendments of 1996, Public Law 104-156; and Code of Federal Regulations, title 2, part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The cost of the audit shall be billed to the agencies audited during the subsequent fiscal year. Amounts paid by state agencies shall be deposited in the general fund.

History: *1973 c 492 s 6; 1973 c 582 s 3; 1984 c 628 art 2 s 1; 1984 c 654 art 2 s 53; 1987 c 275 s 2; 1993 c 192 s 48; 1996 c 438 art 4 s 1; 1Sp2001 c 10 art 2 s 20; 2008 c 357 s 1; 2009 c 96 art 1 s 1; 2009 c 101 art 2 s 109; 2012 c 249 s 2; 2012 c 286 art 8 s 1; 2012 c 298 s 7; 1Sp2021 c 12 art 2 s 4*

16A.061 MAY ISSUE COMMEMORATIVE MEDALLIONS.

The commissioner of management and budget may issue medallions to commemorate popular contemporaneous events of statewide interest.

The commissioner of management and budget may make reasonable arrangements with public or private entities for the production, distribution, marketing, and sale of the medallions. The commissioner of management and budget or other entity may solicit and receive nonstate funds or in-kind contributions in connection with any part of the medallion program. Proceeds from sales, nonstate funds, and in-kind contributions must be deposited in a dedicated account.

Money in the account is appropriated to the commissioner of management and budget for purposes of the program. Any profit earned on the sale of the medallions must be used for grants to support the event for which the medallions were issued. The state grant must be matched by an equal amount from private sources.

History: *1991 c 345 art 1 s 41; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

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

Notwithstanding 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, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, for newspaper, magazine, and other subscription fees, and other costs where advance payment discount is provided or are 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: *1980 c 614 s 54; 1984 c 544 s 4; 1984 c 628 art 2 s 1; 1984 c 654 art 2 s 54; 1985 c 248 s 6; 1989 c 271 s 1; 1993 c 192 s 49; 2006 c 181 s 1; 2015 c 77 art 2 s 6; 1Sp2019 c 10 art 3 s 3*

16A.067 TAXPAYER RECEIPT.

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner of management and budget, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

History: *2023 c 64 art 15 s 3*

16A.07 [Repealed, 1984 c 628 art 2 s 4]

16A.08 [Repealed, 1984 c 628 art 2 s 4]

16A.09 [Repealed, 1976 c 231 s 34]

16A.091 ACCOUNTABILITY AND PERFORMANCE MANAGEMENT.

(a) The commissioner of management and budget is responsible for the coordination, development, assessment, and communication of information, performance measures, planning, and policy concerning the state's future.

(b) The commissioner must develop a statewide system of economic, social, and environmental performance measures. The commissioner must provide information to assist public and elected officials with understanding the status of these performance measures.

(c) The commissioner may appoint one deputy with principal responsibility for planning, strategy, and performance management.

History: *2023 c 62 art 2 s 51*

STATE BUDGET

16A.095 STATE BUDGET SYSTEM.

Subdivision 1. MS 1976 [Repealed, 1977 c 455 s 95]

Subdivision 1. **Rules and instructions.** The commissioner shall make rules and instructions for budget preparation. They must deal with classifying expenditures and with the content and submission of budget requests and performance measures for each budget activity.

Subd. 2. **Budget improvements.** The commissioner may choose executive agencies to test improvements in the budget system. The commissioner shall recommend required legislation to install improvements in the budget system for all agencies that submit budget information in the system. The budget system must classify expenditures by programs and budget activities and, to the greatest extent practicable, emphasize alternative approaches in program development and criteria to evaluate and measure performance.

Subd. 2a. **Mutual cooperation; due regard.** Executive agencies must cooperate with the commissioner in preparing the budget. The budget must meet the commissioner's requirements while giving due regard to the executive agencies' requirements.

Subd. 3. [Repealed, 1993 c 192 s 110]

History: *1976 c 231 s 4; 1977 c 455 s 71; 1984 c 628 art 2 s 1; 2013 c 134 s 16*

16A.10 BUDGET PREPARATION.

Subdivision 1. **Budget format.** In each even-numbered calendar year the commissioner shall prepare budget forms and instructions for all agencies, including guidelines for reporting agency performance measures, subject to the approval of the governor. The commissioner shall request and receive advisory recommendations from the chairs of the senate Finance Committee and house of representatives Ways and Means Committee before adopting a format for the biennial budget document. By June 15, the commissioner shall send the proposed budget forms to the appropriations and finance committees. The committees have until July 15 to give the commissioner their advisory recommendations on possible improvements. To facilitate this consultation, the commissioner shall establish a working group consisting of executive branch staff and designees of the chairs of the senate Finance and house of representatives Ways and Means Committees. The commissioner must involve this group in all stages of development of budget forms and instructions. The budget format must show actual expenditures and receipts for the most recent fiscal year, estimated expenditures and receipts for the current fiscal year, and estimates for each fiscal year of the next biennium. Estimated expenditures must be classified by funds and character of expenditures and subclassified by programs and activities. Agency revenue estimates must have supporting documentation to show how the estimates were made and what factors were used. Receipts must be classified by funds, programs, and activities. Expenditure and revenue estimates must be based on the law in existence at the time the estimates are prepared.

Subd. 1a. **Purpose of performance data.** Performance data shall be presented in the budget proposal to:

(1) provide information so that the legislature can determine the extent to which state programs are successful;

(2) encourage agencies to develop clear goals and objectives for their programs; and

(3) strengthen accountability to Minnesotans by providing a record of state government's performance in providing effective and efficient services.

Subd. 1b. **Performance data format.** Agencies shall present performance data that measures the performance of programs in meeting program goals and objectives. Measures reported may include indicators of outputs, efficiency, outcomes, and other measures relevant to understanding each program. Agencies shall present as much historical information as needed to understand major trends and shall set targets for future performance issues where feasible and appropriate. The information shall appropriately highlight agency performance issues that would assist legislative review and decision making.

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change item must identify relevant statewide goals and indicators related to the proposed initiative.

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 estimates 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.

Subd. 3. **Duties to governor-elect.** Immediately after the election of a new governor, the commissioner shall report the budget estimates and make available to the governor-elect all department information, staff, and facilities relating to the budget.

History: *(53-18m) 1939 c 431 art 3 s 14; 1977 c 455 s 72,73; 1984 c 628 art 2 s 1; 1989 c 335 art 1 s 59; 1993 c 192 s 50,51; 1997 c 202 art 2 s 12; 1998 c 366 s 21; 1Sp2001 c 10 art 2 s 21; 2003 c 112 art 1 s 3,4; 2008 c 318 art 1 s 2; 2013 c 134 s 17,18; 2013 c 142 art 3 s 15*

16A.101 SERVICE CONTRACTS; EXPENDITURES.

The state accounting system must list expenditures for professional and technical service contracts, as defined in section 16C.08, subdivision 1, as a separate category. No other expenditures may be included in this category.

History: *1995 c 254 art 1 s 44; 1998 c 386 art 2 s 11*

16A.102 BUDGETING REVENUES RELATIVE TO PERSONAL INCOME.

Subdivision 1. [Repealed, 2007 c 148 art 2 s 84]

Subd. 2. [Repealed, 2007 c 148 art 2 s 84]

Subd. 3. [Repealed, 2007 c 148 art 2 s 84]

Subd. 4. **Reporting information.** 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 Management and Budget must report on revenue relative to personal income. The information must specify

(1) the share of personal income to be collected in taxes and other revenues to pay for state and local government services and (2) the division of that revenue between state and local government revenues.

History: *1994 c 587 art 7 s 1; 1998 c 389 art 16 s 8,9; 1999 c 250 art 1 s 45; 1Sp2003 c 1 art 2 s 31; 2004 c 284 art 2 s 4; 2007 c 148 art 2 s 11; 2009 c 101 art 2 s 109*

16A.103 FORECASTS OF REVENUE AND EXPENDITURES.

Subdivision 1. **State revenue and expenditures.** In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than December 6. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the Legislative Commission on Planning and Fiscal Policy, delivery to the legislature must include a presentation to the commission.

Subd. 1a. **Forecast parameters.** 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. Expenditure estimates related to the amount of state bonding must not include any assumptions of future authorizations of state general obligation bonds.

Subd. 1b. **Forecast variable.** In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 1c. **Expenditure data.** State agencies must submit any revisions in expenditure data the commissioner determines necessary for the forecast to the commissioner at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by the commissioner must be made available to legislative fiscal staff no later than three weeks prior to the release of the forecast.

Subd. 1d. **Revenue data.** On a monthly basis, the commissioner must provide legislative fiscal staff with an update of the previous month's state revenues no later than 12 days after the end of that month.

Subd. 1e. **Economic information.** The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate Finance Committee and the house of representatives Ways and Means Committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Subd. 1f. **Personal income.** 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.

Subd. 1g. **Period to be forecast.** 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.

Subd. 1h. **Revenue uncertainty information.** The commissioner shall report to the legislature within 14 days of a forecast under subdivision 1 on uncertainty in Minnesota's general fund revenue projections. The report shall present information on: (1) the estimated range of forecast error for revenues; and (2) the data and methods used to construct those measurements.

Subd. 1i. **Budget close report.** By October 15 of each odd-numbered year, the commissioner shall prepare a detailed fund balance analysis of the general fund for the previous biennium. The analysis shall include a comparison to the most recent publicly available fund balance analysis of the general fund. The commissioner shall provide this analysis to the chairs and ranking minority members of the house of representatives Ways and Means Committee and the senate Finance Committee, and shall post the analysis on the agency's website.

Subd. 1j. **Federal reimbursement for administrative costs.** In preparing the forecast of state revenues and expenditures under subdivision 1, the commissioner must include estimates of the amount of federal reimbursement for administrative costs for the Department of Human Services and the Department of Children, Youth, and Families in the forecast as an expenditure reduction. The amount included under this subdivision must conform with generally accepted accounting principles.

Subd. 2. **Local revenue.** In February and November of each year, the commissioner of revenue shall prepare and deliver to the governor and the legislature forecasts of revenue to be received by school districts as a group, counties as a group, and the group of cities and towns that have a population of more than 2,500. The forecasts must assume the continuation of current laws, projections of valuation changes in real property, and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for property taxes, state and federal aids, local sales taxes, if any, and a single projection for all other revenue for each group of affected local governmental units.

Subd. 3. [Repealed, 1999 c 250 art 1 s 115]

Subd. 4. [Repealed, 2013 c 134 s 31]

History: *1994 c 587 art 7 s 2; 1997 c 202 art 2 s 13; 1998 c 366 s 22; 1999 c 250 art 1 s 46; 2000 c 488 art 12 s 9; 2002 c 220 art 13 s 1,2; 2005 c 156 art 2 s 13; 2007 c 148 art 2 s 12; 2008 c 154 art 16 s 5; 2009 c 101 art 2 s 109; 2016 c 189 art 13 s 18; 2023 c 10 s 1,2; 2023 c 62 art 2 s 52-54; 2024 c 115 art 20 s 1; 2025 c 39 art 2 s 30*

16A.105 DEBT CAPACITY FORECAST.

In February and November of each year the commissioner shall prepare a debt capacity forecast to be delivered to the governor and legislature according to section 16A.103, subdivision 1. The debt capacity forecast must include statements of the indebtedness of the state for bonds, notes, and other forms of long-term general obligation indebtedness. The forecast must show the actual amount of the debt service for at least the past two completed fiscal years, and the estimated amount for the current fiscal year and the next six fiscal years, the debt authorized and unissued, and the borrowing capacity for the next six fiscal years.

History: *1991 c 342 s 1; 1993 c 192 s 52; 1998 c 404 s 28*

16A.106 [Repealed, 2013 c 134 s 31]

16A.11 BUDGET TO LEGISLATURE.

Subdivision 1. **When.** The governor shall submit a three-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. However, in a year following the election of a governor who had not been governor the previous year, parts one and two must be submitted by the third Tuesday in February. Part three, the detailed recommendations as to capital expenditure, must be submitted as follows: agency capital budget requests by July 15 of each odd-numbered year, and governor's recommendations by January 15 of each even-numbered year. Detailed recommendations as to information technology expenditure must be submitted as part of the detailed operating budget. Information technology recommendations must include projects to be funded during the next biennium and planning estimates for an additional two bienniums. Information technology recommendations must specify purposes of the funding such as infrastructure, hardware, software, or training.

Subd. 2. **Part one: message.** Part one of the budget, the governor's message, shall include the governor's recommendations on the financial policy of the state for the coming biennium, describing the important features of the budget plan, embracing a general budget summary setting forth the aggregate figures of the budget so as to show the balanced relation between the total proposed expenditures and the total anticipated income, with the basis and factors on which the estimates are made, the amount to be borrowed, and other means of financing the budget for the coming biennium, compared with the corresponding figures for at least the last two completed fiscal years and the current year. The budget plan shall be supported by explanatory schedules or statements, classifying its expenditures by agencies and funds, and the income by agencies, sources, funds, and the proposed amount of new borrowing, as well as proposed new tax or revenue sources. The budget plan shall be submitted for all special and dedicated funds, as well as the general fund, and shall include the estimated amounts of federal aids, for whatever purpose provided, together with estimated expenditures from them.

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. The appropriation base is the amount appropriated for the second year of the current biennium. The tables must separately show any adjustments to the base required by current law or policies of the commissioner of management and budget. 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 management and budget 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.

Subd. 3a. **Part three: detailed capital budget.** The detailed capital budget must include recommendations for capital projects to be funded during the next six fiscal years and, if applicable, must meet the requirements under section 473.4485, subdivision 1a. It must be submitted with projects recommended by the governor and in order of importance among that agency's requests as determined by the agency originating the request.

Subd. 3b. [Repealed, 1998 c 366 s 90]

Subd. 3c. [Repealed, 1998 c 366 s 90]

Subd. 3d. **Highway user tax distribution fund and trunk highway fund details.** (a) For purposes of this subdivision, "commissioner" means any commissioner of a state agency that proposes to spend funds out of the highway user tax distribution fund or the trunk highway fund.

(b) A commissioner must include detailed information about proposed appropriations from the highway user tax distribution fund or the trunk highway fund. At a minimum, the commissioner must include a detailed narrative describing the specific purposes for which the funds will be spent and an estimated appropriation for each purpose.

Subd. 4. **Information; hearings.** The commissioner shall, on request, give the governor or the legislature information on the budget and attend legislative budget hearings.

Subd. 5. **Capital facilities note.** The commissioner shall prepare a facilities note on each capital project, estimating program cost impacts and efficiencies stemming from the approval of that project.

Subd. 6. **Building maintenance and capital betterment.** The detailed operating budget and capital budget must include amounts necessary to maintain and better state buildings. The commissioner of management and budget, in consultation with the commissioner of administration, the Board of Trustees of the Minnesota State Colleges and Universities, and the regents of the University of Minnesota, shall establish budget guidelines for building maintenance and betterment appropriations. Unless otherwise provided by the commissioner of management and budget, the combined amount to be budgeted each year for building maintenance and betterment in the operating budget and capital budget is one percent of the replacement cost of the building, adjusted up or down depending on the age and condition of the building.

Subd. 7. **Fees.** The detailed operating budget for each executive branch agency must include proposals for any new fees or any increases in existing fees. For purposes of this section, "fees" has the meaning given in section 16A.1283, but excludes charges listed in paragraph (b) of that section.

History: *(53-18n) 1939 c 431 art 2 s 15; 1969 c 399 s 1; 1973 c 35 s 5; 1974 c 355 s 43; 1977 c 455 s 74,75; 1978 c 791 s 17; 1984 c 628 art 2 s 1; 1989 c 81 s 1; 1990 c 594 art 1 s 43; 1991 c 342 s 2-5; 1993 c 192 s 53,54; 1995 c 254 art 1 s 45; 1996 c 390 s 12,13; 1997 c 202 art 2 s 14-16; 1998 c 366 s 23,24; 1998 c 404 s 29,30; 1999 c 250 art 1 s 47; 2000 c 488 art 12 s 10; 2002 c 393 s 32; 1Sp2003 c 1 art 2 s 32; 2004 c 284 art 2 s 5; 2006 c 258 s 27; 2009 c 101 art 2 s 109; 1Sp2011 c 3 art 3 s 1; 1Sp2017 c 3 art 3 s 143; 1Sp2021 c 5 art 4 s 1*

STATE AGENCIES

16A.115 RELOCATION REQUESTS.

An agency request for an appropriation to fund relocation of all or part of the agency must include a statement of the cost per square foot of space currently occupied by the affected part of the agency, and the anticipated cost per square foot of the space the affected part of the agency will occupy after the proposed relocation.

History: *1994 c 643 s 32*

16A.12 [Repealed, 1977 c 455 s 95]

16A.122 WORK FORCE PLANNING AND REPORTING.

Subdivision 1. **Agency authorized work force.** Within any limits imposed by law, state agencies may establish full-time, part-time, or seasonal positions as necessary to carry out assigned responsibilities and missions except that actual levels of employment are limited by availability of appropriated funding for salaries and benefits.

Subd. 2. **Transfers from grants prohibited.** Unless otherwise provided by law or section 16B.98, subdivision 14, an agency must not use grant or flow-through funds for salaries or other operating purposes.

Subd. 3. **Work force reporting.** The commissioner shall prepare quarterly work force reports as required for accurate reporting of state employment levels, whether for internal analysis or for nationwide comparisons of public employment levels. The reports shall express total employment in terms of full-time equivalent positions; shall indicate changes from previous reporting periods; and shall take into account all positions, including full-time, part-time, temporary, and other employees. In this subdivision, a full-time equivalent position means 2,080 working hours per year; except that the number of work hours may vary, depending upon the exact number of working days in any given year. Independent contractors are not to be included within the definition of a full-time equivalent position.

Subd. 4. **Budget reporting.** For purposes of budgetary reporting, position counts must be expressed as full-time equivalents as stipulated in subdivision 3. Estimated positions must be based on actual funding in the year indicated. The biennial budget document submitted to the legislature by the governor shall indicate full-time equivalent base level positions, the number of projected positions, and the number of positions for each of the two years before the base year. The governor's budget recommendations shall clearly specify any proposed changes in full-time equivalent positions. All fiscal notes and any other budgetary items submitted to the legislature shall specify relevant changes, both in full-time equivalent positions and accompanying changes in salary dollars.

History: *1993 c 192 s 55; 2023 c 62 art 7 s 1*

16A.123 [Repealed, 1993 c 192 s 110]

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

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

(b) "Commissioner" means the commissioner of management and budget.

(c) "State agency" has the meaning assigned to it in section 16B.01.

Subd. 1a. **State agencies are vendors.** For purposes of this section, a state agency that bills another state agency for a service or commodity is considered a vendor like any nonstate vendor.

Subd. 2. **Commissioner supervision.** The commissioner shall monitor state agencies to insure the prompt payment of vendor obligations.

Subd. 3. **Payment required.** State agencies must pay each valid vendor obligation so that the vendor receives payment within the vendor's early payment discount period. If there is no early payment discount period, the state agency must pay the vendor within 30 days following the receipt of the invoice for the completed delivery of the product or service.

Subd. 4. **Invoice errors.** If an invoice is incorrect, defective, or otherwise improper, the agency must notify the vendor within ten days of discovering the error. Upon receiving a corrected invoice, the agency must pay the bill within the time limitation contained in subdivision 3.

Subd. 4a. **Invoice errors; Department of Human Services.** For purposes of Department of Human Services payments to hospitals receiving reimbursement under the medical assistance program, if an invoice is incorrect, defective, or otherwise improper, the Department of Human Services must notify the hospital of all errors, within 30 days of discovery of the errors.

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 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.

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. For a construction contract utilizing partial payments based on an engineer's estimate or a payment application approved by an architect, an invoice includes an engineer's estimate or a payment application, as applicable, if made in regular intervals that are: (1) as specified in the contract, and (2) no less frequent than once per month.

(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. No interest penalties accrue under this section against an agency for claims made by a contractor under a construction contract.

(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.

Subd. 6. [Repealed, 1994 c 632 art 3 s 65]

Subd. 7. **Report to legislature.** The commissioner shall report to the legislature by December 31 of each year summarizing the state's payment record for the preceding fiscal year. The report shall include the amount of interest penalties and the specific steps being taken to reduce the incidence of late payments in the future.

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:

(1) 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; and

(2) provider billings to and contracts with the commissioner of human services for health care services, which are subject only to subdivisions 4a and 4b.

History: *1984 c 502 art 14 s 1; 1985 c 136 s 1-4; 1985 c 248 s 68; 1992 c 549 art 5 s 1; 1994 c 632 art 3 s 24,25; 1995 c 241 s 1,2; 1996 c 457 s 3,4; 1997 c 203 art 9 s 1; 2009 c 101 art 2 s 109; 2014 c 287 s 1; 2016 c 158 art 2 s 5,6*

16A.1245 PROMPT PAYMENT TO SUBCONTRACTORS.

Each state agency contract must require the prime contractor to pay any subcontractor within ten days of the prime contractor's receipt of payment from the state for undisputed services provided by the subcontractor. The contract must require the prime contractor to pay interest of 1-1/2 percent per month or any part of a month to the subcontractor on any undisputed amount not paid on time to the subcontractor. The minimum monthly interest penalty payment for an unpaid balance of $100 or more is $10. For an unpaid balance of less than $100, the prime contractor shall pay the actual penalty due to the subcontractor. A

subcontractor who prevails in a civil action to collect interest penalties from a prime contractor must be awarded its costs and disbursements, including attorney's fees, incurred in bringing the action.

History: *1990 c 541 s 1*

STATE TRUST LANDS

16A.125 STATE TRUST LANDS.

Subdivision 1. [Repealed, 1976 c 231 s 34]

Subd. 2. [Repealed, 1976 c 231 s 34]

Subd. 3. [Repealed, 1976 c 231 s 34]

Subd. 4. [Repealed, 1969 c 399 s 51]

Subd. 5. **Forest trust lands.** (a) The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

(b) The commissioner of management and budget shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

(c) After a fiscal year, the commissioner of management and budget shall certify the costs incurred for forestry during that year under appropriations for the improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. After presentation to the Legislative Permanent School Fund Commission or by June 30 each year, whichever is sooner, the commissioner of natural resources shall supply the commissioner of management and budget with the information needed for the certificate. The certificate shall include an analysis that compares costs certified under this section with costs incurred on other public and private lands with similar land assets.

(d) After a fiscal year, the commissioner shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(1) the amount of the certified costs incurred by the state for forest management, forest improvement, and road improvement during the fiscal year shall be transferred to the forest management investment account established under section 89.039;

(2) the amount of costs incurred by the Legislative Permanent School Fund Commission under section 127A.30, and by the school trust lands director under section 127A.353, shall be transferred to the general fund;

(3) the balance of the certified costs incurred by the state during the fiscal year shall be transferred to the general fund; and

(4) the balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

Subd. 5a. **Appropriation from state forest development account.** Money accruing and credited to the state forest development account is appropriated to the Division of Forestry in the Department of Natural

Resources to apply state forest resource management policy and plans to forest trust fund lands. The appropriation is supervised and controlled by the commissioner of natural resources.

The appropriation shall be spent according to law and remains available until spent. The appropriation is not available for spending until any estimates required by law are approved by the commissioner of management and budget. An obligation to spend money may not be made unless there is an available balance not otherwise encumbered in the appropriation.

Subd. 6. [Repealed by amendment, 1995 c 220 s 26]

Subd. 6a. [Repealed, 1996 c 395 s 17]

Subd. 7. [Repealed, 1976 c 231 s 34]

Subd. 8. [Repealed, 1976 c 231 s 34]

Subd. 9. [Repealed, 1976 c 231 s 34]

Subd. 10. [Repealed, 1976 c 231 s 34]

History: *(53-18s) 1939 c 431 art 2 s 20; 1953 c 741 s 60; 1955 c 714 s 1,2; 1957 c 140 s 1; 1957 c 852 s 1-4; 1959 c 344 s 1-4; 1959 c 667 s 1,2; 1961 c 571 s 1; 1965 c 901 s 57 subd 6; 1967 c 314 s 1; 1967 c 905 s 9; 1969 c 399 s 1; 1969 c 567 s 3; 1969 c 1129 art 3 s 1; 1971 c 24 s 2; 1973 c 254 s 3; 1973 c 492 s 14; 1973 c 507 s 45; 1974 c 10 s 1; 1974 c 224 s 1; 1976 c 239 s 10; 1982 c 511 s 31; 1983 c 301 s 88; 1984 c 628 art 2 s 1,4; art 6 s 1; 1984 c 654 art 2 s 55,56; 1989 c 335 art 4 s 7; 1994 c 465 art 3 s 4; 1995 c 220 s 26; 2003 c 112 art 2 s 50; 1Sp2005 c 1 art 2 s 12; 2009 c 101 art 2 s 109; 2012 c 249 s 3; 2012 c 298 s 7; 2014 c 312 art 13 s 2; 2024 c 116 art 3 s 3*

STATE AGENCIES

16A.126 REVOLVING FUND BILLING.

Subdivision 1. **Set rates.** The commissioner shall approve the rates an agency must pay to a revolving fund for services. Funds subject to this subdivision include, but are not limited to, the revolving funds established in sections 14.46; 14.53; 16B.2975, subdivision 4; 16B.48; 16B.54; 16B.58; 16B.85; 16E.14; 43A.55; and 176.591; the fund established in section 43A.30; and the account established in section 16A.1286.

Subd. 2. **Immediate needs.** To reduce reserves for unforeseen needs, and so reduce these rates, the commissioner may transfer money from the general fund to a revolving fund. Before doing so, the commissioner must decide there is not enough money in the revolving fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of management and budget. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the Department of Management and Budget.

Subd. 3. **Repayment schedules.** The commissioner shall make schedules for repayment to the general fund of the transferred money. A schedule to repay money used to buy equipment may extend over the equipment's useful life. Otherwise, a schedule may not extend beyond five years. The repayment must include interest at a rate comparable to the rate earned by the state on invested commissioner of management

and budget's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the revolving fund to which the transfer was made.

History: *1976 c 231 s 5; 1977 c 410 s 5; 1979 c 333 s 72; 1980 c 614 s 55; 1984 c 628 art 2 s 1; 1987 c 275 s 3; 1999 c 250 art 1 s 48; 2000 c 488 art 12 s 11; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 45,109; 2010 c 382 s 6; 2014 c 196 art 2 s 15; art 3 s 1; 2015 c 21 art 1 s 5; 2023 c 62 art 2 s 55*

16A.127 INDIRECT COSTS.

Subdivision 1. **Statewide and agency indirect costs.** (a) As used in this section, "statewide indirect costs" means all general fund expenditures made by any state agency attributable to providing general support services to any other state agency.

(b) As used in this section, "agency indirect costs" means all general support costs within any agency that cannot be directly charged to any agency program.

(c) For purposes of this section, "agency" means any entity receiving general support services.

Subd. 2. **Statewide plan.** The commissioner shall annually prepare a plan identifying the sources and amounts of each agency's statewide indirect costs for the current fiscal year. The commissioner shall submit the plan to the cognizant federal agency for approval, and provide copies to the governor and the legislature.

Subd. 3. **General reimbursement.** (a) Unless indirect cost recoveries are specifically appropriated in law, agencies are obligated to reimburse the general fund for all statewide indirect costs, and that portion of agency indirect costs attributable to recoveries of general fund expenditures. However, the commissioner may, for reasons of sound financial management, waive the reimbursement under this subdivision for certain nongeneral fund activities.

(b) The commissioner shall record the reimbursement to the general fund of the statewide and agency indirect costs attributable to an agency's nongeneral fund activities for the fiscal year. All nonfederal agency indirect cost receipts are appropriated to the agency to pay administrative expenses, unless they are determined to be a reimbursement of general fund expenditures.

Subd. 3a. **Appropriation.** There is annually appropriated from all direct appropriated nongeneral funds an amount sufficient to reimburse the general fund for both statewide indirect costs, and any agency indirect costs attributable to general fund expenditures.

Subd. 4. **Federal proposals.** Agency applications for federal money shall include necessary submissions to recover both statewide and agency indirect costs. An agency indirect cost plan is unnecessary if the commissioner determines that the costs incurred in preparing and maintaining it exceed the benefit received by the state. If less than the entire 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 agency must document that fact to the commissioner.

Subd. 5. **Federal reimbursement.** Agencies shall reimburse the general fund for all federal money received as a recovery of statewide indirect costs. All federal agency indirect cost receipts are appropriated to the agency to pay administrative expenses, unless they are determined to be a reimbursement of general fund expenditures.

Subd. 6. **Required information.** Agencies must supply the information required by the commissioner, as needed, to carry out the provisions of this section.

Subd. 7. **Audit fees.** The legislative auditor may recommend waiver, and the Legislative Audit Commission may waive all or part of a fee for an audit. A state audited agency whose funds are not administered by the commissioner of management and budget must transfer to the general fund the amount of the cost of the audit attributable to the agency's nongeneral fund receipts.

Subd. 8. **Exemptions.** (a) No statewide or agency indirect cost liability shall be accrued to any program, appropriation, or account that is specifically exempted from the liability in federal or state law, or if the commissioner determines the funds to be held in trust, or to be a pass-through, workshop, or seminar account. Accounts receiving proceeds from bond issues and general fund accounts are also exempt from this section.

(b) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the Board of Trustees of the Minnesota State Colleges and Universities. Receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by the board shall be deposited in the general fund.

Subd. 9. **Provision for natural resources.** (a) The Department of Natural Resources is exempt from recovering agency indirect costs except where federal funds are involved.

(b) The commissioner of natural resources need not bill the federal government, other states, or Canadian provinces for the indirect costs of providing emergency firefighting services, and need not reimburse the general fund for those indirect costs if the waiver is reciprocated.

History: *1976 c 231 s 6; 1983 c 301 s 89,90; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 57; 1Sp1985 c 13 s 97-100; 1987 c 264 s 1; 1987 c 275 s 4; 1987 c 404 s 76; 1990 c 375 s 3; 1Sp1993 c 2 art 3 s 2; 1994 c 632 art 3 s 26; 1995 c 254 art 1 s 46; 1996 c 395 s 18; 2003 c 112 art 1 s 5; art 2 s 50; 2009 c 101 art 2 s 109; 2013 c 134 s 19*

16A.128 [Repealed, 1993 c 192 s 110]

16A.1281 [Repealed, 1993 c 192 s 110]

16A.1283 LEGISLATIVE APPROVAL REQUIRED FOR FEES.

(a) Notwithstanding any law to the contrary, an executive branch state agency may not impose a new fee or increase an existing fee unless the new fee or increase is approved by law. For purposes of this section, a fee is any charge for goods, services, regulation, or licensure, and, notwithstanding paragraph (b), clause (3), includes charges for admission to or for use of public facilities owned by the state.

(b) This section does not apply to:

(1) charges billed within or between state agencies, or billed to federal agencies;

(2) the Minnesota State Colleges and Universities system;

(3) charges for goods and services provided for the direct and primary use of a private individual, business, or other entity;

(4) charges that authorize use of state-owned lands and minerals administered by the commissioner of natural resources by the issuance of leases, easements, cooperative farming agreements, and land and water crossing licenses and charges for sales of state-owned lands administered by the commissioner of natural resources; or

(5) state park fees and charges established by commissioner's order.

(c) An executive branch agency may reduce a fee that was set by rule before July 1, 2001, without legislative approval. Chapter 14 does not apply to fee reductions under this paragraph.

History: *1999 c 250 art 1 s 49; 2001 c 206 s 1; 2003 c 28 art 1 s 1*

16A.1285 DEPARTMENTAL EARNINGS; CHARGES LEVIED BY AGENCY.

Subdivision 1. **Definitions.** In this section, "departmental earnings" means any charge for goods and services and any regulatory, licensure, or other similar charges levied by any state agency and paid by individuals, businesses, or other nonstate entities. This definition must not be construed to include general taxes collected by a state agency or charges for services provided by one state agency to another state agency.

Subd. 2. **Policy.** Unless otherwise provided by law, specific charges falling within definitions stipulated in subdivision 1 must be set at a level that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services.

Unless specifically provided otherwise in statute, in setting, adjusting, or authorizing charges that in whole or in part recover previously unrecovered costs, recovery is limited to those unrecovered costs incurred during the two fiscal years immediately preceding the setting, adjustment, or authorization.

Subd. 3. **Duties of commissioner of management and budget.** The commissioner of management and budget 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.

In a year following the election of a governor who had not been governor the previous year, the report required by clause (2) must be submitted by the third Tuesday in February.

Subd. 4. [Repealed, 1999 c 250 art 1 s 115 para (d)]

Subd. 5. [Repealed, 1999 c 250 art 1 s 115 para (d)]

History: *1993 c 192 s 56; 1995 c 233 art 2 s 32-34; 1997 c 202 art 2 s 17; 1Sp2003 c 1 art 2 s 33; 2009 c 101 art 2 s 109*

COMMISSIONER DUTIES; AUTHORITY

16A.1286 STATEWIDE SYSTEMS ACCOUNT.

Subdivision 1. **Continuation.** The statewide systems account is a separate account in the special revenue fund. All money resulting from billings for statewide systems services must be deposited in the account. For the purposes of this section, statewide systems includes the state accounting system, payroll system, human resources systems, procurement system, and related information access systems.

Subd. 2. **Billing procedures.** The commissioner may bill each fiscal year for statewide systems services provided to state agencies in the executive, legislative, and judicial branches, the Minnesota State Colleges and Universities, and other entities. Each entity shall be billed based on that entity's usage of the statewide systems. Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. The commissioner shall develop billing policies and procedures.

Subd. 3. **Appropriation.** Money transferred into the account is appropriated to the commissioner to pay for statewide systems services.

Subd. 4. [Repealed, 2002 c 379 art 1 s 114]

Subd. 5. [Repealed, 2002 c 379 art 1 s 114]

History: *1Sp2001 c 10 art 2 s 22; 2005 c 156 art 2 s 14; 2007 c 148 art 2 s 13; 2008 c 204 s 42; 2009 c 101 art 2 s 109; 1Sp2011 c 10 art 3 s 24; 2023 c 62 art 2 s 56*

16A.129 OTHER COMMISSIONER POWERS.

Subdivision 1. **List of salaries.** The commissioner may require a list of the employees of an agency, and that their salaries conform with the scale of compensation established by law.

Subd. 2. **Classified budget, accounts.** The commissioner may classify expenditures and revenue for budget making and accounting.

Subd. 3. **Cash advances.** When the operations of any 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 management and budget may use fund level 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: *(53-7) 1925 c 426 art 3 s 4; 1939 c 441 s 39; 1973 c 492 s 14; 1973 c 507 s 45; 1976 c 2 s 5; 1976 c 231 s 7; 1977 c 347 s 8; 1978 c 674 s 5; 1984 c 628 art 2 s 1; 1993 c 192 s 57; 1995 c 254 art 1 s 47; 1997 c 202 art 2 s 18; 1999 c 250 art 1 s 50; 2000 c 464 art 1 s 1; 2000 c 488 art 12 s 12; 2003 c 112 art 1 s 6; 2009 c 101 art 2 s 109*

16A.13 FEDERAL TAX WITHHOLDING.

Subdivision 1. **Custodian; bond.** The commissioner of management and budget is the custodian of all money deposited with the commissioner of management and budget for federal tax withheld from the pay of any officer or employee of the state of Minnesota. The commissioner of management and budget's bond to the state shall cover the liability for the custodian's acts. The deposits are subject to laws on keeping and paying out state money.

Subd. 2. **Commissioner as federal agent.** The commissioner may cooperate with and act as agent for the United States of America in collecting federal tax from the pay of employees.

Subd. 2a. **Procedure.** The commissioner shall see that the deduction for the withheld tax is made from an employee's pay on the payroll abstract. The commissioner shall approve one payment to the commissioner for the total amount deducted on the abstract. Deductions from the pay of an employee paid direct by an

agency shall be made by the employee's payroll authority. A later deduction must correct an error made on an earlier deduction. The paying authority shall see that a payment for the deductions is promptly sent to the commissioner. The commissioner shall deposit the amount of the payment to the credit of the proper federal authority or other person authorized by federal law to receive it.

Subd. 2b. **Appropriation.** There is appropriated the amount necessary to discharge the state's obligation under federal law requiring the deductions from pay in this section.

Subd. 3. **Reports; payments.** The commissioner shall report as required by federal law on the deductions made under this section and see that the deducted money is paid out as required.

Subd. 4. **Employees to provide information.** An employee shall prepare and send to the commissioner the information and forms the commissioner requires under this section.

History: *1943 c 1 s 1-4; 1973 c 492 s 14; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 58,59; 1986 c 444; 2003 s 112 art 2 s 26; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 4*

EMPLOYEES

16A.131 DEDUCTIONS FOR UNITED STATES SECURITIES, TRANSIT CARDS.

Subdivision 1. [Repealed, 2003 c 112 art 1 s 19]

Subd. 2. **Transit cards.** An employee may direct the commissioner, in writing, to deduct a stated amount from the employee's pay to buy mass transit ridership cards.

History: *1951 c 678 s 1; 1980 c 614 s 56; 1984 c 544 s 89; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 60; 2016 c 158 art 1 s 10*

16A.132 [Repealed, 1984 c 628 art 2 s 4; 1984 c 654 art 2 s 155]

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

Subdivision 1. **Payroll direct deposit and deductions.** An agency head in the executive, judicial, and legislative branch shall, upon written request signed by an employee, directly deposit all or part of an employee's pay to those credit unions or financial institutions, as defined in section 47.015, designated by the employee.

An agency head must, upon written request of an employee, deduct from the pay of the employee a requested amount to be paid to the Minnesota Benefit Association, or to any organizations contemplated by section 179A.06, of which the employee is a member.

Subd. 2. **Parking, and the like.** With the written consent of an employee, an agency head shall deduct from the employee's pay the amount needed to pay for services or facilities supplied under law to the employee by the state. Food and housing, garage and parking facilities, and other facilities and services may be paid for in this way.

Subd. 3. [Repealed, 1989 c 335 art 1 s 270]

History: *1941 c 464 s 1; 1955 c 108 s 1; 1969 c 130 s 1; 1971 c 841 s 1,2; 1973 c 35 s 3; 1980 c 607 art 19 s 1; 1984 c 628 art 2 s 2; 1985 c 248 s 7; 1987 c 337 s 1; 1989 c 335 art 1 s 61; 1990 c 594 art 1 s 44; 1991 c 238 art 4 s 1; 2003 c 112 art 1 s 7; 2009 c 101 art 2 s 46*

16A.1335 EMPLOYEE SALARIES AND BENEFITS IN EVENT OF STATE GOVERNMENT SHUTDOWN.

Subdivision 1. **Definition.** As used in this section, "government shutdown" means that, as of July 1 of an odd-numbered year, legislation appropriating money for the general operations of (1) an executive agency, (2) an office or department of the legislature, including each house of the legislature and the Legislative Coordinating Commission, or (3) a judicial branch agency or department, including a court, has not been enacted for the biennium beginning July 1 of that year.

Subd. 2. **Payment required.** Notwithstanding section 16A.17, subdivision 8, state employees must be provided payment for lost salary and benefits resulting from their absence from work during a government shutdown. An employee is eligible for a payment under this section only upon the employee's return to work.

Subd. 3. **Appropriation; limitation.** (a) In the event of a government shutdown, the amount necessary to pay the salary and benefits of employees of any impacted agency, office, or department is appropriated beginning on that July 1 to that agency, office, or department. The appropriation is made from the fund or funds from which an appropriation was made in the previous fiscal year for salary and benefits paid to each affected employee.

(b) Amounts appropriated under this subdivision may not exceed the amount or amounts appropriated for general operations of the affected agency, office, or department in the previous fiscal year.

Subd. 4. **Certification of amount for employees in the legislative and judicial branches.** By June 25 of an odd-numbered year, if a government shutdown appears imminent, the director of the Legislative Coordinating Commission, the chief clerk of the house of representatives, the secretary of the senate, and the chief clerk of the supreme court must each certify to the commissioner of management and budget the amount needed for salaries and benefits for each fiscal year of the next biennium, and the commissioner of management and budget shall make the certified amount available on July 1 of that year or on another schedule that permits payment of all salary and benefit obligations required by this section in a timely manner.

Subd. 5. **Subsequent appropriations.** A subsequent appropriation to the agency, office, or department for regular operations for a biennium in which this section has been applied may only supersede and replace the appropriation provided by subdivision 3 by express reference to this section.

History: *2023 c 53 art 11 s 2*

STATE OFFICIALS

16A.134 CHARITABLE ORGANIZATIONS PAYROLL DEDUCTIONS.

An employee's contribution to a registered combined charitable organization defined in section 43A.50 may be deducted from the employee's pay. On the employee's written request, the commissioner shall deduct a requested amount from the pay of the employee for each pay period. The commissioner shall issue a payment in that amount to the specified organization.

History: *1965 c 766 s 1; 1973 c 492 s 14; 1984 c 628 art 2 s 3; 2007 c 101 s 1; 1Sp2019 c 10 art 3 s 40*

16A.138 OFFICIALS NOT TO EXCEED APPROPRIATION.

When there has been an appropriation for any purpose it shall be unlawful for any state board or official to incur indebtedness on behalf of the board, the official, or the state in excess of the appropriation made

for such purpose. It is hereby made unlawful for any state board or official to incur any indebtedness in behalf of the board, the official, or the state of any nature until after an appropriation therefor has been made by the legislature. Any official violating these provisions shall be guilty of a misdemeanor and the governor is hereby authorized and empowered to remove any such official from office.

History: *(125) 1907 c 272 s 2; Ex1919 c 35 s 11*

16A.139 MISAPPROPRIATION OF MONEY.

(a) No official or head of any state department in the executive, legislative, or judicial branches, or any employee of a state department in those branches, may intentionally use money appropriated by law, or fees collected knowing that the use is for a purpose other than the purpose for which the money was appropriated. Unless a greater penalty is specified elsewhere in law, a person who violates this paragraph is guilty of a gross misdemeanor.

(b) A violation of paragraph (a) by a head of a department, or any state official, is cause for immediate removal of the official or head of a state department from the position held with the government of this state. A criminal conviction under paragraph (a) is not a prerequisite for removal. This paragraph does not apply to a judge, a constitutional officer, or a legislator, except as potential grounds for expulsion, impeachment, or recall in the manner specified in article IV, section 7, and article VIII of the Minnesota Constitution.

History: *(125-14) 1937 c 457 s 36; 1979 c 333 s 60; 1986 c 444; 2009 c 101 art 2 s 47*

ACCOUNTING

16A.14 ALLOTMENT AND ENCUMBRANCE SYSTEM.

Subdivision 1. **Less than fiscal year.** The commissioner may set an allotment period shorter than and not extending beyond the fiscal year.

Subd. 1a. **Permanent improvements.** Subdivision 1 does not apply for allotments of appropriations for permanent improvements, including acquisition of real property.

Subd. 2. **Application.** The allotment and encumbrance system applies to all appropriations and funds except as provided in subdivisions 2a, 2b, and 2c.

Subd. 2a. **Exceptions.** The allotment and encumbrance system does not apply to:

(1) appropriations for the courts or the legislature;

(2) payment of unemployment benefits; and

(3) transactions within the defined contribution funds administered by the Minnesota State Retirement System.

Subd. 2b. **Impractical allotments.** With permanent improvement contracts and transactions for the acquisition of real estate, equipment, repair, rehabilitation, appurtenances or utility systems to be used for public purposes, the commissioner may do away with periodic allotments as impractical and make rules to ensure the proper application and encumbering of funds.

Subd. 2c. **Contingent funds.** Contingent appropriations for the governor and the attorney general are not subject to allotment. They are subject to the prescriptions in this chapter relating to spending and encumbering of funds.

Subd. 3. **Spending plan.** An appropriation to an agency may not be made available for spending in the next allotment period until the agency has met all the requirements related to the policies and procedures of the Minnesota accounting and procurement system. A spending plan shall be submitted by July 31 to the commissioner on the commissioner's form. The spending plan must certify that: the amount required for each activity is accurate and is consistent with legislative intent; revenue estimates are reasonable; and the plan is structurally balanced, with all legal restrictions on spending having been met for the purpose for which money is to be spent.

Subd. 4. **Approval.** The commissioner shall approve the estimated amount for expenditure if the spending plan is within the amount and purpose of the appropriation. In doing so, the commissioner must keep in mind the probable needs of the agency for the rest of the term of the appropriation, and whether there is a need for the appropriation in the next allotment period. Otherwise the commissioner shall modify the spending plan and the allotment to conform with the appropriation and the future needs of the agency. The commissioner shall act promptly on a spending plan. The commissioner shall notify an agency of its allotments at least five days before an allotment period. Allotments to an agency for an appropriation term may not exceed the amount appropriated for that term.

Subd. 5. **Modification.** After approval, the commissioner may modify a spending plan for cause. An agency may apply for and must be notified of the modification. The modification may not result in a deficit or an undue reduction of funds to meet future agency needs.

History: *1976 c 166 s 7; 1976 c 231 s 8; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 61; 1994 c 488 s 8; 1999 c 107 s 66; 2000 c 343 s 4; 2003 c 112 art 1 s 8; 2018 c 211 art 9 s 3*

16A.15 ACCOUNTING SYSTEM; ALLOTMENT AND ENCUMBRANCE.

Subdivision 1. [Renumbered 16A.152, subd 4]

Subd. 2. **Accounting system.** The commissioner shall keep an accounting system in the department's office showing by fund and item:

(1) the amounts appropriated for and the estimated revenue of the agency;

(2) the amount allotted and available for expenditure;

(3) the amount of expenditures or obligations authorized to be incurred;

(4) the actual receipts and disbursements;

(5) actual balances on hand; and

(6) the unencumbered balances after deduction of all actual and authorized expenditures.

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 defraud. The commissioner may then 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 16C.03, subdivision 3.

(c) To minimize potential construction delay claims, an agency with a project funded by a building appropriation may allow a consultant or 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 consultants or contractors to expeditiously proceed with services or a construction sequence. While the consultant or contractor is proceeding, the agency shall immediately act to encumber the required funds.

Subd. 4. **Periodic allotment.** In the case of appropriations made for permanent improvements, including acquisition of real property, which appropriations do not lapse until the purposes of the appropriations are accomplished or abandoned, the commissioner may dispense with periodic allotments and shall make rules to ensure the proper application and encumbrance of funds.

Subd. 5. [Renumbered 16A.152, subd 6]

Subd. 6. [Renumbered 16A.152, subdivision 1]

Subd. 7. [Renumbered 16A.152, subd 7]

History: *1973 c 492 s 23-26; 1976 c 231 s 10; 1978 c 793 s 47; 1981 c 1 s 2; 1Sp1981 c 5 s 1; 2Sp1981 c 1 s 3; 3Sp1981 c 1 art 1 s 1; 3Sp1981 c 2 art 2 s 3; 1983 c 342 art 18 s 1-3; 1984 c 502 art 1 s 1; 1984 c 544 s 89; 1984 c 628 art 2 s 1; 1Sp1985 c 14 art 18 s 1,2; 1Sp1986 c 1 art 5 s 1,2; 1987 c 268 art 18 s 1,2; 1988 c 719 art 13 s 1; 1Sp1989 c 1 art 15 s 1; 1991 c 291 art 21 s 2; 1992 c 511 art 9 s 1; 1992 c 514 s 1; 1993 c 192 s 58-60,111; 1993 c 375 art 17 s 1; 1994 c 632 art 3 s 27; 1997 c 202 art 2 s 19; 1998 c 386 art 2 s 12; 1Sp2019 c 10 art 3 s 5; 2023 c 62 art 2 s 57*

16A.151 PROCEEDS OF LITIGATION OR SETTLEMENT.

Subdivision 1. **State funds; general fund.** (a) This subdivision applies, notwithstanding any law to the contrary, except as provided in subdivision 2.

(b) A state official may not commence, pursue, or settle litigation, or settle a matter that could have resulted in litigation, in a manner that would result in money being distributed to a person or entity other than the state.

(c) Money recovered by a state official in litigation or in settlement of a matter that could have resulted in litigation is state money and must be deposited in the general fund.

Subd. 2. **Exceptions.** (a) If a state official litigates or settles a matter on behalf of specific injured persons or entities, this section does not prohibit distribution of money to the specific injured persons or entities on whose behalf the litigation or settlement efforts were initiated. If money recovered on behalf of injured

persons or entities cannot reasonably be distributed to those persons or entities because they cannot readily be located or identified or because the cost of distributing the money would outweigh the benefit to the persons or entities, the money must be paid into the general fund.

(b) Money recovered on behalf of a fund in the state treasury other than the general fund may be deposited in that fund.

(c) This section does not prohibit a state official from distributing money to a person or entity other than the state in litigation or potential litigation in which the state is a defendant or potential defendant.

(d) State agencies may accept funds as directed by a federal court for any restitution or monetary penalty under United States Code, title 18, section 3663(a)(3), or United States Code, title 18, section 3663A(a)(3). Funds received must be deposited in a special revenue account and are appropriated to the commissioner of the agency for the purpose as directed by the federal court.

(e) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state, on behalf of the state or a state agency, related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of opioids in this state or other alleged illegal actions that contributed to the excessive use of opioids, must be deposited in the settlement account established in the opiate epidemic response fund under section 256.043, subdivision 1. This paragraph does not apply to attorney fees and costs awarded to the state or the Attorney General's Office, to contract attorneys hired by the state or Attorney General's Office, or to other state agency attorneys.

(f) Notwithstanding paragraph (e), if money is received from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency against a consulting firm working for an opioid manufacturer or opioid wholesale drug distributor, the commissioner shall deposit any money received into the settlement account established within the opiate epidemic response fund under section 256.042, subdivision 1. Notwithstanding section 256.043, subdivision 3a, paragraph (a), any amount deposited into the settlement account in accordance with this paragraph shall be appropriated to the commissioner of human services to award as grants as specified by the opiate epidemic response advisory council in accordance with section 256.043, subdivision 3a, paragraph (e).

(g) If the Minnesota Pollution Control Agency, through litigation or settlement of a matter that could have resulted in litigation, recovers $250,000 or more in a civil penalty from violations of a permit issued by the agency, then 40 percent of the money recovered must be distributed to the community health board, as defined in section 145A.02, where the permitted facility is located. Within 30 days of a final court order in the litigation or the effective date of the settlement agreement, the commissioner of the Minnesota Pollution Control Agency must notify the applicable community health board that the litigation has concluded or a settlement has been reached. The commissioner must collect the money and transfer it to the applicable community health board. The community health board must meet directly with the residents potentially affected by the pollution that was the subject of the litigation or settlement to identify the residents' concerns and incorporate those concerns into a project that benefits the residents. The project must be implemented by the community health board and funded as directed in this paragraph. The community health board may recover the reasonable costs it incurs to administer this paragraph from the funds transferred to the board under this paragraph. This paragraph directs the transfer and use of money only and does not create a right of intervention in the litigation or settlement of the enforcement action for any person or entity. A supplemental environmental project funded as part of a settlement agreement is not part of a civil penalty and must not be included in calculating the amount of funds required to be distributed to a community health board under

this paragraph. For the purposes of this paragraph, "supplemental environmental project" means a project that benefits the environment or public health that a regulated facility agrees to undertake, though not legally required to do so, as part of a settlement with respect to an enforcement action taken by the Minnesota Pollution Control Agency to resolve noncompliance.

(h) A community health board receiving a transfer of funds under paragraph (g) must, no later than one year after receiving the funds, submit a report to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environment policy and natural resources that describes:

(1) the process of community engagement employed to solicit community input regarding the use of the funds;

(2) the purposes and activities for which the funds were used; and

(3) an account of expenditures.

(i) The commissioner of the Minnesota Pollution Control Agency must submit a report in September each even-numbered year, beginning in 2024, to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over environmental policy and natural resources that includes:

(1) the amount transferred under paragraph (g) to each community health board during the previous two years; and

(2) any agency services provided to the community health board or community residents during the duration of the project funded by the transfer, and the cost of those agency services, for consideration by the legislature for future appropriations that address reimbursement of the amount of the transfers and the cost of services provided by the agency.

(j) Any money received by the state resulting from a settlement agreement or an assurance of discontinuance entered into by the attorney general of the state, or a court order in litigation brought by the attorney general of the state on behalf of the state or a state agency related to alleged violations of consumer fraud laws in the marketing, sale, or distribution of electronic nicotine delivery systems in this state or other alleged illegal actions that contributed to the exacerbation of youth nicotine use, must be deposited in the tobacco use prevention account under section 144.398. This paragraph does not apply to: (1) attorney fees and costs awarded or paid to the state or the Attorney General's Office; (2) contract attorneys hired by the state or Attorney General's Office; or (3) other state agency attorneys. The commissioner of management and budget must transfer to the tobacco use prevention account, any money subject to this paragraph that is received by the state before May 24, 2023.

(k) This section does not apply to money deposited in the consumer protection restitution account under section 8.37.

Subd. 3. **Definitions.** For purposes of this section:

(1) "litigation" includes civil, criminal, and administrative actions;

(2) "money recovered" includes actual damages, punitive or exemplary damages, statutory damages, and civil and criminal penalties; and

(3) "state official" means the attorney general, another constitutional officer, an agency, or an agency employee, acting in official capacity.

Subd. 4. **Supersede.** This section supersedes section 8.31, subdivision 2c.

Subd. 5. [Repealed, 2005 c 156 art 2 s 52]

History: *1Sp2001 c 10 art 2 s 23; 2002 c 379 art 1 s 7,8; 1Sp2003 c 1 art 2 s 34; 1Sp2003 c 2 art 8 s 1; 2005 c 156 art 2 s 15; 2009 c 101 art 2 s 48; 1Sp2011 c 7 art 11 s 1; 2019 c 63 art 1 s 1; 2020 c 115 art 3 s 1; 1Sp2021 c 7 art 5 s 1; 2022 c 53 s 2; 2023 c 25 s 3; 2023 c 60 art 8 s 1; 2023 c 70 art 4 s 4; 1Sp2025 c 13 art 8 s 10*

16A.152 BUDGET RESERVE AND CASH FLOW ACCOUNTS.

Subdivision 1. **Cash flow account established.** A cash flow account is created in the general fund in the state treasury. Amounts in the cash flow account shall remain in the account until drawn down and used to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year.

Subd. 1a. **Budget reserve.** A budget reserve account is created in the general fund in the state treasury. 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.

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

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

Subd. 1c. **Hospital stabilization reserve.** A hospital stabilization reserve account is created in the general fund in the state treasury. Amounts in the hospital stabilization reserve are appropriated to the commissioner of management and budget for the uses authorized in subdivision 1d. Any balance remaining in the account on June 30, 2031, is canceled to the general fund.

Subd. 1d. **Hospital stabilization reserve uses.** The commissioner of management and budget, in consultation with the commissioner of health and after review by the Legislative Advisory Commission as required in subdivision 1e, may make payments to an eligible hospital as defined in section 144.7051.

Subd. 1e. **Hospital stabilization reserve Legislative Advisory Commission review.** (a) The Legislative Advisory Commission established under section 3.30 must review proposed allocations from the hospital stabilization reserve account.

(b) The commissioner of management and budget must submit proposed expenditures from the hospital stabilization reserve account to the Legislative Advisory Commission for its review and recommendation. Upon receiving a submission, the commission has seven days after the request is submitted to review the proposed expenditures submitted under this subdivision.

(c) Commission members may make a positive recommendation, a negative recommendation, or no recommendation on a proposed expenditure. If a majority of the commission members from the senate and

a majority of the commission members from the house of representatives make a negative recommendation on a proposed expenditure, the commissioner is prohibited from expending the money. If a majority of the commission members from the senate and a majority of the commission members from the house of representatives do not make a negative recommendation, or if the commission makes no recommendation, the commissioner may expend the money.

(d) The commission may hold a public meeting to approve or disapprove a proposed expenditure from the hospital stabilization reserve account. Notwithstanding section 3.055, the commission may conduct a public meeting remotely. The commission may approve or disapprove proposed expenditures without a public meeting. The commission members may approve or disapprove proposed expenditures via written communication sent to the commissioner of management and budget.

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 $3,421,764,000;

(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; and

(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.

(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.

Subd. 3. **Use.** The use of the budget reserve should be governed by principles based on the full economic cycle rather than the budget cycle. The budget reserve may be used when a negative budgetary balance is projected and when objective measures, such as reduced growth in total wages, retail sales, or employment, reflect downturns in the state's economy.

Subd. 4. **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, reduce the amount in the budget reserve account and the hospital stabilization reserve as needed to balance expenditures with revenue.

(b) An additional deficit shall, with the approval of the governor, and after consulting the Legislative Advisory Commission, be made up by reducing unexpended allotments of any prior appropriation or transfer.

Notwithstanding any other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) 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.

(d) 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.

(e) 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.

(f) The commissioner is prohibited from reducing an allotment or appropriation made to the legislature.

Subd. 5. **Restoration.** The restoration of the budget reserve should be governed by principles based on the full economic cycle rather than the budget cycle. Restoration of the budget reserve should occur when objective measures, such as increased growth in total wages, retail sales, or employment, reflect upturns in the state's economy. The budget reserve should be restored before new or increased spending commitments are made.

Subd. 6. **Notice to committees.** The commissioner shall notify the committees on finance and taxes and tax laws of the senate and the committees on ways and means and taxes of the house of representatives of a reduction in an allotment under this section. The notice must be in writing and delivered within 15 days of the commissioner's act. The notice must specify:

(1) the amount of the reduction in the allotment;

(2) the agency and programs affected;

(3) the amount of any payment withheld; and

(4) any additional information the commissioner determines is appropriate.

Subd. 7. **Delay; reduction.** The commissioner may delay paying up to 15 percent of an appropriation to a special taxing district or a system of higher education in that entity's fiscal year for up to 60 days after the start of its next fiscal year. The delayed amount is subject to allotment reduction under subdivision 4.

Subd. 8. **Report on budget reserve percentage.** (a) The commissioner of management and budget shall develop and annually review a methodology for evaluating the adequacy of the budget reserve based on the volatility of Minnesota's general fund tax structure. The review must take into consideration relevant statistical and economic literature. After completing the review, the commissioner may revise the methodology if necessary. The commissioner must use the methodology to annually estimate the percentage of the current biennium's general fund nondedicated revenues recommended as a budget reserve.

(b) By October 30 of each year, the commissioner shall report the percentage of the current biennium's general fund nondedicated revenue that is recommended as a budget reserve to the chairs and ranking minority members of the senate Committee on Finance, the house of representatives Committee on Ways and Means, and the senate and house of representatives Committees on Taxes. The report must also specify:

(1) whether the commissioner revised the recommendation as a result of significant changes in the mix of general fund taxes or the base of one or more general fund taxes;

(2) whether the commissioner revised the recommendation as a result of a revision to the methodology; and

(3) any additional appropriate information.

History: *1973 c 492 s 23; 1978 c 793 s 47; 1981 c 1 s 2; 1Sp1981 c 5 s 1; 2Sp1981 c 1 s 3; 3Sp1981 c 1 art 1 s 1; 3Sp1981 c 2 art 2 s 3; 1983 c 342 art 18 s 1-3; 1984 c 502 art 1 s 1; 1984 c 628 art 2 s 1; 1Sp1985 c 14 art 18 s 1,2,4; 1Sp1986 c 1 art 5 s 1-3; 1987 c 268 art 18 s 1-3; 1988 c 690 art 2 s 1; 1988 c 719 art 13 s 1,2; 1989 c 329 art 1 s 1; 1Sp1989 c 1 art 15 s 1,2; 1990 c 604 art 10 s 4; 1991 c 291 art 21 s 2; 1992 c 511 art 9 s 1; 1993 c 192 s 58-63,111; 1993 c 375 art 17 s 1,2; 1994 c 632 art 5 s 1; 1994 c 647 art 1 s 1; 1995 c 264 art 6 s 1; 1Sp1995 c 3 art 14 s 1-3; 1996 c 461 s 1; 1996 c 471 art 10 s 1; 1997 c 231 art 9 s 1; 1998 c 389 art 9 s 1; 1Sp2001 c 5 art 20 s 2,3; 1Sp2001 c 10 art 2 s 24; 2002 c 220 art 13 s 3-5; 2002 c 377 art 12 s 1; 1Sp2003 c 21 art 11 s 2-4; 2004 c 272 art 3 s 1; 2005 c 156 art 2 s 16; 2007 c 146 art 1 s 1; 2009 c 36 art 3 s 1; 2009 c 86 art 1 s 4; 2009 c 101 art 2 s 49,109; 2010 c 215 art 11 s 15; 1Sp2011 c 11 art 5 s 1; 2012 c 289 s 1; 2014 c 150 art 6 s 1-3; 2015 c 77 art 2 s 7; 1Sp2015 c 4 art 4 s 1,2; 2016 c 189 art 13 s 19; 2017 c 40 art 1 s 4; 1Sp2017 c 1 art 11 s 1; 1Sp2020 c 1 s 1; 2021 c 31 art 1 s 9; 1Sp2021 c 14 art 4 s 1; art 11 s 7; 2023 c 62 art 2 s 58,59; 2025 c 39 art 2 s 31; 2026 c 127 art 3 s 1-5*

16A.1521 [Repealed, 1Sp2001 c 5 art 20 s 24]

16A.1522 [Repealed, 2008 c 154 art 16 s 9]

16A.1523 [Repealed, 2002 c 220 art 13 s 11]

16A.153 [Repealed, 1983 c 342 art 18 s 4]

16A.154 [Repealed, 1Sp1986 c 1 art 5 s 12]

16A.1541 [Renumbered 16A.152, subd 2]

16A.155 REFUNDS; CHARGED WHEN PAID.

Notwithstanding sections 16A.14 and 16A.15, or any other law to the contrary, the payment of a refund shall be charged to the fund, appropriation, allotment or encumbrance for the period in which the refund is paid.

History: *1976 c 231 s 11; 1984 c 628 art 2 s 1*

16A.16 [Repealed, 1983 c 299 s 36]

16A.17 PREPARATION OF STATE PAYROLL.

Subdivision 1. **Salaries; when paid.** The commissioner, with the approval of the governor, may choose to pay salaried employees semimonthly or biweekly.

Subd. 2. [Repealed, 1976 c 231 s 34]

Subd. 3. **Equal payments.** The commissioner may adjust the salary of an employee to provide equal payments through the year and to make use of modern accounting in preparing the payroll. Adjusted salaries must be based on a year of 2088 working hours. Fractions may be dropped or added in order to permit equal payments even if the salary is then slightly changed.

Subd. 4. **Allocations.** The commissioner shall set procedures for allocating and encumbering equal salary payments when a payroll period extends beyond the end of the fiscal year.

Subd. 4a. **Application.** Subdivision 4 applies to salaries of state officers and employees payable in equal payments throughout the year notwithstanding any other provision in Minnesota Statutes. No provision of any subsequent law relating to the budget, allotment, and encumbrance system or to appropriations for the payment of salaries of state officers and employees shall be construed as inconsistent with this subdivision except as expressly provided in the subsequent act that subdivision 4 does not apply or is superseded, modified, amended, or repealed.

Subd. 5. **Payroll duties.** When the department prepares the payroll for an agency, the commissioner assumes the agency head's duties to make authorized or required deductions from, or employer contributions on, the pay of the agency's employees and to prepare and issue the necessary payments.

Subd. 5a. **Voluntary deductions.** The commissioner may require an employee making a voluntary deduction and the recipient of the deduction to provide information on the amount of or a change in the amount of the deduction. The employee making a voluntary deduction must sign and send the deduction instructions to the intended recipient of the deduction. The intended recipient shall forward the original signed instruction and other required information to the employee's payroll preparer.

Subd. 6. **Branch payrolls.** The commissioner shall prepare the payroll for the executive branch. Upon request of the Rules Committee of the senate or house of representatives or the supreme court, as appropriate, the commissioner shall prepare the payrolls of the legislative and judicial branches in a similar way.

Subd. 7. **Certify hours.** The commissioner may authorize an official to certify the hours worked for payroll purposes in anticipation of the hours actually worked.

Subd. 8. MS 1974 [Repealed, 1975 c 273 s 3]

Subd. 8. **Exceptions.** The commissioner shall prescribe procedures to assure payment is made only for hours worked except:

(1) for leave under a collective bargaining agreement;

(2) for leave under a plan according to section 43A.18 or the rules of the Department of Management and Budget; or

(3) to resolve a formal employee grievance permitted by law or collective bargaining agreement.

Subd. 8a. **Overpayment.** The head of an agency shall release to the commissioner money held for an employee when the commissioner certifies to the head that the money is required to correct an overpayment to an employee. An employee's contribution to a retirement fund may not be released until the person otherwise entitled to the employee's retirement account has been notified of the release certification and is eligible to apply for a refund. Released funds are the equivalent of a refund. Funds may not be released if the employee or a survivor is entitled to an immediate or deferred annuity or to a survivor's benefit.

Subd. 9. **Agencies share.** If a direct appropriation for payroll preparation is made, the commissioner shall bill an agency for its share of payroll costs. The billing shall be done through the indirect cost billing system. Money collected must be deposited in the general fund.

Subd. 10. **Direct deposit.** Notwithstanding section 177.23, the commissioner may require direct deposit for all state employees who are being paid by the state payroll system.

History: *1957 c 414 s 1; 1961 c 222 s 1,2; 1969 c 281 s 1; 1971 c 803 s 1,2; Ex1971 c 32 s 19; 1973 c 435 s 1; 1973 c 492 s 14; 1976 c 231 s 12-17; 1977 c 340 s 1; 1977 c 410 s 6; 1980 c 617 s 47; 1981 c 210*

s 49; 1984 c 628 art 2 s 1; 2003 c 112 art 1 s 9; 1Sp2003 c 1 art 2 s 35; 2008 c 204 s 42; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 40

16A.18 ACCOUNTING, PAYROLL FOR COURTS, LEGISLATURE.

The judicial and legislative branches are not required to use the state accounting system or a computerized payroll system.

History: *1973 c 720 s 74; 1984 c 628 art 2 s 1*

16A.19 RETIREMENT, SOCIAL SECURITY DEFICIENCIES.

Subdivision 1. **Procedure.** If a direct appropriation for retirement contributions, benefits, or administrative expenses, or for Social Security contributions under section 355.03, is determined by the chief administrative official of the agency to which or by the officer to whom the appropriation was made to be insufficient to meet the state's obligation under the program for which it is made for the fiscal year for which it is made, the official or the officer shall certify to the finance committee, the appropriations committee, and the commissioner the amount necessary to meet the deficiency. Upon this certification, the commissioner shall transfer the necessary amounts to the appropriate accounts.

Subd. 2. **Appropriation.** The amount necessary to make the transfer under subdivision 1 is appropriated from the general fund in the state treasury to the agency to which or to the officer to whom the transfer is made.

History: *1980 c 614 s 57; 1981 c 224 s 17; 1984 c 628 art 2 s 1; 2009 c 86 art 1 s 5*

16A.25 SALE OF SECURITIES BEFORE MATURITY.

The commissioner shall notify the Board of Investment if invested funds are needed for current purposes before maturity of the securities held. The Board of Investment shall then order the needed amount of securities sold or cashed.

History: *1973 c 492 s 10; 1984 c 628 art 2 s 1*

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: *1973 c 492 s 14; 1973 c 720 s 65; 1978 c 674 s 6; 1980 c 509 s 4; 1984 c 628 art 2 s 1; 1985 c 305 art 12 s 5; 1Sp1985 c 16 art 2 s 26; 1987 c 268 art 9 s 1; 1989 c 209 art 2 s 4; 1997 c 106 art 2 s 1; 1997 c 179 art 2 s 1*

DEPOSITS; TRANSFERS; CARRYFORWARDS

16A.27 STATE FUNDS; DEPOSIT; CONTROL BY COMMISSIONER.

Subdivision 1. **Commissioner to comply.** The commissioner shall, in the public interest, control the amount and manner of deposit of state funds in depositories by the commissioner. The commissioner shall comply with the controls.

Subd. 2. **Daily record.** Each day the commissioner shall maintain a record on the department's website of all depositories holding noninterest bearing state deposits in excess of $100,000.

Subd. 3. **Competitive bids.** The depository for a state account must be selected by competitive bid. The commissioner shall invite bids by written notice to designated depositories. The notice must specify the considerations, financial activities, and conditions the commissioner requires for the bid. The account must be awarded to the lowest bidding depository that can, in the opinion of the commissioner, meet the requirements.

Subd. 4. **Exceptions.** In exceptional cases, the commissioner may dispense with bidding. The commissioner shall report the circumstances and reasons to the Legislative Audit Commission within five days after opening the account.

Subd. 5. **Charges, compensating balances.** The commissioner may pay a depository a reasonable charge from appropriated money, maintain appropriate compensating balances with the depository, or purchase non-interest-bearing certificates of deposit from the depository for performing depository related services.

History: *1973 c 492 s 8; 1977 c 403 s 2; 1984 c 628 art 2 s 1; 1989 c 271 s 2; 1991 c 345 art 1 s 52; 1999 c 99 s 8; 2003 c 112 art 2 s 3,50; 2009 c 32 s 6*

16A.271 DEPOSITORIES, DESIGNATION.

Where any statute of this state requires or permits a bank or trust company to deposit securities with the commissioner of management and budget, the latter, on the request of such depositor, may designate some other bank or trust company as the depository of such securities under such depository agreement as may be prescribed and approved by the depositor, and which will not deprive the commissioner of management and budget of the control thereof and the charges of such depository shall be paid by the depositing bank or trust company. If such depositing bank or trust company is a member of the Federal Reserve System, the Federal Reserve Bank in this state may be the depository designated by the commissioner of management and budget.

History: *1933 c 287 s 1; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.272 DEPOSITS OF CERTAIN FUNDS OF PUBLIC CORPORATIONS, SECURITY.

Subdivision 1. **Depository to give bond.** If designated treasurer of any public corporation by any statute of this state, the commissioner of management and budget may deposit any public corporation funds in any bank or trust company in this state designated by the commissioner of management and budget unless otherwise provided in the statutes relating to such public corporation. Such deposits shall be deemed deposits of public funds, and said treasurer may require any bank or trust company in which such funds are deposited to give a corporate surety bond for the repayment of such funds or to deposit collateral securities to secure such deposits. Collateral securities so pledged shall consist of bonds and similar securities which are eligible as collateral security for deposits of state funds deposited in depositories designated by the Executive Council of this state. Such bond or collateral shall be in such amount as shall be fixed by the commissioner of management and budget.

Subd. 2. **Commissioner of management and budget relieved from liability.** The commissioner of management and budget shall not be liable for the safekeeping of money deposited by the commissioner of management and budget which are secured by a corporate surety bond or a pledge of collateral securities as herein provided.

Subd. 3. **Section 16A.271 to apply.** The provisions of section 16A.271 shall apply to deposits of securities made pursuant to this section.

History: *1945 c 298 s 1-3; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 6*

16A.273 INDUCEMENTS TO MAKE DEPOSITS.

Every person who shall give or promise to the commissioner of management and budget, or to any other person having the custody or control of state funds, any credit, service, or benefit, except as expressly authorized by law, as an inducement or consideration to or for the deposit, loan, or forbearance of state funds, shall be guilty of bribery or attempted bribery, as the case may be.

History: *RL s 55; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.275 AGENCY RECEIPTS; DEPOSIT, REPORT, CREDIT.

Subdivision 1. **Deposit receipts.** Except as otherwise provided by law, an agency shall deposit receipts totaling $1,000 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.

Notwithstanding the general rule stated above, the commissioner of revenue is not required to make daily deposits if (1) the volume of tax receipts cannot be processed daily with available resources, or (2) receipts cannot be immediately identified for posting to accounts.

Subd. 2. **Exception.** The commissioner may authorize an agency to deposit receipts totaling $1,000 or more less frequently than daily for those locations where the agency furnishes documentation to the commissioner that the cost of making daily deposits exceeds the lost interest earnings and the risk of loss or theft of the receipts.

History: *1976 c 231 s 18; 2Sp1981 c 1 s 4; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 103; 1987 c 268 art 18 s 4; 1987 c 275 s 5; 2010 c 392 art 1 s 3*

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: *1978 c 793 s 48; 1984 c 628 art 2 s 1; 1997 c 7 art 2 s 5*

16A.28 TREATMENT OF UNUSED APPROPRIATIONS.

Subdivision 1. **Carryforward.** Agencies may carry forward unexpended and unencumbered nongrant operating balances from the first year of a biennium into the second year of the biennium.

Subd. 2. **Use of carryforward.** No money shall be carried forward without the approval of the commissioner of management and budget.

Subd. 3. **Lapse.** Any portion of any appropriation not carried forward and remaining unexpended and unencumbered at the close of a fiscal year lapses to the fund from which it was originally appropriated. Except as provided in section 15.761, any appropriation amounts not carried forward and remaining

unexpended and unencumbered at the close of a biennium lapse to the fund from which the appropriation was made.

Subd. 4. **Reinstatement; final lapse.** The commissioner may reinstate a lapsed appropriation within three months of the lapse. A reinstated appropriation lapses again no later than three months after it first lapsed. A payment under a reinstated appropriation may be made only under section 16A.15, subdivision 3.

Subd. 5. **Permanent improvements.** An appropriation to acquire or better public land or buildings or other public improvements of a capital nature, including the acquisition of real property does not lapse until the purposes of the appropriation are determined by the commissioner, after consultation with the affected agencies, to be accomplished or abandoned. This subdivision also applies to any part of an appropriation for a fiscal year that has been requisitioned to acquire real property or construct permanent improvements. An appropriation to pay moving expenses lapses at the end of the third fiscal year during which it was made available.

Subd. 6. **Canceled October 15.** On October 15 all allotments and encumbrances for the last fiscal year shall be canceled unless an agency head certifies to the commissioner that there is an encumbrance for services rendered, goods ordered, or grants issued in the last fiscal year, or certifies that funding will be carried forward under subdivision 1. Encumbrances for grants issued by June 30 may be certified for a period of one year beyond the year in which the funds were originally appropriated. Services rendered under grant contracts may occur during the certification period. The commissioner may reinstate the part of the cancellation needed to meet the certified encumbrance or charge the certified encumbrance against the current year's appropriation.

Subd. 7. **Exceptions.** Except as otherwise expressly provided by law, subdivisions 1 to 6 apply to every appropriation of a stated sum for a specified purpose or purposes heretofore or hereafter made, but do not, unless expressly provided by law, apply to any fund or balance of a fund derived wholly or partly from special taxes, fees, earnings, fines, federal grants, or other sources that are by law appropriated for special purposes by standing, continuing, or revolving appropriations.

Subd. 8. **Historical society.** Except as provided by law, an appropriation made to the Minnesota Historical Society, if not spent during the first year, may be spent during the second year of a biennium. An unexpended balance remaining at the end of a biennium lapses and shall be returned to the fund from which appropriated. An appropriation made to the society for all or part of a biennium may be spent in either year of the biennium.

Subd. 9. **Disaster assistance.** (a) The commissioner of management and budget must transfer the unexpended and unencumbered balance of a general fund disaster assistance appropriation that expires as provided under this section or as otherwise provided by law to the disaster assistance contingency account in section 12.221, subdivision 6.

(b) Expired disaster assistance transferred to the disaster assistance contingency account is appropriated as provided under section 12.221, subdivision 6, regardless of the specific disaster event or purpose for which the expired disaster assistance was originally appropriated.

(c) The commissioner must report each transfer to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee.

(d) For the purposes of this subdivision, "disaster assistance appropriation" means an appropriation from the general fund to provide cost-share required for federal disaster assistance or to provide other state disaster assistance under chapter 12A or 12B.

History: *(53-18p) 1939 c 431 art 2 s 17; 1969 c 399 s 1; 1973 c 720 s 77; 1976 c 231 s 19; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 62; 1993 c 192 s 64; 1993 c 369 s 39; 1995 c 254 art 1 s 48,49; 1996 c 463 s 29; 2002 c 374 art 7 s 6; 2009 c 101 art 2 s 109; 2011 c 24 s 2; 2014 c 312 art 7 s 10; 2019 c 50 art 1 s 9; 2025 c 39 art 2 s 32*

16A.281 APPROPRIATIONS TO LEGISLATURE.

Except as provided in this section, section 16A.28 applies to appropriations made to the legislature, the senate, the house of representatives, or its committees or commissions. An appropriation made to the legislature, the senate, the house of representatives, or a legislative commission or committee other than a standing committee, if not spent during the first year, may be spent during the second year of a biennium. An unexpended balance not carried forward and remaining unexpended and unencumbered at the end of a biennium lapses and shall be returned to the fund from which appropriated. Balances may be carried forward into the next biennium and credited to special accounts to be used only as follows: (1) for nonrecurring expenditures on investments that enhance efficiency or improve effectiveness; (2) to pay expenses associated with sessions, interim activities, public hearings, or other public outreach efforts and related activities; and (3) to pay severance costs of involuntary terminations. The approval of the commissioner of management and budget under section 16A.28, subdivision 2, does not apply to the legislature. An appropriation made to the legislature, the senate, the house of representatives, or a standing committee for all or part of a biennium may be spent in either year of the biennium.

History: *1978 c 793 s 49; 1984 c 628 art 2 s 1; 1993 c 192 s 65; 2005 c 156 art 2 s 18; 2009 c 101 art 2 s 109*

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.284 APPROPRIATIONS TO CONSTITUTIONAL OFFICERS.

If an appropriation for a constitutional officer for either fiscal year of a biennium is insufficient, the appropriation for the other fiscal year of the biennium is available for it.

History: *1987 c 404 s 77*

16A.2845 APPROPRIATIONS TO OFFICE OF THE GOVERNOR.

Except as provided in this section, section 16A.28 applies to appropriations made to the Office of the Governor. An unexpended balance not carried forward and remaining unexpended and unencumbered at the end of a biennium lapses and shall be returned to the fund from which it was appropriated. Balances may be carried forward into the next biennium and credited to special accounts to be used only as follows: (1) for nonrecurring expenditures on investments that enhance efficiency or improve effectiveness; (2) to pay expenses associated with the work of the office, including public outreach efforts and related activities; and (3) to pay severance costs of involuntary terminations. The approval of the commissioner of management

and budget under section 16A.28, subdivision 2, does not apply to the Office of the Governor. An appropriation made to the Office of the Governor may be spent in either year of the biennium.

History: *2023 c 62 art 2 s 60*

16A.285 ALLOWED APPROPRIATION TRANSFERS.

An agency in the executive, legislative, or judicial branch may transfer state agency operational money between programs within the same fund if: (1) the agency first notifies the commissioner as to the type and intent of the transfer; and (2) the transfer is consistent with legislative intent. If an amount is specified for an item within an activity, that amount must not be transferred or used for any other purpose.

The commissioner shall report the transfers to the chairs of the senate finance and house of representatives ways and means committees.

History: *1993 c 192 s 66; 1995 c 226 art 1 s 18*

16A.286 TRANSFER; DISASTER ASSISTANCE CONTINGENCY ACCOUNT.

(a) If the balance in the disaster assistance contingency account under section 12.221 at the end of a biennium is less than $50,000,000, the commissioner of management and budget must make transfers according to this section.

(b) If the final general fund closing balance for a biennium exceeds the closing balance projected for that biennium at the end of the previous regular legislative session by at least $50,000,000, the commissioner of management and budget must transfer the difference between $50,000,000 and the balance in the disaster assistance contingency account at the end of the biennium from the general fund to the disaster assistance contingency account.

(c) If the final general fund closing balance for a biennium exceeds the closing balance projected for that biennium at the end of the previous legislative session by less than $50,000,000, the commissioner of management and budget must transfer the difference between $50,000,000 and the balance in the disaster assistance contingency account at the end of the biennium from the general fund to the disaster assistance contingency account. The amount transferred under this paragraph shall not exceed the difference between the final closing balance for the previous biennium and the closing balance projected for the general fund at the end of the previous regular legislative session.

(d) For the purposes of this section, the term "regular legislative session" includes a special legislative session to enact the biennial budget.

(e) If a transfer is required under this section, the transfer must be completed before October 15 following the end of the previous biennium.

History: *2024 c 123 art 1 s 8*

16A.2865 TRANSFER; HUMAN SERVICES SYSTEMS MODERNIZATION FUND.

(a) If the balance in the human services systems modernization fund under section 16E.50 at the end of a biennium is less than $50,000,000, the commissioner of management and budget must transfer money according to this section.

(b) After the transfer under section 16A.286, if the remainder of the final general fund closing balance for a biennium exceeds the closing balance projected for that biennium at the end of the previous regular

legislative session, the commissioner of management and budget must transfer from the general fund to the human services systems modernization fund the lesser of:

(1) the difference between $50,000,000 and the balance in the human services systems modernization fund; or

(2) the difference between the remainder of the final general fund closing balance for the biennium and the closing balance projected for that biennium at the end of the previous regular legislative session.

(c) For the purposes of this section, "regular legislative session" includes a special legislative session to enact the biennial budget.

(d) If a transfer is required under this section, the transfer must be completed before October 15 following the end of the previous biennium.

History: *2026 c 120 s 1*

16A.287 MS 2024 [Repealed, 2025 c 32 art 1 s 4]

16A.30 [Repealed, 2005 c 156 art 2 s 52]

16A.35 [Repealed, 1993 c 192 s 110]

16A.36 GRANTS FROM AND ADVANCES TO UNITED STATES.

Subdivision 1. **Use of grants.** Money received by the state from the federal government as federal assistance must be used only for the purpose for which the money is received. If required by the proper federal authorities, interest or income arising from the money received may be credited by the commissioner to the particular account for which the money is received and used only for the purpose of that federal assistance program, or may be repaid to the federal treasury. If not so required, the interest or income shall be credited to the general fund or to another fund authorized to receive the interest or income.

Subd. 2. **Reciprocal interest policy.** The commissioner may, if required by the federal government or by agreement with the proper federal authorities, establish an equitable policy providing for the state to pay interest on undisbursed federal money, and providing for the federal government to pay interest to the state on state funds advanced for a federal assistance program. The amount needed to pay the interest is appropriated from the general fund or another fund earning the interest on undisbursed federal money. The interest received from the federal government shall be deposited in the fund that lost interest on state funds advanced for a federal assistance program.

History: *(53-18a) 1937 c 25 s 1; 1955 c 863 s 14; 1973 c 717 s 8; 1983 c 301 s 92; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 63; 1987 c 275 s 6*

CLAIMS; WARRANTS; TRANSACTIONS

16A.40 WARRANTS AND ELECTRONIC FUND TRANSFERS.

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

The commissioner may require payees to supply their bank routing information to enable the payments to be made through an electronic fund transfer.

History: *(67) RL s 35; 1917 c 480 s 1; 1955 c 863 s 3; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 105; 1995 c 254 art 1 s 50; 2002 c 220 art 10 s 29; 2003 c 112 art 1 s 10; 1Sp2003 c 1 art 2 s 36; 1Sp2019 c 10 art 3 s 7*

16A.401 VIRTUAL PAYMENTS AUTHORIZED.

Subdivision 1. **Virtual payments.** The commissioner may establish a program to issue virtual payments from the state treasury. Any rebate to the state generated by the program must be deposited in the general fund unless retained under subdivision 3.

Subd. 2. **Rebates.** Notwithstanding subdivision 1, rebates attributable to expenditures in funds established in the state constitution or protected by federal law must be returned to the account from which the expenditure originated.

Subd. 3. **Rebates retained.** The commissioner may retain a portion of rebates for the administration of this section. Money retained under this subdivision must be deposited in an account in the special revenue fund and is appropriated to the commissioner for the purposes of this section.

History: *1Sp2021 c 12 art 2 s 5*

16A.402 CASH TRANSACTION ROUNDING.

Subdivision 1. **Authorization to round cash transactions.** (a) Notwithstanding any other provision of law, an agency entering into any transaction with a person that results in a payment or transfer of cash between the parties to the transaction may round the payment in the following manner:

(1) in any case in which the total transaction amount ends with 1 cent, 2 cents, 6 cents, or 7 cents as the final digit, the amount of cents in the sum shall be rounded down to the nearest amount divisible by 5;

(2) in any case in which the total transaction amount ends with 3 cents, 4 cents, 8 cents, or 9 cents as the final digit, the amount of cents in the sum shall be rounded up to the nearest amount divisible by 5; and

(3) notwithstanding clause (1), transactions in which the transaction total is $0.01 or $0.02 shall be rounded up to $0.05.

(b) A party authorized to engage in a transaction on behalf of an agency may round the payment in the manner directed by the agency consistent with this section.

(c) This section does not apply to a transaction for which payment is made by electronic fund transfer, check, gift card, money order, credit card, or other similar instrument or method.

Subd. 2. **Policy posted.** An agency that engages in cash transactions must establish a policy for rounding cash transactions consistent with this section and post the policy at each location where cash transactions occur.

History: *2026 c 119 art 2 s 7*

16A.41 CLAIMS AGAINST STATE.

Subdivision 1. **Certified.** Except as provided in subdivision 1a, when claims against the state are made for which there is an appropriation available, an official with authority to pay a claim shall approve the claim

by certifying that the service was performed, the goods or material furnished, or monthly telephone service is in effect. The claim must be sent to the commissioner accompanied by a transmittal form as prescribed by the commissioner.

Subd. 1a. **Exception to certification.** When a claim against the state is made by a county, municipality, or other governmental subdivision, under an agreement with the commissioner of transportation, and that agreement provides for payment of the state's contractual obligations before commencing the work, certification that the services have been performed or that the goods or materials have been furnished is not required as a prerequisite to payment of the claim.

Subd. 2. **Declaration.** The commissioner may require a claimant to declare that the claim and its amount are just and correct and that no part of it has been paid. The following form may be used:

"I declare under the penalties of perjury that this claim is just and correct and that no part of it has been paid.

Signature of Claimant."

Subd. 3. **Declaration same as oath.** To sign the declaration in subdivision 2 is the same as to sign and swear under oath.

History: *(68) 1905 c 96 s 1; 1909 c 120 s 1; 1917 c 480 s 2; 1955 c 863 s 4; 1957 c 93 s 1; 1973 c 492 s 14; 1984 c 416 s 1,2; 1984 c 628 art 2 s 1; art 6 s 1; 1988 c 613 s 2*

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

Subdivision 1. **Form.** The commissioner shall prescribe the form of a claim.

Subd. 2. **Approval.** If the claim is approved, the commissioner shall issue a payment in the amount of the claim.

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

Subd. 4. **Register.** The commissioner shall enter a payment in the payment register as if it were a cash payment.

Subd. 5. **Invalid claims.** If the commissioner determines that a claim is invalid after issuing a warrant, the commissioner may void an unpaid warrant. The commissioner is not liable to any holder who took the void warrant for value.

History: *(69) 1905 c 96 s 1; 1909 c 120 s 2; 1909 c 169 s 1; 1917 c 480 s 3; 1955 c 863 s 5; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 106; 1Sp2019 c 10 art 3 s 8,9,40*

16A.43 WARRANT A RECEIPT.

The endorsement by the payee of a warrant is a receipt in full for the claim paid by the warrant.

History: *(70) 1905 c 96 s 2; 1909 c 120 s 3; 1917 c 480 s 4; 1955 c 863 s 6; 1984 c 628 art 2 s 1*

16A.44 COMMISSIONER MAY COMPEL TESTIMONY.

The commissioner may subpoena, administer oaths to, and examine under oath, the parties and witnesses to any transaction between the state and a person, partnership, or corporation.

History: *(72) 1917 c 498 s 2; 1955 c 863 s 7; 1973 c 492 s 14; 1984 c 628 art 2 s 1*

16A.45 OUTSTANDING UNPAID WARRANTS, CANCELLATION.

Subdivision 1. **Cancel; credit.** Once each fiscal year the commissioner shall cancel upon the books all outstanding unpaid commissioner's warrants that have been issued and delivered on or before June 30 of the preceding year and credit state amounts subject to section 345.43 and federal amounts to the appropriate account in the federal fund. These warrants are presumed abandoned under section 345.38 and are subject to sections 345.31 to 345.60.

Subd. 2. [Repealed, 1993 c 192 s 110]

Subd. 3. [Repealed, 1993 c 192 s 110]

Subd. 4. **Locating unpaid warrants.** A person may not seek or receive from another person, or contract with a person for, a fee or compensation for locating outstanding unpaid commissioner's warrants before the warrants have been reported to the commissioner of commerce under section 345.41.

History: *(73) 1923 c 288 s 1,2; 1955 c 863 s 8; 1969 c 399 s 1; 1973 c 492 s 14; 1984 c 628 art 2 s 1; art 6 s 1; 1984 c 654 art 2 s 64; 1Sp1985 c 13 s 107; 1991 c 345 art 1 s 53; 1992 c 513 art 4 s 28,29; 1999 c 250 art 1 s 51; 2003 c 112 art 2 s 50*

16A.46 LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.

Subdivision 1. **Duplicate warrant.** The commissioner may issue a duplicate of an unpaid warrant to an owner if the owner certifies that the original was lost or destroyed. The commissioner may require certification be documented by affidavit. The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in good faith, the commissioner is not liable, whether the application is granted or denied.

Subd. 2. **Original warrant is void.** When the duplicate is issued, the original is void. The commissioner may require an indemnity bond from the applicant to the state for double the amount of the warrant for anyone damaged by the issuance of the duplicate. The commissioner is not liable to any holder who took the void original warrant for value, whether or not the commissioner required an indemnity bond from the applicant.

Subd. 3. **Unpaid refund or rebate.** For an unpaid refund or rebate issued under a tax law administered by the commissioner of revenue that has been lost or destroyed, an affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued to the same name and Social Security number as the original warrant and that information is verified on a tax return filed by the recipient.

History: *(74) RL s 36; 1955 c 863 s 9; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 2000 c 490 art 13 s 2; 2003 c 112 art 1 s 11; 2013 c 143 art 18 s 1*

16A.461 DUPLICATE BONDS ISSUED.

When any bond, certificate of indebtedness, or other written obligation of the state, issued by the state or by any department, bureau, board, or other agency of the state government according to law, has been lost, destroyed, or stolen, a duplicate of such obligation, with unpaid interest coupons, if any, which were attached at the time of the loss, destruction, or theft, shall be issued to the owner, the owner's guardian, or the representative of the owner's estate, as hereinafter provided, upon the furnishing of satisfactory proof of ownership and of such loss, destruction, or theft to the authority empowered to approve indemnity bonds,

as hereinafter provided, and upon the certification of the approval of such proof by such authority to the commissioner of management and budget.

History: *1929 c 192 s 1; 1986 c 444; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.462 EXECUTION OF DUPLICATES.

Such duplicate obligation shall be prepared by the commissioner of management and budget and shall be an exact and complete copy of the original, including the signatures, but need not be a facsimile. Each duplicate obligation shall have written or printed thereon a certificate, the form of which shall be approved by the attorney general, stating, in substance, that the obligation is a duplicate issued pursuant to sections 16A.461 to 16A.464 with like force and effect as the original. The certificate shall be signed by the commissioner of management and budget, attested by the secretary of state, and sealed with the great seal of the state, and bear the approval of the attorney general as to the issuance of the duplicate and the form of the certificate. Each duplicate shall have plainly written or printed thereon across the face or upon the margin the word "duplicate." Each coupon attached to the duplicate obligation shall have plainly written or printed thereon in like manner the word "duplicate," followed by the date of issue and the signature or facsimile signature of the commissioner of management and budget.

History: *1929 c 192 s 2; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.463 DELIVERY OF DUPLICATES; BOND.

Such duplicate obligation when executed shall be delivered by the commissioner of management and budget to the owner of the original obligation, the owner's guardian, or the representative of the owner's estate; provided, such owner, guardian, or representative shall first file with the commissioner a bond in the full amount of such obligation and unpaid interest to maturity, with sufficient sureties, approved by the same authority as state depository bonds, indemnifying the state against any loss thereon by reason of the existence of the original obligation or any coupon thereto attached, unless such bond is waived as hereinafter provided; and, provided, such owner, guardian, or representative shall furnish satisfactory proof to the commissioner that such original obligation and coupons have not been found or presented for payment up to the time of such delivery; and, if any thereof have been found or presented, duplicates shall be delivered only of such as have not been found or presented. A record of the issuance and delivery of each duplicate obligation and attached coupons shall be made by the commissioner. Such duplicate obligations and coupons, when issued and delivered as hereinbefore provided shall have the same force and effect as the originals.

History: *1929 c 192 s 3; 1973 c 492 s 14; 1986 c 444; 2003 c 112 art 2 s 2,50; 2009 c 101 art 2 s 109*

16A.464 BOND, WHEN CANCELED.

The authority empowered to approve the indemnity bond required by section 16A.463 may waive such bond, in its discretion, at any time six years after the date of the maturity of such lost, destroyed, or stolen bond, certificate of indebtedness, or other written obligation of the state, in any special case where it deems that the person entitled to a duplicate is unable to furnish such indemnity bond without hardship and that it is improbable that the original obligation will ever be found or presented for payment. Such waiver shall be certified to the commissioner of management and budget.

History: *1929 c 192 s 4; 2003 c 112 art 2 s 50; 2009 c 101 art 2 s 109*

16A.47 COMMISSIONER'S ACCOUNT, DOCUMENT DUTIES.

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: *(75) RL s 37; 1955 c 863 s 10; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 108*

16A.48 REFUND OF ERRONEOUS DEPOSITS.

Subdivision 1. **Procedure.** A verified claim may be submitted to the concerned agency head for refund of money in the treasury to which the state is not entitled. The claimant must submit with the claim a complete statement of facts and reasons for the refund. The agency head shall consider and approve or disapprove the claim, attach a statement of reasons, and forward the claim to the commissioner for settlement.

Subd. 2. **Appropriation.** The amount needed to pay a refund under subdivision 1 is appropriated to the person entitled to it from the fund to which the money was credited.

History: *1947 c 416 s 1,2; 1955 c 863 s 11; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1987 c 268 art 19 s 1; 1992 c 513 art 4 s 30*

16A.49 REFUNDS OF $1 OR LESS.

A refund of $1 or less may not be paid from the treasury unless the receipts giving rise to the refund were $1 or less. The commissioner shall set requirements for the small refunds, which may differ from the procedure in section 16A.48.

History: *Ex1967 c 48 s 69; 1973 c 492 s 4 subd 3; 1984 c 628 art 2 s 1*

REPORTS; FUNDS; ACCOUNTS; PROJECTS

16A.50 FINANCIAL REPORT TO LEGISLATURE.

By December 31 of each year, the commissioner shall report to the legislature on the operation of all state funds during the last fiscal year. The report shall contain financial statements and disclosures which show the state's financial operations and position. The report must conform with generally accepted government accounting principles.

History: *(79) RL s 40; 1955 c 847 s 1; 1955 c 863 s 12; 1959 c 51 s 1; 1973 c 492 s 14; 1974 c 406 s 56; 1979 c 314 s 2; 1983 c 301 s 93; 1984 c 628 art 2 s 1*

16A.501 REPORT ON EXPENDITURE OF BOND PROCEEDS.

(a) The commissioner of management and budget must report annually to the legislature on the degree to which entities receiving appropriations for capital projects in previous omnibus capital improvement acts have encumbered or expended that money. The report must be submitted to the chairs of the house of representatives Ways and Means Committee and the senate Finance Committee by January 15 of each year.

(b) The commissioner of management and budget must report by January 15 of each year to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over capital investment, finance, and ways and means on the amount and percentage of each agency's capital

appropriation that is used to pay for the costs of staff directly attributable to capital programs or projects funded with state general obligation bond proceeds. The report must also include information on agencies' compliance with the commissioner's policies governing the use of general obligation bond proceeds to pay staff costs and any changes to the commissioner's policies.

History: *1994 c 643 s 33; 1998 c 404 s 31; 2002 c 393 s 33; 2003 c 112 art 1 s 12; 1Sp2003 c 1 art 2 s 37; 2009 c 101 art 2 s 109; 2010 c 189 s 28; 1Sp2025 c 15 art 2 s 1*

16A.502 NONSTATE COMMITMENTS TO CAPITAL PROJECTS.

If a state appropriation or grant for a capital project or project phase is not sufficient, by itself, to complete the project or project phase, and thus requires a commitment from other sources:

(1) the commitment, including any required match, must be in an amount that, when added to the appropriation or grant, is sufficient to complete the project or project phase; and

(2) the appropriation or grant is not available until the commissioner has determined that the commitment is sufficient.

In making the determination, the commissioner must apply generally accepted governmental accounting standards and principles, including those that are particularly applicable to capital projects.

History: *2005 c 20 art 1 s 29*

16A.51 [Repealed, 1984 c 654 art 2 s 155]

16A.52 [Repealed, 1984 c 628 art 2 s 4]

16A.53 BOOKKEEPING ACCOUNTS.

Subdivision 1. **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 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.

Subd. 2. **Exception.** Subdivision 1 does not apply to a fund created by the constitution or to a fund required to be created in the treasury by federal law.

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;

(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.

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.

History: *1959 c 30 s 2; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 2004 c 284 art 1 s 1-3*

16A.531 FUNDS CREATED.

Subdivision 1. **Environmental fund.** There is created in the state treasury an environmental fund as a special revenue fund for deposit of receipts from environmentally related taxes, fees, and other sources as provided in subdivision 1a.

Subd. 1a. **Revenues.** The following revenues must be deposited in the environmental fund:

(1) revenue from the motor vehicle transfer fee as provided in section 115A.908, subdivision 2;

(2) all fees collected under section 116.07, subdivision 4d;

(3) all money collected by the Pollution Control Agency in enforcement matters as provided in section 115.073;

(4) all revenues from license fees for subsurface sewage treatment systems under section 115.56;

(5) all loan repayments deposited under section 115A.0716;

(6) all revenue from pollution prevention fees imposed under section 115D.12;

(7) all loan repayments deposited under section 116.994;

(8) all fees collected under section 116C.834;

(9) revenue collected from the solid waste management tax pursuant to chapter 297H;

(10) fees collected under section 473.844;

(11) interest accrued on the fund; and

(12) money received in the form of gifts, grants, reimbursement, or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.

Subd. 2. **Natural resources fund.** There is created in the state treasury a natural resources fund as a special revenue fund for deposit of certain receipts from fees and services associated with natural resource management by the state.

Subd. 3. **Agricultural fund.** There is created in the state treasury an agricultural fund as a special revenue fund for deposit of receipts from agricultural related fees and activities conducted by the state.

History: *1989 c 335 art 4 s 8; 1999 c 231 s 20; 2003 c 128 art 2 s 1,2; 2007 c 57 art 1 s 12; 2008 c 365 s 8; 2008 c 370 s 3; 2009 c 109 s 14*

16A.532 MINNESOTA STATE COLLEGES AND UNIVERSITIES ENTERPRISE ACCOUNT.

There is created in the state enterprise fund a Minnesota State Colleges and Universities account. The commissioner must report to committees of the legislature having jurisdiction over the account on activity in this account at the same time fund balance statements are issued for the general fund. The amounts in this account earn investment income as provided in section 136F.71, subdivision 3.

History: *1Sp2001 c 1 art 2 s 1*

16A.54 GENERAL FUND DEFINED.

Except as provided in section 16A.671, subdivision 3, the term "general fund" appearing in any existing or hereafter enacted law relating to revenues deposited in or expenditures appropriated from the treasury means such moneys as have been deposited in the treasury for the usual, ordinary, running, and incidental expenses of the state government and does not include moneys deposited in the treasury for a special or dedicated purpose.

History: *1959 c 30 s 3; 1969 c 399 s 2; 1984 c 597 s 32; 1984 c 628 art 2 s 1; art 6 s 1*

16A.55 [Repealed, 1984 c 628 art 2 s 4]

16A.56 COMMISSIONER'S RECEIPT AND CLAIM DUTIES.

The commissioner or a designee shall examine every receipt and claim, and if proper, approve them, name the account to be charged or credited, and issue payments to pay claims.

History: *(80-3) 1939 c 431 art 3 s 2; 1955 c 863 s 16; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1Sp2019 c 10 art 3 s 40*

16A.57 APPROPRIATION, ALLOTMENT, AND WARRANT NEEDED.

Unless otherwise expressly provided by law, state money may not be spent or applied without an appropriation, an allotment, and issuance of a warrant or electronic fund transfer.

History: *(80-4) 1939 c 431 art 3 s 3; 1955 c 863 s 17; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1995 c 254 art 1 s 51*

16A.575 APPROPRIATIONS; NOT DISCLOSING SOURCE.

If money is appropriated from the state treasury and the appropriation does not disclose its source, the appropriation is from the general fund.

History: *Ex1971 c 3 s 97; 1988 c 469 art 1 s 1*

16A.58 COMMISSIONER CUSTODIAN OF PAYMENT DOCUMENTS.

The commissioner or the head of a state agency designated by the commissioner is the custodian of original documents on which money has been or may be paid out of or received in the state treasury.

History: *(80-5) 1939 c 431 art 3 s 4; 1955 c 863 s 18; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1Sp1985 c 13 s 109; 1989 c 271 s 3; 1993 c 192 s 67*

16A.59 [Repealed, 1984 c 654 art 2 s 155]

16A.60 MS 2020 [Repealed, 1Sp2021 c 5 art 4 s 151]

16A.61 CERTIFICATE MONEY TO GENERAL FUND.

The commissioner shall transfer money credited to a fund set up for paying off certificates of indebtedness to the general fund when the purpose of the certificates is accomplished.

History: *Ex1961 c 88 s 57; 1969 c 399 s 3; Ex1971 c 3 s 56; 1973 c 492 s 14; 1984 c 628 art 2 s 1*

16A.62 MONEY IN ABOLISHED FUND TO GENERAL FUND.

Each June 30, the commissioner shall transfer to and credit to the general fund, money in a special fund or account abolished by law.

History: *Ex1967 c 48 s 97; 1969 c 399 s 4; 1984 c 628 art 2 s 1*

16A.625 [Repealed, 1988 c 646 art 5 s 10]

16A.626 ELECTRONIC PAYMENTS.

(a) For purposes of this section, the terms defined in this paragraph have the meaning given them. "Agency" means a state officer, employee, board, commission, authority, department, entity, or organization of the executive branch of state government. "Government services transaction" means the conduct of business between an agency and an individual or business entity where the individual or business entity is paying a license or permit fee or tax or purchasing goods or services.

(b) Notwithstanding any other provision of law, rule, or regulation to the contrary, an agency may accept credit cards, charge cards, debit cards, or other method of electronic funds transfer for payment in government services transactions, including electronic transactions.

(c) The commissioner of management and budget shall contract with one or more entities for the purpose of enabling agencies to accept and process credit cards and other electronic financial transactions. All agencies shall process their credit card and other electronic financial transactions through the contracts negotiated by the commissioner of management and budget, unless the commissioner of management and budget grants a waiver allowing an agency to negotiate its own contract with an entity. These contracts must be approved by the commissioner of management and budget.

(d) Agencies that accept credit cards, charge cards, debit cards, or other method of electronic funds transfer for payment may impose a convenience fee to be added to each transaction, except that the Department of Revenue shall not impose a fee under this section on any payment of tax that is required by law or rule to be made by electronic funds transfer. The total amount of such convenience fee must be equal to the transaction fee charged by a processing contractor for such credit services during the most recent collection period. An agency imposing a convenience fee must notify the person using the credit services of the fee before the transaction is processed. Fees collected under this section are appropriated to the agency collecting the fee for purposes of paying the processing contractor.

(e) A convenience fee imposed by an agency under this section is in addition to any tax, fee, charge, or cost otherwise imposed for a license, permit, tax, service, or good provided by the agency.

(f) Credit card, charge card, debit card, or other method of electronic funds transfer account numbers are nonpublic data not on individuals as defined in section 13.02, subdivision 9, or private data on individuals as defined in section 13.02, subdivision 12.

History: *2000 c 419 s 1; 2003 c 112 art 2 s 4; 2009 c 101 art 2 s 109*

16A.63 [Repealed, 1984 c 597 s 55]

BONDS; CERTIFICATES; NEGOTIABLE INSTRUMENTS

16A.631 BOND PROCEEDS FUND.

The bond proceeds fund is established to receive the proceeds of state bonds issued under the constitution, article XI, section 5, clause (a). The commissioner shall establish in the fund accounts having titles that reflect the state purpose or program for which the bond proceeds are appropriated and authorized to be expended.

History: *1984 c 597 s 33; 1Sp1986 c 3 art 1 s 4; 1989 c 271 s 4; 1990 c 610 art 1 s 33*

16A.632 CAPITAL ASSET PRESERVATION AND REPLACEMENT ACCOUNT.

Subdivision 1. **Establishment.** A capital asset preservation and replacement account is established in the state bond proceeds fund established by section 16A.631, separate from any other accounts maintained in that fund, to receive state bond proceeds appropriated to the commissioner of administration to be expended for the purpose and in accordance with the standards and criteria set forth in this section.

Subd. 2. **Standards.** (a) 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.

(b) An appropriation under this section may not be used to acquire new land or buildings or to construct new buildings or additions.

(c) 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 management and budget to the extent necessary to ensure this and will furnish the commissioner of management and budget 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.

(d) 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. An appropriation under this section may not be used to make minor emergency repairs.

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

(1) unanticipated emergencies of all kinds involving impacts to state-owned property;

(2) major projects to address life safety for existing buildings and sites, including but not limited to security, replacement of mechanical and other building systems, building code violations, or structural defects;

(3) removal or containment of hazardous substances like asbestos or PCBs;

(4) major projects to replace and repair roofs, windows, tuckpointing, and structural members necessary to preserve the exterior and interior of existing buildings; and

(5) up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Subd. 3. **Criteria for priority.** (a) Criteria can be stated only in general terms, as it is the purpose of the program to improve the allocation of limited amounts of borrowed money by enlisting the engineering expertise of the Department of Administration and the closer knowledge and experience of this and all other agencies in determining relative needs as they develop. The following criteria must be considered:

(b) Urgency in ensuring the safety of use of existing buildings is the first criterion to be applied. It will require judgments, for example, about the useful life of electric and mechanical systems and roofs, in relation to the remaining useful life of each building, and about the presence of hazardous substances and structural defects in the light of present building regulations.

(c) Economy is also to be determined and may even reinforce a decision based on the first criterion, if the project would forestall a larger future capital expenditure or would reduce operating expense.

(d) Absolute cost must also be considered. It may be too high to warrant funding except by an additional appropriation, or so high as to warrant a recommendation to abandon or to replace the building. It may be so low as to permit payment out of an agency's operating budget.

Subd. 4. **Report.** By January 15 of each year the commissioner of administration, with respect to each state agency, shall submit to the commissioner of management and budget, the chairs of the finance divisions that oversee the appropriations to that state agency, and to the chairs of the senate Finance Committee and the house of representatives Capital Investment Committee, a list of the projects in the agency that have been funded with money from the capital asset preservation and replacement account during the preceding calendar year, as well as a list of those priority projects for which CAPRA appropriations will be sought for the agency in that year's legislative session.

History: *1990 c 610 art 1 s 34; 1996 c 463 s 30; 1997 c 187 art 3 s 1; 2002 c 393 s 34; 2009 c 101 art 2 s 109; 2023 c 62 art 2 s 61*

16A.633 CAPITAL FUNDING; MAINTAINING DATA AND REPORTING.

Subdivision 1. **State agencies.** Each state agency shall provide to the commissioner of administration the data necessary for the commissioner to maintain the department's database on the location, description, and condition of state-owned facilities. The data must be provided by September 1 each year. The commissioner of administration must maintain both the current inventory data and historical data. A state agency is not eligible to receive capital funding unless the agency has provided the data required.

Subd. 2. **Minnesota State Colleges and Universities.** The Board of Trustees of the Minnesota State Colleges and Universities shall establish and maintain data on the location, description, and condition of board-owned facilities that is comparable with the database established by the Department of Administration. The data must be updated annually and the board must maintain both current inventory data and historical

data. The board is not eligible to receive capital funding unless the board has established and maintains the data required.

Subd. 3. **University of Minnesota.** The Board of Regents of the University of Minnesota is requested to establish and maintain data on the location, description, and condition of university-owned facilities that is comparable with the database established by the Department of Administration. The university is requested to update the data annually and maintain both current inventory data and historical data. The Board of Regents is not eligible to receive capital funding unless the board has established and maintains the data required.

Subd. 4. MS 2018 [Repealed, 5Sp2020 c 3 art 5 s 40]

History: *2000 c 488 art 12 s 13; 2012 c 293 s 28; 2014 c 227 art 1 s 1*

16A.64 [Repealed, 1984 c 597 s 55]

16A.641 STATE BONDS; APPROPRIATIONS.

Subdivision 1. **Authority.** When authorized by a law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner shall sell and issue general obligation bonds of the state evidencing public debt incurred for any purpose stated in those sections. The full faith, credit, and taxing powers of the state are irrevocably pledged for the prompt and full payment of the bonds and interest. The decision of the commissioner on when to sell bonds must be based on the funding needs of the capital projects, the timing of the bond issue to achieve favorable interest rates, managing cash flow requirements for debt service, other state debt management considerations, and legal factors.

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 of representatives 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.

Subd. 3. **Series of bonds.** Bonds authorized by a law may be issued in more than one series, and bonds authorized by more than one law may be combined in a single series, as determined by order of the commissioner. The order must state the principal amount of the bonds to be issued under each law, and the aggregate principal amount and the maturity dates and amounts of the bonds included in the series that are to be issued for the purpose of each special fund.

At any time during the 18 months following the issuance of any series of bonds, the commissioner may, by amendment to the order authorizing their issuance, determine that any portion of the bonds were issued, or shall be deemed to have been issued, pursuant to a law other than the one specified in the original order and for a different purpose, and reallocate and transfer their proceeds to the appropriate account in the bond proceeds fund or the appropriate special fund, for expenditure pursuant to the law pursuant to which the amendment determines they were issued. No such amendment shall be adopted unless:

(1) on the date of the original order, the bonds could have been issued and their proceeds expended as determined in the amended order;

(2) all actions required for the issuance of the transferred bonds have been taken on or before the date of the amendment; and

(3) the commissioner determines upon advice of counsel that the taxability of the interest on the bonds for federal income tax purposes will not be affected by the amendment.

Subd. 4. **Sale and issuance.** State bonds must be sold and issued upon competitive 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.

Subd. 4a. MS 2012 [Expired, 2009 c 93 art 1 s 22; 1Sp2011 c 12 s 38]

Subd. 4b. **Negotiated sales authority.** Notwithstanding the public sale requirements of subdivision 4 and section 16A.66, subdivision 2, from June 1, 2009, until June 30, 2018, the commissioner may sell bonds, including refunding bonds, at negotiated sale.

Subd. 4c. **Negotiated sales authority.** Notwithstanding the public sale requirements of subdivision 4 and section 16A.66, subdivision 2, the commissioner may sell bonds, including refunding bonds, at negotiated sale.

Subd. 5. **Planning maturities.** In issuing each series of state bonds the commissioner shall try to establish the maturities and other terms so that transfers to the state bond fund required in each year of the then current biennium under subdivision 10 may be made with the least practical effect on orderly spending plans for other appropriations from the general fund.

Subd. 6. **Taxability; certification.** The commissioner shall ascertain from state records and certify to the holders of each series of state bonds, subject to the approval of the attorney general, that all conditions exist and all actions have been taken that are needed to make the bonds valid and binding general obligations of the state in accordance with their terms.

The bonds may be issued with or without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes. If it is intended that the interest on the bonds be exempt from federal income taxes, the commissioner shall certify for the state on the date of issue the facts, estimates, and circumstances that lead the commissioner reasonably to expect that the proceeds of the bonds and the projects financed by them will not be used in a way that would cause the interest on the bonds to be subject to federal income taxes. The commissioner may covenant with the holders of the bonds that the state will comply with the provisions of the United States Internal Revenue Code then or later enacted that apply or may apply to the bonds and that establish conditions under which the interest to be paid on the bonds will

not be subject to federal income taxes. The commissioner and all other state officers shall act or refrain from acting as necessary to comply with the covenants. A sum sufficient to meet the cost of compliance is annually appropriated to the commissioner from the general fund.

Subd. 7. **Credit of proceeds.** (a) Proceeds of bonds issued under each law must be credited by the commissioner to a special fund, as provided in this subdivision. For the purpose of this subdivision, "proceeds of bonds" means and includes the principal amount of the bonds and any premium and accrued interest received on the sale of the bonds.

(b) Accrued interest received on sale of the bonds must be credited to the state bond fund created by the constitution, article XI, section 7. Any premium received on the sale of the bonds on or prior to December 1, 2012, must be credited to the state bond fund. Any premium received on the sale of the bonds, except for refunding bonds, after December 1, 2012, must be credited to either the bond proceeds fund where it is used to reduce the par amount of the bonds issued or the state bond fund or used to reduce the par amount of the bond issue at the time of sale. Any premium received on the sale of the refunding bonds, after December 1, 2012, must be used or credited in accordance with paragraph (f).

(c) Except as otherwise provided by law, proceeds of state bonds issued under the constitution, article XI, section 5, clause (a), must be credited to the bond proceeds fund established by section 16A.631.

(d) Proceeds of state highway bonds must be credited to the trunk highway fund under the constitution, article XIV, section 6.

(e) Proceeds of bonds issued for programs of grants or loans to political subdivisions must be credited to special accounts in the bond proceeds fund or to special funds established by laws stating the purposes of the grants or loans, and the standards and criteria under which an executive agency is authorized to make them.

(f) Proceeds of refunding bonds must be either: (1) credited to the state bond fund as provided in section 16A.66, subdivision 1; or (2) in the case of premium received on the sale of the refunding bonds, used to reduce the par amount of the bond issue at the time of the bond sale.

(g) Proceeds of other bonds must be credited as provided in the law authorizing their issuance.

Subd. 8. **Appropriation of proceeds.** (a) The proceeds of bonds issued under each law are appropriated for the purposes described in the law and in this subdivision. This appropriation may never be canceled.

(b) Before the proceeds are received in the proper special fund, the commissioner may transfer to that fund from the general fund amounts not exceeding the expected proceeds from the next bond sale. The commissioner shall return these amounts to the general fund by transferring proceeds when received. The amounts of these transfers are appropriated from the general fund and from the bond proceeds.

(c) Actual and necessary travel and subsistence expenses of employees and all other nonsalary expenses incidental to the sale, printing, execution, and delivery of bonds must be paid from the proceeds. The proceeds are appropriated for this purpose. Bond proceeds must not be used to pay any part of the salary of a state employee involved in the sale, printing, execution, or delivery of the bonds.

(d) Bond proceeds remaining in a special fund after the purposes for which the bonds were issued are accomplished or abandoned, as certified by the head of the agency administering the special fund, or as determined by the commissioner, unless devoted under the appropriation act to another purpose designated in the act, must be transferred to the state bond fund.

(e) Before the proceeds of state highway bonds are received in the trunk highway fund, the commissioner may either:

(1) transfer funds to the trunk highway fund from the general fund; or

(2) authorize the use of funds in the trunk highway fund, in an amount not exceeding the expected proceeds from the next state highway bond sale.

These funds must be used in accordance with the legislative authorization to sell state highway bonds. The commissioner shall return these funds to the general fund or replace the funds used from the trunk highway fund by transferring proceeds when received. The amounts of these transfers are appropriated from the general fund and from the state highway bond proceeds.

Subd. 9. **Special accounts; appropriation.** (a) The commissioner shall establish separate accounts in the state bond fund for:

(1) state building bonds, and for other state bonds issued for each program of grants to political subdivisions for a particular class of capital expenditures, to record debt service payments and receipts of amounts appropriated from the general fund under subdivision 10;

(2) state highway bonds, to record debt service payments, receipts of amounts appropriated for debt service from the trunk highway fund pursuant to the constitution, article XIV, section 6, and additional receipts, if any, of amounts appropriated from the general fund under subdivision 10;

(3) state bonds issued for each capital loan and for each program of capital loans to agencies or political subdivisions, to record debt service payments, receipts of loan repayments appropriated for debt service or reimbursement of debt service by the law authorizing the loan or program, and any additional receipts of amounts appropriated from the general fund under subdivision 10; and

(4) refunding bonds, as provided in section 16A.66, subdivision 1.

(b) All money credited, transferred, or appropriated to the state bond fund and all income from the investment of that money is appropriated to the commissioner for the payment of principal and interest on state bonds or, in the case of premium received on the sale of refunding bonds, as provided by subdivision 7, paragraph (f).

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.

Subd. 12. **Supplemental appropriation from general fund.** If the proceeds of the tax levied under subdivision 11 are ever insufficient to make the principal and interest payments on state bonds when due, the balance must be paid out of the general fund. The amount needed to pay the balance is appropriated from the general fund to the commissioner.

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

History: *1984 c 597 s 34; 1Sp1985 c 13 s 111,112; 1Sp1985 c 14 art 4 s 2; 1986 c 444; 1989 c 271 s 5; 1990 c 610 art 1 s 35,36; 1991 c 345 art 1 s 54; 1994 c 643 s 34; 1996 c 463 s 31; 1997 c 187 art 4 s 1; 1998 c 404 s 32; 2000 c 492 art 1 s 28; 1Sp2001 c 8 art 2 s 8; 2004 c 284 art 2 s 6; 2009 c 93 art 1 s 22; 1Sp2011 c 12 s 25,26,38; 2012 c 293 s 29,30; 2014 c 294 art 2 s 1; 5Sp2020 c 3 art 5 s 1*

16A.642 STATE BONDS: REPORTS; CANCELLATIONS.

Subdivision 1. **Reports.** (a) The commissioner of management and budget shall report to the chairs of the senate Committee on Finance and the house of representatives Committees on Ways and Means and Capital Investment by February 1 of each year on the following:

(1) all laws authorizing the issuance of state bonds, bonds supported by a state appropriation, or appropriating general fund money for state or local government capital investment projects enacted more than four years before January 1 of that year; the projects authorized to be acquired and constructed 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 general fund money appropriated but not spent or otherwise obligated, 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, bonds supported by a state appropriation, or appropriating general fund money for state or local government capital programs or projects other than those described in clause (1), enacted more than four years before January 1 of that year; and the amount of general fund money appropriated but not spent or otherwise obligated, 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 general fund appropriations for capital projects, 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 money was appropriated or bonds were authorized or issued have been canceled, completed, or otherwise concluded. The general fund appropriations, 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.

(c) The reports required by this subdivision shall only contain bond authorizations supported by a state appropriation and their associated general fund appropriations for projects authorized or amended after December 31, 2013.

Subd. 2. **Cancellation.** (a) If the commissioner determines that the purposes for which general obligation bonds of the state or bonds supported by a state appropriation have been issued or for which general fund monies were appropriated are accomplished or abandoned, after consultation with the affected agencies, and there is a remaining authorization or appropriation for a specific project of $500 or less, the commissioner

may cancel the remaining authorization or appropriation for that project. Bonds supported by a state appropriation shall only be canceled if they were authorized or amended after December 31, 2013.

(b) If a premium received on the sale of bonds is credited to the bond proceeds fund, pursuant to section 16A.641, subdivision 7, paragraph (b), the corresponding bond authorization to which the premium is attributable must be reduced accordingly by the commissioner.

(c) The commissioner must notify the chairs of the senate Finance Committee and the house of representatives Capital Investment Committee of any bond authorizations, including bond authorizations supported by a state appropriation, or general fund appropriations canceled under this subdivision.

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.

Subd. 4. **General fund cancellations.** All canceled general fund appropriations for capital improvement projects under this section are canceled to the general fund.

History: *1Sp1995 c 2 art 1 s 16; 1997 c 202 art 2 s 20,21; 2000 c 492 art 1 s 29; 2003 c 112 art 1 s 13; 1Sp2003 c 1 art 2 s 38; 2009 c 101 art 2 s 109; 1Sp2011 c 12 s 27; 2014 c 294 art 2 s 2,3; 2018 c 214 art 2 s 3; 2024 c 88 art 4 s 1*

16A.643 ASSESSMENTS IF AGENCY MUST PAY DEBT SERVICE.

Subdivision 1. **When payment required.** The commissioner of management and budget shall assess each board, agency, or other public entity, other than the higher education systems described in Laws 1992, chapter 558, section 31, for the amount that would otherwise need to be paid for debt service with respect to general obligation bonds sold to finance capital improvement projects for the entity if the law authorizing the project requires debt service for the project to be paid by the agency.

Subd. 2. **Method of payment.** After each sale of state general obligation bonds, the commissioner of management and budget shall notify the entity of the amounts for which the entity is responsible under subdivision 1 for each year for the life of the bonds. Each entity shall pay its assessment of debt service payments to the commissioner of management and budget by December 1 each year. If an entity fails to make an assessment payment when due, the commissioner of management and budget shall reduce allotments for appropriations from the appropriate accounts to be used by the entity to pay the assessment payment and apply the amount of the reduction to cover the missed payment. The commissioner of management and budget shall credit the payments received from the entities, or the amount of the reduction made, to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under section 16A.641, subdivision 10.

History: *1992 c 558 s 32; 2009 c 101 art 2 s 109*

16A.645 GOPHER STATE BONDS.

Subdivision 1. **Establishment of program.** The commissioner of management and budget, 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 management and budget 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; 2009 c 101 art 2 s 109*

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.** (a) For purposes of this section and section 16A.645, the following terms have the meanings given them.

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

(c) "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.

(d) "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*

16A.647 TAX CREDIT AND INTEREST SUBSIDY BONDS.

Subdivision 1. **Authority to issue.** When authorized by law to issue state general obligation bonds or state 911 revenue bonds under section 403.275, the commissioner may issue all or part of the bonds as tax credit bonds or as interest subsidy bonds or a combination of the two.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given them.

(b) "Tax credit bonds" means bonds, the interest on which is includable in the income of the owner of the bonds for federal income tax purposes, but for which the owner is entitled to a federal tax credit.

(c) "Interest subsidy bonds" means bonds, the interest on which is includable in the income of the owner of the bonds for federal income tax purposes, but for which the issuer is entitled to federal interest subsidy payments based on a percentage of the interest payable on the interest subsidy bonds.

Subd. 3. **Method of sale.** Notwithstanding the provisions of section 16A.641, subdivision 4, the commissioner may sell any series of tax credit bonds or interest subsidy bonds at negotiated sale upon the terms and conditions and the restrictions the commissioner prescribes, but the commissioner may contract for investment banking and banking services only after receiving competitive proposals for the services. The commissioner may enter into all contracts deemed necessary or desirable to accomplish the sale in a cost-effective manner.

Subd. 4. **Sinking fund.** The commissioner's order authorizing the issuance of interest subsidy bonds must establish a separate sinking fund account for the interest subsidy bonds in the state bond fund. There is annually appropriated, as received, to each interest subsidy bond account, in addition to amounts appropriated under section 16A.641, the interest subsidy payments received from the federal government with respect to the issue of interest subsidy bonds in that year.

Subd. 5. **Sale; certain costs of issuance.** Tax credit bonds and interest subsidy bonds must be sold 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. When the commissioner determines to issue tax credit bonds or interest subsidy bonds to achieve a net present value debt service savings over tax-exempt bonds, the commissioner may issue an additional principal amount of bonds, not to exceed two percent of the principal amount of bonds otherwise authorized by law to be issued, to pay the costs of investment banking and banking services related to the sale or placement of the bonds, provided the additional issuance will not cause an increase in the general fund debt service transfer for the biennium during which the bonds are sold, as estimated by the commissioner. The proceeds are appropriated for this purpose.

History: *2009 c 88 art 6 s 1; 2010 c 189 s 29,30*

16A.65 Subdivision 1. [Repealed, 1984 c 597 s 55]

Subd. 2. [Repealed, 1984 c 597 s 55]

Subd. 3. [Repealed, 1984 c 597 s 55; 1984 c 628 art 2 s 4]

Subd. 4. [Repealed, 1984 c 597 s 55]

16A.651 [Repealed, 1990 c 610 art 1 s 59]

16A.66 REFUNDING BONDS.

Subdivision 1. **Authority; reduction of tax and appropriation for refunded bonds.** The commissioner may, with the approval by resolution of the Executive Council, issue state bonds in accordance with section 16A.641 to refund any outstanding state bonds and interest on them. The proceeds of refunding bonds shall be credited to the account established within the state bond fund for the bonds to be refunded, and shall be credited only against the appropriations in section 16A.641, subdivisions 9 and 10 and the tax required by the constitution with respect to the refunded bonds and interest.

Subd. 2. **Special provisions for sale and issuance.** Refunding bonds may be sold publicly, or directly to the State Board of Investment without bids, or may be exchanged for bonds refunded by agreement with their holders. The refunding bonds must be prepared, executed, delivered, and secured in the same way as the refunded bonds. The proceeds of refunding bonds may be deposited, invested, and applied to accomplish the refunding as provided in section 475.67, subdivisions 5 to 10 and 13. Bids for the securities to be purchased for the escrow account may be secured, at the commissioner's election, either through the State Board of Investment or a suitable financial institution. The interest rate on refunding bonds may exceed that

on the refunded bonds if the purpose of refunding is to extend the maturities and to reduce the amount needed annually to pay and to secure the debt.

Subd. 3. **Appropriation.** The money needed to carry out this section is appropriated annually.

History: *1969 c 1047 s 2; 1973 c 35 s 1; 1973 c 492 s 14; 1976 c 2 s 172; 1Sp1981 c 1 art 10 s 1; 1983 c 301 s 96-98; 1984 c 597 s 36; 1984 c 628 art 2 s 1; art 6 s 1; 2010 c 189 s 31*

16A.661 GENERAL OBLIGATION SPECIAL TAX BONDS.

Subdivision 1. **Authority.** When authorized by law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner may by order sell and issue general obligation special tax bonds of the state evidencing public debt incurred for any purpose stated in the law. The bonds are payable primarily from the proceeds of special taxes appropriated to special tax bond debt service accounts established in subdivision 3 and other money on hand in that fund from time to time; however, the bonds are general obligations of the state, and the full faith and credit of the state are pledged for their payment.

Subd. 2. **Manner of issuance; maturities.** The bonds must be issued and sold in accordance with section 16A.641, except that the maturities of the bonds and the interest rates applicable to the bonds must be fixed so that the principal and interest coming due in the 1987-1989 biennium on all bonds outstanding at any time does not exceed $46,750,000. Sections 16A.672 and 16A.675 apply to the bonds.

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.94 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.

Subd. 4. **Appropriation from general fund.** There is annually appropriated to the general obligation special tax bond debt service accounts from the general fund the amount that, added to the amount in the general obligation special tax bond debt service accounts on December 1 each year, after giving effect to subdivision 3, is equal to the full amount of principal and interest to come due on all bonds to and including July 1 in the second ensuing year.

Subd. 5. **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 general obligation special tax bond debt service accounts, to pay all principal and interest on the bonds due

and to become due to and including July 1 in the second ensuing year. The tax is not subject to limit as to rate or amount. However, the amount of money appropriated from other sources as provided in subdivisions 3 and 4, and actually received and on hand before 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 appropriate general obligation special tax bond debt service account.

Subd. 6. [Repealed, 1990 c 610 art 1 s 59]

Subd. 7. **Application and appropriation of proceeds.** The proceeds of the bonds must be deposited and spent as provided in this subdivision and are appropriated for those purposes. Any accrued interest and any premium received on the sale of the bonds, and any amount of bond proceeds determined by the commissioner to be needed to pay interest payable on the bonds up to 18 months following their issuance, must be credited to the appropriate general obligation special tax bond debt service account. Except as otherwise required by law, the balance of the bond proceeds shall be credited to the bond proceeds fund and spent for the purposes specified in the law authorizing the issuance of the bonds. So much of the proceeds as is necessary must be used to pay costs incurred in issuing and selling the bonds.

History: *1987 c 400 s 31; 1988 c 633 s 1; 1989 c 271 s 6; 1997 c 106 art 2 s 2; 2000 c 418 art 1 s 44*

16A.662 MS 2024 [Repealed, 1Sp2025 c 15 art 2 s 12]

16A.67 MS 1980 [Repealed, 2Sp1981 c 1 s 7]

16A.67 MS 2000 [Repealed, 1Sp2001 c 10 art 2 s 102]

16A.6701 [Repealed, 1Sp2001 c 10 art 2 s 102]

16A.671 CERTIFICATES OF INDEBTEDNESS.

Subdivision 1. **Authority; advisory recommendation.** To ensure that cash is available when needed to make payments drawn on the general fund under appropriations and allotments, the commissioner may (1) issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) issue additional certificates to refund outstanding certificates and interest on them, under the constitution, article XI, section 6.

Subd. 2. **Advisory recommendation.** Before certificates are initially sold by any of the methods authorized in subdivision 6, the commissioner shall seek the advisory recommendation of the Legislative Advisory Commission, or if there is no commission, the Executive Council, on (1) the necessity of issuing them, (2) the terms and conditions of the sale, and (3) the maximum amount to be issued and outstanding under the authorization. If the commission or council does not make a recommendation promptly, the recommendation is negative. An additional recommendation is not required for refunding outstanding certificates or for each issuance of certificates in accordance with an approved line of credit, underwriting, or placement agreement.

Subd. 3. **Definitions.** As used in this section, the terms defined in this subdivision have the meanings given them:

(a) "General fund" means all cash and investments from time to time received and held in the treasury, except proceeds of state bonds and amounts received and held in special or dedicated funds created by the constitution, or by or pursuant to federal laws or regulations, or by bond or trust instruments, pension contracts, or other agreements of the state or its agencies with private persons, entered into under state law.

(b) "Maximum current cash flow requirement" means the commissioner's written estimate of the largest of the amounts by which, on a particular designated date in each month of the term for which certificates are to be issued, the sum of (1) the warrants then outstanding against the general fund plus (2) an amount equal to five percent of the actual working capital expenditures from the general fund in the preceding fiscal year, will exceed the amount of cash or cash equivalent assets held in the general fund, excluding the proceeds of the certificates to be issued.

Subd. 4. **Limitations of amount.** The principal amount of certificates to be issued at any time must not exceed the lesser of the following:

(1) an amount which, with interest thereon to maturity, added to the then outstanding amount of certificates not simultaneously paid and retired, will equal the then unexpended balance of all money which will be credited to the general fund during the current biennium under existing laws, as estimated by the commissioner; or

(2) the maximum current cash flow requirement.

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.

Subd. 6. **Sale.** (a) Certificates of indebtedness may be sold in any of the ways listed in paragraphs (b) to (f).

(b) The commissioner may advertise for competitive bids.

(c) The commissioner may negotiate contracts with suitable banks in or out of state to establish lines of credit, for an agreed compensation. The contracts must provide that the commissioner may issue certificates of indebtedness up to a maximum outstanding amount within an agreed period, bearing interest at a fixed or variable rate. The certificates must be subject to redemption at par plus accrued interest at any time at the commissioner's option.

(d) The commissioner may negotiate contracts with firms of underwriters that will purchase or act as agents in the placement of certificates of indebtedness issued within an agreed period, up to a maximum amount outstanding. The certificates may be sold to the underwriters or investors (1) at an agreed discount with the interest included in the face amount payable at maturity, or (2) bearing interest at a stated interest rate on the face amount, payable on one or more dates. For the further security of these certificates the commissioner may negotiate agreements for lines of credit under paragraph (c) to pay the certificates with interest to maturity, if necessary, by the issuance of new certificates under the lines of credit.

(e) The commissioner may make contracts for agreed fees with suitable banks in or out of state to authenticate, issue, pay principal and interest on, cancel, and otherwise deal as fiscal agents of the state with certificates of indebtedness issued under paragraph (b), (c), or (d).

(f) The commissioner may sell certificates of indebtedness to the State Board of Investment without advertising for bids. The board must determine that the terms are not less favorable than those available at the time for the purchase of direct obligations of the federal government or its agencies, of comparable maturities. The board may purchase the certificates with any money under its control except money in a pension fund.

Subd. 6a. **Fiscal agent bank.** The commissioner may enter into an agreement with a suitable bank or banks located within or outside the state to authenticate, issue, pay principal and interest on, cancel or otherwise deal with certificates of indebtedness issued pursuant to this section, for an agreed compensation.

Subd. 7. **Appropriation of proceeds.** The proceeds of all certificates of indebtedness must be deposited in the general fund, and shall be available for spending under any appropriation from that fund for any purpose, subject to subdivision 9.

Subd. 8. **Appropriation and accounting for payment of certificates and expenses from the general fund.** The amounts needed for the purposes in this subdivision are appropriated and must be paid from the general fund. These appropriations are irrevocable and shall not be canceled. They must be included in the computation of current cash flow requirements and of amounts available for allotment. The purposes of the appropriations are:

(1) payment of the principal of and interest and premium, if any, on all certificates when due;

(2) actual and necessary travel and subsistence expenses of state officers and employees and other expenses incidental to the sale or placement, printing, execution, and delivery of certificates; and

(3) costs of lines of credit.

Subd. 9. **Priority of certificate payments; covenants.** (a) The proceeds of certificates of indebtedness issued in whole or in part to refund outstanding certificates and interest as authorized in the constitution are available only for that purpose until the refunded certificates and interest are paid.

(b) The commissioner may covenant by order, on behalf of the state, for the security of the holders of any certificates, to segregate cash and cash equivalent assets in a special account within the general fund in the amounts and at the times in advance of the due dates that the commissioner determines to be advisable for marketing the certificates, and to act under section 16A.152, subdivision 4, to perform the covenant. The amount in the account is available only to pay the principal of and interest and premium, if any, on the certificates referred to in the order.

Subd. 10. **Covenant to refund.** If cash and cash equivalent assets in the general fund in excess of the amount of outstanding warrants is not sufficient to pay any certificates of indebtedness or interest when due, the commissioner may issue refunding certificates maturing not later than December 1 in the next calendar year to pay the deficiency. With the approval of the governor, the commissioner may covenant on behalf of the state, in the order issuing any certificates, to offer refunding certificates for sale if a deficiency is expected.

Subd. 11. **Constitutional tax levy.** If cash and cash equivalent assets in the general fund in excess of the amount of outstanding warrants, on December 1 immediately following the close of a biennium, is not sufficient to pay:

(1) all refunding certificates of indebtedness;

(2) all other certificates outstanding at the end of the biennium and not refunded; and

(3) all interest accrued on the certificates referred to in clauses (1) and (2);

the state auditor shall levy upon all taxable property in the state the tax required by the constitution, article XI, section 6, collectible in the next calendar year and sufficient to pay all amounts described in clauses (1), (2), and (3) on or before December 1 in the collection year with interest to the date or dates of payment.

History: *2Sp1981 c 1 s 5; 3Sp1981 c 2 art 7 s 2-5; 1982 c 424 s 130; 1982 c 639 s 28; 1Sp1982 c 3 s 2,3; 1984 c 597 s 37; 1984 c 628 art 2 s 1; art 6 s 1; 1993 c 192 s 111; 1997 c 187 art 4 s 2; 2000 c 492 art 1 s 33,34; 2005 c 20 art 1 s 30; 1Sp2019 c 10 art 3 s 10*

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 336.8-603. 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.

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.

Subd. 4. **Delivery.** The commissioner may name a bank or trust company in or out of the state to act as the state's agent to deliver bonds or certificates to the initial purchaser upon payment of the purchase price.

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.

Subd. 6. **Payment.** The order authorizing bonds or certificates to be issued may contain provisions that the commissioner considers necessary to ensure full and prompt payment of principal and interest when due. The order may provide for payment at the office of a bank or trust company in or out of the state. The order may provide that interest due on any interest payment date is payable to the person or entity shown as the owner of the bond or certificate in the register on a specified date preceding the interest payment date, by check, draft, or other transfer to the order of that owner.

Subd. 7. **Agreements.** The commissioner may make agreements to carry out orders issued under this section. The agreements may provide for the paying for services performed and expenses incurred on behalf of the state, from:

(1) proceeds of the bonds or certificates;

(2) other money appropriated to the commissioner;

(3) charges to holders of the bonds or certificates; or

(4) a combination of sources in clauses (1), (2), and (3).

Subd. 8. **Bond proceeds; appropriation.** The proceeds of the bonds or certificates under subdivision 7 are appropriated as necessary to pay expenses incurred under that subdivision.

Subd. 9. **General fund; appropriation.** The money needed to pay when due the compensation and expenses of registrars, delivery agents, and paying agents, and the expenses of other agreements under subdivision 7 is appropriated annually to the commissioner from the general fund.

Subd. 9a. **Taxability; certification.** Certificates may be issued with or without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes. If it is intended that the interest on the certificates be exempt from federal income taxes, the commissioner shall certify for the state on the date of issue the facts, estimates, and circumstances that lead the commissioner reasonably to expect that the proceeds of the certificates will not be used in a way that would cause the interest on the certificates to be subject to federal income taxes. The commissioner may covenant with the holders of the certificates that the state will comply with the provisions of the United States Internal Revenue Code then or later enacted that apply or may apply to the certificates and that establish conditions under which the interest to be paid on the certificates will not be subject to federal income taxes. The commissioner and all other state officers shall act or refrain from acting as necessary to comply with the covenants. A sum sufficient to meet the cost of compliance is annually appropriated to the commissioner from the general fund.

Subd. 10. **Approval by attorney general.** An agreement under subdivision 7 is not effective until approved as to form and execution by the attorney general or a designee.

Subd. 11. **Registration not public information.** Information in any register of ownership of bonds or certificates is nonpublic data under section 13.02, subdivision 9, or private data on individuals under section 13.02, subdivision 12. The information is open only to the subject of it, except as disclosure:

(1) is necessary for the registrar, the commissioner, or the legislative auditor to perform a duty; or

(2) is requested by an authorized representative of the state commissioner of revenue, the state attorney general, or the United States commissioner of internal revenue to determine the application of a tax; or

(3) is required under section 13.03, subdivision 4.

Subd. 12. **Exchange listing.** The commissioner may provide for listing of any bonds or certificates of indebtedness on an exchange or similar arrangement to facilitate their sale and exchange in the secondary market.

Subd. 13. **Continuing disclosure agreements.** The commissioner and any other officer of a state department or state agency charged with the responsibility of issuing bonds for or on behalf of the state department or agency, may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. An agreement may be in the form of covenants with purchasers and holders of bonds set forth in the order or resolution authorizing the issuance of the bonds, or a separate document authorized by the order or resolution.

History: *1983 c 301 s 99; 1984 c 597 s 38; 1984 c 628 art 2 s 1; art 6 s 1; 1Sp1985 c 13 s 113-115; 1986 c 444; 1990 c 610 art 1 s 39; 1991 c 345 art 1 s 56; 1Sp1995 c 2 art 1 s 17,18; 1997 c 7 art 1 s 5,6; 2003 c 112 art 2 s 50*

16A.673 CERTIFICATES OF INDEBTEDNESS ISSUED BY STATE, NEGOTIABILITY.

Certificates of indebtedness and interest coupons appurtenant thereto, heretofore or hereafter issued by the state of Minnesota in anticipation of the collection of taxes and payable as to principal and interest exclusively from the proceeds of such taxes, shall be negotiable instruments within the meaning and for all purposes of the Uniform Commercial Code, notwithstanding that they may be payable from a particular fund.

History: *1959 c 1 s 1; 1965 c 812 s 27*

16A.675 PERSONS EXECUTING OBLIGATIONS NOT LIABLE.

No officer or other person executing state bonds or certificates is liable personally on them or accountable by reason of issuing them.

History: *1977 c 410 s 7; 1984 c 597 s 39; 1984 c 628 art 2 s 1; art 6 s 1*

MISCELLANEOUS FINANCING

16A.68 FEDERAL FUNDS TO THE GAME AND FISH ACCOUNT.

Subdivision 1. **Pittman-Robertson Act funds.** Federal aid reimbursements for the Pittman-Robertson account shall be deposited to the credit of the game and fish receipts account in the treasury.

Subd. 2. **Dingell-Johnson Act funds.** Federal aid reimbursements for the Dingell-Johnson account shall be deposited to the credit of the game and fish receipts account in the treasury.

History: *Ex1967 c 48 s 74; 1984 c 628 art 2 s 1*

16A.69 APPROPRIATIONS INTO SINGLE PROJECT ACCOUNT.

Subdivision 1. **Appropriations into single project account.** The commissioner shall place the money from two or more appropriations for the same or related projects in one account if all the appropriations do not lapse until their purposes are accomplished or abandoned. The agency to whom the appropriation was made shall first certify which accounts are involved to the commissioner.

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, or may transfer unencumbered balances from agency operating funds. 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 obtain approval from the commissioner of management and budget and 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.

Subd. 3. **Capitol Area planning.** The department shall set aside from a state appropriation available for that purpose funds for the planning and consulting services of the Capitol Area Architectural and Planning Board when a state agency or the Minnesota Historical Society plans and constructs any capital improvement in the Capitol Area as defined in section 15B.02.

History: *1969 c 1155 s 11; 1973 c 492 s 14; 1984 c 628 art 2 s 1; 1989 c 300 art 1 s 24; 1990 c 375 s 3; 1990 c 610 art 1 s 40; 1991 c 345 art 1 s 57; 1993 c 4 s 10; 1993 c 192 s 68; 1997 c 183 art 3 s 1; 1999 c 240 art 1 s 15; 2003 c 17 s 2; 2009 c 101 art 2 s 109*

STATE BOND FINANCED PROPERTY

16A.695 STATE BOND FINANCED PROPERTY.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "State bond financed property" means property acquired or bettered in whole or in part with the proceeds of state general obligation bonds authorized to be issued under article XI, section 5, clause (a), of the Minnesota Constitution.

(c) "Public officer or agency" means a state officer or agency, the University of Minnesota, the Minnesota Historical Society, and any county, home rule charter or statutory city, school district, special purpose district, or other public entity, or any officer or employee thereof.

(d) "Fair market value" means, with respect to the sale of state bond financed property, the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal of the property, or the price bid by a purchaser under a public bid procedure after reasonable public notice.

(e) "Outstanding state bonds" means the dollar amount certified by the commissioner, upon the request of a public officer or agency, to be the principal amount of state bonds, including any refunding bonds, issued with respect to the state bond financed property, less the principal amount of state bonds paid or defeased before the date of the request.

Subd. 2. **Leases and management contracts.** (a) A public officer or agency that is authorized by law to lease or enter into a management contract with respect to state bond financed property shall comply with this subdivision. A reference to a lease or management contract in this subdivision includes any amendments, modifications, or alterations to the referenced lease or management contract and refers to the lease wherein the public officer or agency is the lessor of the state bond financed property and the other contracting party is the lessee.

(b) The lease or management contract may be entered into for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the contracting public officer or agency, in accordance with orders of the commissioner intended to ensure the legality and tax-exempt status of bonds issued to finance the property, and with the approval of the commissioner. A lease or management contract must be for a term substantially less than the useful life of the property, but may allow renewal beyond that term upon a determination by the lessor that the lessee has demonstrated that the use continues to carry out the governmental program. If the lessor and lessee do not renew the lease or management contract and if the lessee has contributed to the land and the capital improvements on the state bond financed property, the lessor may agree to reimburse the lessee for its investment in the land and capital improvements. The reimbursement may be paid, at the option of the lessor and lessee, at the time of nonrenewal without a requirement for a prior escrow of funds or at a later date and on additional terms agreed to by the lessor and the lessee. A lease or management contract must be terminable by the contracting public officer or agency if the other contracting party defaults under the contract or if the governmental program is terminated or changed, and must provide for program oversight by the contracting public officer or agency. The expiration or termination of a lease or management agreement does not require that the state bond proceeds be repaid or that the property be sold, so long as the property continues to be operated by, or on behalf of, the public officer or agency for the intended governmental program. Money received by the public officer or agency under the lease or management contract that is not needed to pay and not authorized to be used to pay operating costs of the property, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to the property other than state bonds, must be:

(1) paid to the commissioner in the same proportion as the state bond financing is to the total public debt financing for the property, excluding debt issued by a unit of government for which it has no financial liability;

(2) deposited in the state bond fund; and

(3) used to pay or redeem or defease bonds issued to finance the property in accordance with the commissioner's order authorizing their issuance.

The money paid to the commissioner is appropriated for this purpose.

(c) With the approval of the commissioner, a lease or management contract between a city and a nonprofit corporation under section 471.191, subdivision 1, need not require the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to state bonds issued to acquire and better the facilities.

Subd. 3. **Sale of property.** A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner. If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner and deposited in the state treasury; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; third, to pay interested public and private entities, other than

any public officer or agency or any private lender already paid in full, the amount of money contributed to the acquisition or betterment of the property; and fourth, any excess over the amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose. In calculating the share contributed by each entity, the amount to be attributed to the owner of the property shall be the fair market value of the property that was bettered by state bond proceeds at the time the betterment began.

When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

Subd. 3a. **Involuntary sale of property.** Notwithstanding subdivision 3, this subdivision applies to the sale of state bond financed property by a lender that has provided money to acquire or better the property. Purchase by the lender in a foreclosure sale, acceptance of a deed in lieu of foreclosure, or enforcement of a security interest in personal property, by the lender, is not a sale. Following purchase by the lender, the lender shall not operate the property in a manner inconsistent with the governmental program established as provided in subdivision 2, paragraph (b). The lender shall exercise its best efforts to sell the property to a third party as soon as feasible following acquisition of marketable title to the property by the lender. A sale by the lender must be made as authorized by law and must be made for fair market value.

Subd. 4. **Relation to other laws.** This section applies to all state bond financed property unless otherwise provided by law.

Subd. 5. **Program funding.** Recipients of grants from money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the recipient has the ability and a plan to fund the program intended for the facility. A private nonprofit organization that leases or manages a facility acquired or bettered with grant money appropriated from the bond proceeds fund must demonstrate to the commissioner of the agency making the grant that the organization has the ability and a plan to fund the program intended for the facility.

Subd. 6. **Match requirements.** Recipients of grants from money appropriated from the bond proceeds fund may be required to demonstrate a commitment of money from nonstate sources. This matching money may be pledged payments that have been deposited into a segregated account or multiyear pledges that are converted into cash or cash equivalent through a loan or irrevocable letter of credit from a financial institution. The loan or irrevocable letter of credit may be secured by a lien on the state bond financed property.

Subd. 7. **Ground lease for state bond financed property.** A public officer or agency, as lessee, may lease real property and improvements that are to be acquired or improved with state bond proceeds. The lease must be for a term equal to or longer than 125 percent of the useful life of the property. The expiration of the lease upon the end of its term does not require that the state be repaid or that the property be sold and upon the expiration the real property and improvements are no longer state bond financed property.

Subd. 8. **General applicability.** (a) This section establishes requirements for the receipt and use of general obligation grants and the ownership and operation of state bond-financed property. General obligation grants may only be issued and used to finance the acquisition and betterment of public lands and buildings and other public improvements of a capital nature that are used to operate a governmental program, and for predesign and design activities for specifically identified projects that involve the operation of a governmental program or activity. A general obligation grant may not be used for general operating expenses, staffing, or general master planning. A public officer or agency that is the recipient of a general obligation grant must comply with this section in its use of the general obligation grant and operation, management, lease, and

sale of state bond-financed property. A public officer or agency that uses the proceeds of a general obligation grant for any unauthorized purpose or in violation of this section must immediately repay the outstanding balance of the grant to the commissioner, and a failure to comply authorizes the commissioner to recover the outstanding balance as a setoff against any state aid provided to the public officer or agency.

(b) This section does not create any new authority regarding the ownership, construction, rehabilitation, use, operation, lease management, or sale of state bond-financed property, or the operation of the governmental program that will be operated on the property. Any authority that is needed to enter into a management contract or lease of property, to sell property, or to operate a governmental program or carry out any activity contained in the law that appropriates money for a general obligation grant must be provided by as contained in some other law.

Subd. 9. **Grant agreement.** All general obligation grants must be evidenced by a grant agreement that specifies:

(1) how the general obligation grant will be used;

(2) the governmental program that will be operated on the state bond-financed property; and

(3) that the state bond-financed property must be operated in compliance with this section, all state and federal laws, and in a manner that will not cause the interest on the state general obligation bonds to be or become subject to federal income taxation for any reason. A grant agreement must comply with this section, the Minnesota Constitution, and all commissioner's orders, and also contain other provisions the commissioner of the agency making the grant deems appropriate. The commissioner shall draft and make available forms for grant agreements that satisfy the requirements of this subdivision.

History: *1994 c 643 s 36; 1Sp1995 c 2 art 1 s 19-22; 1996 c 463 s 32; 2004 c 278 s 1; 2007 c 148 art 2 s 14-19*

16A.70 [Repealed, 1994 c 416 art 1 s 65]

16A.71 [Repealed, 1994 c 416 art 1 s 65]

16A.711 Subdivision 1. [Repealed, 1994 c 587 art 3 s 21]

Subd. 2. [Repealed, 1994 c 587 art 3 s 21]

Subd. 3. [Repealed, 1992 c 511 art 1 s 26; 1994 c 587 art 3 s 21]

Subd. 4. [Repealed, 1994 c 587 art 3 s 21]

Subd. 5. [Repealed, 1994 c 587 art 3 s 21]

16A.712 [Repealed, 1994 c 587 art 3 s 21]

16A.72 INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

(1) federal aid;

(2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;

(3) income to the University of Minnesota;

(4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) investment earnings resulting from any gift, donation, devise, endowment, trust, or court ordered or approved escrow account or trust fund, which should be credited to the fund or account and appropriated for the purpose for which it was received;

(7) receipts from the operation of patients' and inmates' stores and patients' vending machines, which shall be deposited in the social welfare fund, or in the case of prison industries in the correctional revolving fund, in each institution for the benefit of the patients and inmates;

(8) income to prison industries which shall be credited to the correctional industries revolving fund;

(9) as provided in sections 16B.57 and 85.22;

(10) income to the Minnesota Historical Society;

(11) the percent of income collected by a private collection agency and retained by the collection agency as its collection fee; or

(12) as otherwise provided by law.

History: *Ex1971 c 3 s 54; 1976 c 163 s 3; 1979 c 102 s 13; 1984 c 544 s 89; 1984 c 628 art 2 s 1; 1984 c 654 art 5 s 58; 1Sp1986 c 3 art 4 s 1; 1993 c 192 s 69; 1993 c 369 s 40; 1995 c 254 art 5 s 2; 1998 c 366 s 25; 2007 c 54 art 6 s 1*

16A.721 STATE SEMINAR FEES, APPROPRIATION.

Subdivision 1. **Account, rules.** The commissioner may make rules for charging fees for seminars and workshops conducted by agencies. The commissioner may keep accounts for deposit of the seminar and workshop fee receipts. The commissioner may allow the unobligated balances in these accounts to be carried forward provided that the funds are expended in the following fiscal year. Unobligated balances that are not carried forward shall cancel to the general fund.

Subd. 2. **Appropriation.** The receipts collected under subdivision 1 are appropriated for payment of expenses relating to the workshops and seminars.

History: *1978 c 793 s 52; 1980 c 614 s 59; 1984 c 628 art 2 s 1; 1991 c 345 art 1 s 58*

16A.722 LOSS OR DAMAGE TO STATE PROPERTY.

Notwithstanding any other law to the contrary, an agency that receives a reimbursement for the loss of or damage to state property may deposit the reimbursement in the current year's account. The reimbursement is reappropriated for the purpose of replacing or repairing the state property.

History: *1984 c 544 s 5*

16A.723 GOVERNOR'S RESIDENCE; REIMBURSEMENT OF EXPENSES.

Subdivision 1. **Account procedures.** The commissioner may establish procedures to accept funds for reimbursement of expenditures at the governor's residence.

Subd. 2. **Appropriation.** The reimbursements collected under subdivision 1 are appropriated for payment of residence expenses, including dry cleaning, carpet cleaning, and the repair and replacement of household equipment and supplies used for events conducted at the governor's residence.

History: *1991 c 345 art 1 s 59; 1992 c 513 art 4 s 31*

16A.724 HEALTH CARE ACCESS FUND.

Subdivision 1. **Creation of fund.** A health care access fund is created in the state treasury. The fund is a direct appropriated special revenue fund. The commissioner shall deposit to the credit of the fund money made available to the fund. Notwithstanding section 11A.20, after June 30, 1997, all investment income and all investment losses attributable to the investment of the health care access fund not currently needed shall be credited to the health care access fund.

Subd. 2. MS 2022 [Repealed, 1Sp2021 c 7 art 1 s 40]

Subd. 3. **MinnesotaCare federal receipts.** All federal funding received by Minnesota for implementation and administration of MinnesotaCare as a basic health program, as authorized in section 1331 of the Affordable Care Act, Public Law 111-148, as amended by Public Law 111-152, is appropriated to the commissioner of human services to be used only for the MinnesotaCare program under chapter 256L. Federal funding that is received for implementing and administering MinnesotaCare as a basic health program shall be used only for that program to purchase health care coverage for enrollees and reduce enrollee premiums and cost-sharing or provide additional enrollee benefits.

Subd. 4. **MinnesotaCare funding.** The commissioner of human services may expend money appropriated from the health care access fund for MinnesotaCare in either year of the biennium.

History: *1992 c 549 art 9 s 1; 1995 c 234 art 9 s 1; 1Sp2005 c 4 art 8 s 1; 2007 c 147 art 4 s 1; art 5 s 1; art 19 s 11,12; 2009 c 101 art 2 s 109; 2013 c 108 art 1 s 1; art 12 s 1; 2014 c 312 art 24 s 1; 2015 c 71 art 8 s 1; 2016 c 189 art 19 s 1; 1Sp2019 c 9 art 7 s 2; 2022 c 44 s 1*

16A.725 [Repealed, 2013 c 143 art 5 s 28]

16A.726 SPORTS FACILITIES TRANSFERS; APPROPRIATIONS.

(a) The commissioner shall make transfers to the Minnesota Sports Facilities Authority required to make the state payments under section 473J.13, subdivisions 2 and 4, and for the amount of Minneapolis taxes withheld under section 297A.994, subdivision 4, paragraph (a), clause (4). Amounts sufficient to make the transfers are appropriated to the commissioner from the general fund.

(b) $2,700,000 is annually appropriated from the general fund from fiscal year 2014 through fiscal year 2033 to the commissioner of management and budget for a grant to the city of St. Paul for the operating or capital costs of new or existing sports facilities.

History: *2012 c 299 art 1 s 5; 2023 c 64 art 13 s 1*

16A.727 MS 2022 [Repealed, 2024 c 85 s 115]

16A.73 [Repealed, 1984 c 654 art 2 s 155]

16A.75 [Repealed, 1981 c 356 s 377]

16A.751 [Repealed, 1981 c 356 s 377]

16A.752 [Repealed, 1981 c 356 s 377]

16A.753 [Repealed, 1981 c 356 s 377]

16A.754 [Repealed, 1981 c 356 s 377]

16A.76 [Repealed, 1Sp2001 c 5 art 14 s 9]

16A.79 MATCHING FEDERAL APPROPRIATIONS.

Specific appropriations that are made to match federal appropriations shall be considered change requests in the following biennial budget submission if, during the biennium, the federal funding has been reduced or eliminated.

History: *1990 c 594 art 1 s 45*

16A.80 [Repealed, 1993 c 192 s 110]

TECHNOLOGY; EQUIPMENT; CAPITOL IMPROVEMENT

16A.81 TECHNOLOGY DEVELOPMENT LEASE-PURCHASE FINANCING.

Subdivision 1. **Definitions.** (a) The following definitions apply to this section.

(b) "Technology system project" means the development, acquisition, installation, and implementation of a technology system that is essential to state operations and is expected to have a long useful life.

(c) "Lease-purchase agreement" means an agreement for the lease and installment purchase of a technology system project, or a portion of the project, between the commissioner, on behalf of the state, and a vendor or a third-party financing source.

(d) "Technology development lease-purchase guidelines" means policies, procedures, and requirements established by the commissioner for technology system projects that are financed pursuant to a lease-purchase agreement.

Subd. 2. **Lease-purchase financing.** The commissioner may enter into a lease-purchase agreement in an amount sufficient to fund a technology system project and authorize the public or private sale and issuance of certificates of participation, provided that:

(1) the technology system project has been authorized by law to be funded pursuant to a lease-purchase agreement;

(2) the term of the lease-purchase agreement and the related certificates of participation shall not exceed the lesser of the expected useful life of the technology system project financed by the lease-purchase agreement and the certificates or ten years from the date of issuance of the lease-purchase agreement and the certificates;

(3) the principal amount of the lease-purchase agreement and the certificates is sufficient to provide for the costs of issuance, capitalized interest, credit enhancement, or reserves, if any, as required under the lease-purchase agreement;

(4) funds sufficient for payment of lease obligations have been committed in the authorizing legislation for the technology system project for the fiscal year during which the lease-purchase agreement is entered into; provided that no lease-purchase agreement shall obligate the state to appropriate funds sufficient to make lease payments due under such agreement in any future fiscal year; and

(5) planned expenditures for the technology system project are permitted within the technology development lease-purchase guidelines.

Subd. 3. **Covenants.** The commissioner may covenant in a lease-purchase agreement that the state will abide by the terms and provisions that are customary in lease-purchase financing transactions, including, but not limited to, covenants providing that the state:

(1) will maintain insurance as required under the terms of the lease-purchase agreement;

(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 technology system project, to the extent of insurance or self-insurance maintained by the state, and for costs and expenses incurred by the lessor as a result of any default by the state; or

(3) authorizes the lessor to exercise the rights of a secured party with respect to the technology system project or any portion of the project in the event of default or nonappropriation of funds by the state, and for the present recovery of lease payments due during the current term of the lease-purchase agreement as liquidated damages in the event of default.

Subd. 4. **Credit and appropriation of proceeds.** Proceeds of the lease-purchase agreement and certificates of participation must be credited to a technology lease project fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the appropriate accounts in the technology lease project fund. Funds in the technology lease project fund are appropriated for the purposes described in the authorizing law for each technology development project and this section.

Subd. 5. **Transfer of funds.** Before the lease-purchase proceeds are received in the technology lease project fund, the commissioner may transfer to that fund from the general fund amounts not exceeding the expected proceeds from the lease-purchase agreement and certificates of participation. The commissioner shall return these amounts to the general fund by transferring proceeds when received. The amounts of these transfers are appropriated from the general fund and from the technology lease project fund.

Subd. 6. **Administrative expenses.** Actual and necessary travel and subsistence expenses of employees and all other nonsalary expenses incidental to the sale, printing, execution, and delivery of the lease-purchase agreement and certificates of participation may be paid from the lease-purchase proceeds. The lease-purchase proceeds are appropriated for this purpose.

Subd. 7. **Treatment of technology lease project fund.** Lease-purchase proceeds remaining in the technology lease project fund after the purposes for which the lease-purchase agreement was undertaken are accomplished or abandoned, as determined by the commissioner, must be transferred to the general fund.

Subd. 8. **Lease-purchase not public debt.** A lease-purchase agreement 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 payments or obligations under such agreement. Payments due under a lease-purchase agreement during a current lease term for which money has been appropriated is a current expense of the state.

Subd. 9. **Tax treatment.** Property purchased subject to a lease-purchase agreement under this section is not subject to personal property taxes. The purchaser of property for lease to the state under a valid lease-purchase agreement under this section is not subject to the sales tax on the purchase of the property or on the payments received under the agreement, but the state is subject to the tax under chapter 297A on property acquired under the agreement.

Subd. 10. **Refunding certificates.** The commissioner from time to time may enter into a new lease-purchase agreement and issue and sell certificates of participation for the purpose of refunding any lease-purchase agreement and related certificates of participation then outstanding, including the payment of any redemption premiums, any interest accrued or that is to accrue to the redemption date, and costs related to the issuance and sale of such refunding certificates. The proceeds of any refunding certificates may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the certificates to be refunded, to the redemption of outstanding lease-purchase agreements and certificates on any redemption date, or to pay interest on the refunding lease-purchase agreements and certificates and may, pending such application, be placed in escrow to be applied to such purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on any authorized investment may also be applied to the payment of the lease-purchase agreements and certificates to be refunded, interest or premiums on the refunded certificates, or to pay interest on the refunding lease-purchase agreements and certificates. After the terms of the escrow have been fully satisfied, any balance of proceeds and any investment income may be returned to the general fund, or if applicable, the technology lease project fund, for use in a lawful manner. All refunding lease-purchase agreements and certificates issued under the provisions of this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the lease-purchase agreements and certificates to be refunded.

History: *2009 c 101 art 2 s 50*

16A.82 MS 2020 [Expired, 2010 c 215 art 12 s 24]

16A.85 MASTER LEASE.

Subdivision 1. **Authorization.** The commissioner of administration may determine, in conjunction with the commissioner of management and budget, the personal property needs of the various state departments, agencies, boards, commissions and the legislature that may be economically funded through a master lease program and request the commissioner of management and budget to execute a master lease.

The commissioner of management and budget may authorize the sale and issuance of certificates of participation relative to a master lease in an amount sufficient to fund these personal property needs. The term of the certificates must be less than the expected useful life of the equipment whose purchase is financed by the certificates. The commissioner of administration may use the proceeds from the master lease or the sale of the certificates of participation to acquire the personal property through the appropriate procurement procedure in chapter 16C. Money appropriated for the lease or acquisition of this personal property is appropriated to the commissioner of management and budget to make master lease payments.

Subd. 2. **Covenants.** The commissioner of management and budget 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 insurance as required under the terms of the lease agreement;

(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 management and budget may not enter into a master lease unless the commissioner of management and budget has conducted a demand survey of the amount of projected rentals and determines that money has been appropriated and allotted for the payment of the maximum amount of rentals that are projected to be payable from state money and that are projected to be 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 management and budget, must be credited to the fund whose assets will be used to pay off the certificates of participation.

Subd. 6. **Budget offset.** The commissioner of management and budget shall reduce the operating budgets of state agencies that use the master lease program. The amount of the reduction is the difference between the budgeted purchase price of the equipment and the actual master lease payments.

History: *1Sp1985 c 13 s 116; 1987 c 404 s 78; 1989 c 271 s 7,8; 1990 c 506 art 2 s 8; 1994 c 643 s 38; 1998 c 386 art 2 s 13; 1999 c 250 art 1 s 52; 2009 c 101 art 2 s 109*

16A.86 CAPITAL PROJECT GRANTS TO POLITICAL SUBDIVISIONS.

Subdivision 1. **Projects covered.** The capital improvement projects covered by this section are only those not covered by another state program of assistance to political subdivisions.

Subd. 2. **Budget request.** A political subdivision that requests an appropriation of state money for a local capital improvement project is encouraged to submit the request to the commissioner of management and budget by July 15 of an odd-numbered year to ensure its full consideration. The requests must be submitted in the form and with the supporting documentation required by the commissioner of management and budget. All requests timely received by the commissioner must be submitted to the legislature, along with the governor's recommendations, whether or not the governor recommends that a request be funded, by the deadline established in section 16A.11, subdivision 1.

Subd. 3. [Repealed, 2009 c 93 art 1 s 47]

Subd. 3a. **Information provided.** All requests for state assistance under this section must include the following information:

(1) the name of the political subdivision that will own the capital project for which state assistance is being requested;

(2) the public purpose of the project;

(3) the extent to which the political subdivision has or expects to provide local, private, user financing, or other nonstate funding for the project;

(4) a list of the bondable activities that the project encompasses; examples of bondable activities are public improvements of a capital nature for land acquisition, predesign, design, construction, and furnishing and equipping for occupancy;

(5) whether the project will require new or additional state operating subsidies;

(6) whether the governing body of the political subdivision requesting the project has passed a resolution in support of the project and has established priorities for all projects within its jurisdiction for which bonding appropriations are requested when submitting multiple requests;

(7) whether the political subdivision has a plan for maintenance and preservation of the project, including safety and security, maintenance and utility costs, availability of repair parts and materials, sustainability, and any other criteria the political subdivision deems relevant;

(8) if the project requires a predesign under section 16B.335, whether the predesign has been completed at the time the capital project request is submitted, and whether the political subdivision has submitted the project predesign to the commissioner of administration for review and approval; and

(9) if applicable, the information required under section 473.4485, subdivision 1a.

Subd. 4. **Funding.** (a) The state share of a project covered by this section must be no more than half the total cost of the project, including predesign, design, construction, furnishings, and equipment, except as provided in paragraph (b) or (c). This subdivision does not apply to a project proposed by a school district or other school organization.

(b) The state share may be more than half the total cost of a project if the project is deemed needed as a result of a disaster or to prevent a disaster or is located in a political subdivision with a very low average net tax capacity.

(c) Nothing in this section prevents the governor from recommending, or the legislature from considering or funding, projects that do not meet the deadline in subdivision 2 or a state share that is greater than half the total cost of the project when the governor or the legislature determines that there is a compelling reason for the recommendation or funding.

History: *1999 c 192 s 1; 2002 c 393 s 35; 2006 c 258 s 28,29; 2009 c 93 art 1 s 23,24; 2009 c 101 art 2 s 109; 1Sp2011 c 3 art 3 s 2; 1Sp2017 c 3 art 3 s 143; 2018 c 214 art 2 s 4; 2026 c 130 art 2 s 1*

16A.87 [Repealed, 1Sp2003 c 1 art 2 s 136]

TRANSIT SYSTEMS

16A.88 TRANSIT ASSISTANCE FUND.

Subdivision 1. **Transit assistance fund established.** A transit assistance fund is established within the state treasury. The fund receives money distributed under section 297B.09, subdivision 1, and other money as specified by law. Money in the fund must be allocated to the greater Minnesota transit account under subdivision 1a and the metropolitan area transit account under subdivision 2 in the manner specified in section 297B.09, subdivision 1, and must be used solely for transit purposes under the Minnesota Constitution, article XIV, section 13.

Subd. 1a. **Greater Minnesota transit account.** The greater Minnesota transit account is established within the transit assistance fund in the state treasury. Money in the account is annually appropriated to the

commissioner of transportation for assistance to transit systems outside the metropolitan area under section 174.24. The commissioner may use up to two percent of the available revenues in the account in each fiscal year for administration of the transit program. The commissioner must use the account for transit operations as provided in section 174.24 and related program administration. The commissioner may maintain a reserved balance in the account of no more than five percent of the total annual transit assistance fund balance forward from the previous fiscal year.

Subd. 2. **Metropolitan area transit account.** The metropolitan area transit account is established within the transit assistance fund in the state treasury. All money in the account is annually appropriated to the Metropolitan Council for the funding of transit systems within the metropolitan area under sections 473.384, 473.386, 473.387, 473.388, and 473.405 to 473.449.

Subd. 3. [Repealed by amendment, 2007 c 143 art 2 s 1]

History: *1Sp2001 c 5 art 3 s 2; 2002 c 220 art 7 s 7; 1Sp2003 c 19 art 2 s 2; 2007 c 143 art 2 s 1; 1Sp2021 c 5 art 4 s 2; 1Sp2025 c 8 art 2 s 5*

IMPROVING STATE SERVICE

16A.90 MS 2024 [Repealed, 2025 c 39 art 2 s 69]

16A.93 MS 2022 [Repealed, 2023 c 71 art 2 s 13]

16A.94 MS 2022 [Repealed, 2023 c 71 art 2 s 13]

16A.96 MS 2022 [Repealed, 2023 c 71 art 2 s 13]

16A.963 ELECTRIC VEHICLE INFRASTRUCTURE APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (a);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (a);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds, and the fees, charges, and expenses related to the bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including for the purposes of financing the cost of acquiring and installing electric vehicle charging infrastructure on publicly owned property. Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the commissioner of administration under subdivision 7, not to exceed $2,000,000 net of costs of issuance, for

the purposes as provided under this subdivision, and to pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under paragraph (d).

(b) Proceeds of the appropriation bonds must be credited to a special appropriation electric vehicle infrastructure bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 21 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner, included in an interest exchange agreement, that the agreement relates to an appropriation bond, shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the

refunding bonds. The proceeds of any refunding bonds may, at the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation electric vehicle infrastructure bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds issued under subdivision 2, paragraph (a), and interest credited to the special appropriation electric vehicle infrastructure bond proceeds fund are appropriated as follows:

(1) to the commissioner of administration to design, install, and equip electrical infrastructure and electric vehicle charging stations on state-owned property as specified in subdivision 2, paragraph (a); and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), as permitted by state and federal law.

Subd. 8. **Appropriation for debt service and other purposes.** An amount needed to pay principal and interest on appropriation bonds issued under subdivision 2, paragraph (a), is appropriated each fiscal year

from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special appropriation electric vehicle infrastructure bond proceeds fund. The appropriation is available beginning in fiscal year 2021 and remains available through fiscal year 2042.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

History: *5Sp2020 c 3 art 4 s 1*

16A.964 PUBLIC TELEVISION EQUIPMENT APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (a);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (a);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds, and the fees, charges, and expenses related to the bonds.

(d) "Equipment" means the physical infrastructure and hardware used for the production, dissemination, interconnection, and transmission of digital media content, the useful life of which may range from seven to 40 years.

(e) "Public station" has the meaning given in section 129D.12, subdivision 2.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including for the purposes of financing the cost of various items of capital equipment necessary to the ongoing operations of public stations. Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the commissioner of administration under subdivision 7, not to exceed $15,000,000 net of costs of issuance, for the purposes as provided under this subdivision, and to pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under paragraph (d). Notwithstanding section 129D.155, any money repaid to the commissioner of administration upon a sale or other disposition of equipment acquired under this section shall be transferred to the commissioner and applied toward principal and interest on outstanding bonds.

(b) Proceeds of the appropriation bonds must be credited to a special appropriation public television equipment bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 21 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner, included in an interest exchange agreement, that the agreement relates to an appropriation bond, shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, at the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any

balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation public television equipment bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds issued under subdivision 2, paragraph (a), and interest credited to the special appropriation public television equipment bond proceeds fund are appropriated as follows:

(1) to the commissioner of administration for equipment grants to public stations under section 129D.15 and as further specified in subdivision 2, paragraph (a), which grants must be allocated two-sevenths to Twin Cities PBS, one-seventh to KSMQ public television in Austin, one-seventh to Pioneer public television in Granite Falls, one-seventh to Lakeland PBS in Bemidji, one-seventh to Prairie Public in Fargo/Moorhead, and one-seventh to WDSE public television in Duluth; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), as permitted by state and federal law.

Subd. 8. **Appropriation for debt service and other purposes.** An amount needed to pay principal and interest on appropriation bonds issued under subdivision 2, paragraph (a), is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special appropriation public television equipment bond proceeds fund. The appropriation is available beginning in fiscal year 2021 and remains available through fiscal year 2042.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

History: *5Sp2020 c 3 art 4 s 2*

16A.965 MS 2022 [Repealed, 2023 c 64 art 13 s 18]

16A.966 RESPONSE TO RELEASES APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (a);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (a);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds, and the fees, charges, and expenses related to the bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law, including for the purposes of financing the cost of implementing removal or remedial actions permitted under section 115B.17 and further subject to the conditions in chapter 115B to address risks to human health and the environment at contaminated sites. Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the commissioner of the Pollution Control Agency under subdivision 7, not to exceed $30,400,000 net of costs of issuance, for the purposes as provided under this subdivision, and to pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under paragraph (d). Notwithstanding section 115B.17, subdivision 6 or 16, any money recovered in a civil action or any money received from the disposition of property acquired for a response action and financed with bonds under this section shall be transferred to the commissioner and applied toward principal and interest on outstanding bonds.

(b) Proceeds of the appropriation bonds must be credited to a special appropriation state response to releases bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 21 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

(g) Notwithstanding section 16A.642, the bond authorization and appropriation of bond proceeds for this project are available until December 31, 2027.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, at the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation state response to releases bond proceeds fund for use in any lawful manner. All

refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds issued under subdivision 2, paragraph (a), and interest credited to the special appropriation state response to releases bond proceeds fund are appropriated as follows:

(1) to the commissioner of the Pollution Control Agency for removal and remedial actions as specified in subdivision 2, paragraph (a), at the following sites: the Esko Groundwater Contamination Superfund site; the city of Duluth Dump #1 Superfund site; the Perham Arsenic site; and the Precision Plating State Superfund site; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), as permitted by state and federal law.

Subd. 8. **Appropriation for debt service and other purposes.** An amount needed to pay principal and interest on appropriation bonds issued under subdivision 2, paragraph (a), is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special appropriation state response to releases bond proceeds fund. The appropriation is available beginning in fiscal year 2021 and remains available through fiscal year 2042.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for under section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

History: *5Sp2020 c 3 art 4 s 3; 2023 c 71 art 2 s 2*

16A.967 LEWIS AND CLARK APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivisions 2a and 2b;

(2) proceeds of the sale of obligations described in subdivisions 2a and 2b;

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law. Grant agreements entered into under this section must provide for reimbursement to the state from any federal money provided for the project, consistent with the Lewis and Clark Regional Water System, Inc., agreement.

(b) The appropriation bonds may be issued and sold only after the commissioner determines that the construction and administration for work done on the project will comply with (1) all federal requirements and regulations associated with the Lewis and Clark Rural Water System Act of 2000, and (2) the cooperative agreement between the United States Department of the Interior and the Lewis and Clark Regional Water System, Inc. Proceeds of the appropriation bonds must be credited to a special appropriation Lewis and Clark bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or

received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 2a. **Project authorization.** Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the Public Facilities Authority under subdivision 7, paragraph (a), not to exceed $19,000,000 net of costs of issuance, for the purposes as provided under this subdivision, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under subdivision 2, paragraph (d). The bonds authorized by this subdivision are for the purposes of financing the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete Phase 2 of the Lewis and Clark Regional Water System project, including completion of the pipeline to Magnolia; extension of the project to the Lincoln-Pipestone Rural Water System connection near Adrian; engineering, design, and easement acquisition for the final phase of the project to Worthington; and to begin and proceed with Phase 3, described in subdivision 2b. No bonds shall be sold under this subdivision until the commissioner determines that a nonstate match of at least $9,000,000 is committed to this project phase. Upon certification by the Lewis and Clark Joint Powers Board that the bond sale authorization provided by this subdivision has fully met the needs of Phase 2 of the project, and to the extent there is additional authorization remaining, this authorization is also available for the purposes of and on the same conditions as subdivision 2b.

Subd. 2b. **Additional project authorization.** Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient money to the Public Facilities Authority under subdivision 7, paragraph (b), not to exceed $3,500,000 net of costs of issuance, for the purposes as provided under this subdivision, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under subdivision 2, paragraph (d). The bonds authorized by this subdivision are for the purposes of financing the land acquisition, design, engineering, and construction of facilities and infrastructure necessary to complete Phase 3 of the Lewis and Clark Regional Water System project, including extension of the project from the Lincoln-Pipestone Rural Water System connection near Adrian to Worthington, construction of a reservoir in Nobles County and a meter building in Worthington, and acquisition and installation of a supervisory control and data acquisition (SCADA) system. No bonds shall be sold under this subdivision until the commissioner determines that a nonstate match of at least $9,000,000 is committed to the final phase of the project.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation Lewis and Clark bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** (a) The proceeds of appropriation bonds issued under subdivision 2a and interest credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated as follows:

(1) to the Public Facilities Authority for a grant to the Lewis and Clark Joint Powers Board for payment of capital expenses as specified in subdivision 2a; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds and payments under any agreements entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

(b) The proceeds of appropriation bonds issued under subdivision 2b and interest credited to the special appropriation Lewis and Clark bond proceeds fund are appropriated as follows:

(1) to the Public Facilities Authority for a grant to the Lewis and Clark Joint Powers Board for payment of capital expenses as specified in subdivision 2b; and

(2) to the commissioner for debt service on the bonds including capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

Subd. 8. **Appropriation for debt service and other purposes.** (a) An amount, up to $1,351,000 needed to pay principal and interest on appropriation bonds issued under subdivision 2a is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special Lewis and Clark appropriation bond proceeds fund. The appropriation is available beginning in fiscal year 2017 and through fiscal year 2038.

(b) An amount up to $265,000 needed to pay principal and interest on appropriation bonds issued under subdivision 2b is appropriated each fiscal year from the general fund to the commissioner, subject to repeal, unallotment under section 16A.152, or cancellation, otherwise pursuant to subdivision 6, for deposit into the bond payments account established for such purpose in the special Lewis and Clark appropriation bond proceeds fund. The appropriation is available beginning in fiscal year 2018 and through fiscal year 2039.

Subd. 9. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

History: *1Sp2015 c 5 art 3 s 1; 1Sp2017 c 8 art 2 s 2*

16A.968 DULUTH REGIONAL EXCHANGE DISTRICT APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision and in section 469.50 apply to this section.

(b) "Appropriation bond" or "bond" means a bond, note, or other similar instrument of the state payable during a biennium from one or more of the following sources:

(1) money appropriated by law from the general fund in any biennium for debt service due with respect to obligations described in subdivision 3;

(2) proceeds of the sale of obligations described in subdivision 3;

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds, and the fees, charges, and expenses related to the bonds.

Subd. 2. **Authorization to issue appropriation bonds.** (a) Subject to the limitations of this subdivision, and upon request by the governing body of the city of Duluth as provided in section 469.54, subdivision 3, paragraph (e), the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law.

(b) Proceeds of the appropriation bonds must be credited to a special appropriation Duluth regional exchange district bond proceeds fund in the state treasury. All income from investment of the bond proceeds, as estimated by the commissioner, is appropriated to the commissioner for the payment of principal and interest on the appropriation bonds.

(c) Appropriation bonds may be issued in one or more issues or series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of appropriation bonds may not exceed 25 years. The appropriation bonds of each issue and series thereof shall be dated and bear interest and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of or in anticipation of issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, grant agreements, lease or use agreements, operating agreements, management agreements, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Appropriation bonds authorization.** (a) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds to the commissioner of employment and economic development under subdivision 8, not to exceed $97,720,000 net of costs of issuance, for the purposes as provided under this subdivision, and pay debt service including capitalized interest, costs of issuance, costs of credit enhancement, or make payments under other agreements entered into under subdivision 2, paragraph (d). Notwithstanding section 16A.642, this authorization is available until December 31, 2027.

(b) The bonds authorized by this subdivision are for the purposes of financing public infrastructure projects authorized and approved by the city of Duluth under sections 469.50 to 469.54. No bonds shall be sold under this subdivision until: (1) there has been a request pursuant to subdivision 2, paragraph (a); and (2) for any parking structure the requirements in section 469.54, subdivisions 2 and 3, paragraph (a), have been met. Upon certification of the required qualified expenditures under section 469.54, subdivision 3, paragraph (a), by a medical business entity, bonds may be sold for a parking structure or structures benefiting that medical business entity, notwithstanding the status of certified qualified expenditures for another medical business entity.

Subd. 4. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 7.

(c) Appropriation bonds may be sold at either public or private sale upon terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds must bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued under this section shall be fully negotiable.

Subd. 5. **Refunding bonds.** The commissioner may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding appropriation bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds pending use may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the appropriation bonds to be refunded or interest or premiums on the refunded appropriation bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the special appropriation Duluth regional exchange district bond proceeds fund for use in any lawful manner. All refunding bonds issued under this subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the appropriation bonds to be refunded.

Subd. 6. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 7. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate money sufficient to make debt service payments with respect to the appropriation bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 8. **Appropriation of proceeds.** The proceeds of appropriation bonds issued under subdivision 3 and interest credited to the special appropriation Duluth regional exchange district bond proceeds fund are appropriated as follows:

(1) to the commissioner of employment and economic development for a grant or grants to the city of Duluth for public infrastructure projects as specified in subdivision 3, upon other terms and conditions that the commissioner of employment and economic development in the commissioner's sole discretion determines are warranted, with the agreement being exempt from sections 16B.97 to 16B.991; and

(2) to the commissioner for accrued and capitalized interest, nonsalary costs of issuance of the bonds, costs of credit enhancement of the bonds, and payments under any agreements entered into under subdivision 2, paragraph (d), each as permitted by state and federal law.

Subd. 9. **Appropriation for debt service and other purposes.** An amount up to $8,100,000 needed to pay principal and interest on appropriation bonds issued under subdivision 3 is appropriated each fiscal year from the general fund to the commissioner, subject to the city of Duluth's entitlement to receive appropriation support payments under section 469.54, subdivision 3, and further subject to repeal, unallotment under section 16A.152, or cancellation, otherwise as provided in subdivision 7, for deposit into the bond payments account established for this purpose in the special Duluth regional exchange district bond proceeds fund. The appropriation is available beginning in fiscal year 2022 and through fiscal year 2055.

Subd. 10. **Waiver of immunity.** The waiver of immunity by the state provided for by section 3.751, subdivision 1, shall be applicable to the appropriation bonds and any ancillary contracts to which the commissioner is a party.

History: *1Sp2019 c 6 art 10 s 1; 2020 c 83 art 1 s 3; 5Sp2020 c 3 art 5 s 2*

16A.969 MS 2018 [Repealed, 2019 c 2 art 1 s 9]

TOBACCO SETTLEMENT REVENUES

16A.97 TOBACCO BONDS.

The commissioner may sell and issue debt under section 16A.99, but the net proceeds of bonds issued and sold under that section must not exceed $640,000,000 during fiscal years 2012 and 2013.

History: *1Sp2011 c 7 art 11 s 2; 2023 c 62 art 2 s 62*

16A.98 MS 2022 [Repealed, 2023 c 62 art 2 s 133]

16A.99 TOBACCO APPROPRIATION BONDS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Appropriation bond" means a bond, note, or other similar instrument of the state payable during a biennium in whole or in part from tobacco settlement revenues and from one or more of the following sources:

(1) money appropriated by law in any biennium for debt service due with respect to obligations described in subdivision 2, paragraph (b);

(2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

(3) payments received for that purpose under agreements and ancillary arrangements described in subdivision 2, paragraph (d); and

(4) investment earnings on amounts in clauses (1) to (3).

(c) "Consent judgment" means the consent judgment, as the same has been and may be corrected, amended or modified, in the action styled as *The State of Minnesota, By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota v. Philip Morris Incorporated, et al.*, No. C1-94-8565 (Minnesota District Court, Second Judicial District, May 8, 1998).

(d) "Debt service" means the amount payable in any biennium of principal, premium, if any, and interest on appropriation bonds.

(e) "Settlement agreement" means the settlement agreement and Stipulation for Entry of Consent Judgment, dated May 8, 1998, between the State of Minnesota, By Hubert Humphrey, III, Its Attorney General, and Blue Cross and Blue Shield of Minnesota, on the one hand, and Philip Morris Incorporated, et al., on the other hand, and the subject of the consent judgment.

(f) "Tobacco settlement revenues" means all tobacco settlement payments received by the state on and after July 21, 2011, and required to be made, pursuant to the terms of the settlement agreement, by participating manufacturers and the state's rights to receive the tobacco settlement payments on and after July 21, 2011, exclusive of any payments made with respect to liability to make those payments for calendar years completed before July 21, 2011.

Subd. 2. **Authority.** (a) Subject to the limitations of this subdivision, the commissioner may sell and issue appropriation bonds of the state under this section for public purposes as provided by law. Proceeds of the bonds must be credited to a special appropriation bond proceeds fund in the state treasury. Net income from investment of the proceeds, as estimated by the commissioner, must be credited to the special appropriation bond proceeds fund.

(b) Appropriation bonds may be sold and issued in amounts that, in the opinion of the commissioner, are necessary to provide sufficient funds, not to exceed $640,000,000 and subject to the limitation in section 16A.97, for achieving the purposes authorized as provided under paragraph (a), and pay debt service, pay costs of issuance, make deposits to reserve funds, pay the costs of credit enhancement, or make payments under other agreements entered into under paragraph (d); provided, however, that bonds issued and unpaid shall not exceed $800,000,000 in principal amount, excluding refunding bonds sold and issued under subdivision 4.

(c) Appropriation bonds may be issued from time to time in one or more series on the terms and conditions the commissioner determines to be in the best interests of the state, but the term on any series of bonds may

not exceed 30 years. The bonds of each issue shall be dated and bear interest, and may be includable in or excludable from the gross income of the owners for federal income tax purposes.

(d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any time thereafter, so long as the appropriation bonds are outstanding, the commissioner may enter into agreements and ancillary arrangements relating to the appropriation bonds, including but not limited to trust indentures, liquidity facilities, remarketing or dealer agreements, letter of credit agreements, insurance policies, guaranty agreements, reimbursement agreements, indexing agreements, or interest exchange agreements. Any payments made or received according to the agreement or ancillary arrangement shall be made from or deposited as provided in the agreement or ancillary arrangement. The determination of the commissioner included in an interest exchange agreement that the agreement relates to an appropriation bond shall be conclusive.

(e) The commissioner may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of appropriation bonds in accordance with federal securities laws, rules, and regulations, including Securities and Exchange Commission rules and regulations in Code of Federal Regulations, title 17, section 240.15c 2-12. An agreement may be in the form of covenants with purchasers and holders of appropriation bonds set forth in the order or resolution authorizing the issuance of the appropriation bonds, or a separate document authorized by the order or resolution.

(f) The appropriation bonds are not subject to chapter 16C.

Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form of bonds, notes, or other similar instruments, and in the manner provided in section 16A.672. In the event that any provision of section 16A.672 conflicts with this section, this section shall control.

(b) Every appropriation bond shall include a conspicuous statement of the limitation established in subdivision 6.

(c) Appropriation bonds may be sold at either public or private sale upon such terms as the commissioner shall determine are not inconsistent with this section and may be sold at any price or percentage of par value. Any bid received may be rejected.

(d) Appropriation bonds may bear interest at a fixed or variable rate.

(e) Notwithstanding any other law, appropriation bonds issued pursuant to this section shall be fully negotiable.

Subd. 4. **Refunding bonds.** The commissioner from time to time may issue appropriation bonds for the purpose of refunding any appropriation bonds then outstanding, including the payment of any redemption premiums on the bonds, any interest accrued or to accrue to the redemption date, and costs related to the issuance and sale of the refunding bonds. The proceeds of any refunding bonds may, in the discretion of the commissioner, be applied to the purchase or payment at maturity of the appropriation bonds to be refunded, to the redemption of the outstanding bonds on any redemption date, or to pay interest on the refunding bonds and may, pending application, be placed in escrow to be applied to the purchase, payment, retirement, or redemption. Any escrowed proceeds, pending such use, may be invested and reinvested in obligations that are authorized investments under section 11A.24. The income earned or realized on the investment may also be applied to the payment of the bonds to be refunded or interest or premiums on the refunded bonds, or to pay interest on the refunding bonds. After the terms of the escrow have been fully satisfied, any balance of the proceeds and any investment income may be returned to the general fund or, if applicable, the appropriation bond proceeds account for use in any lawful manner. All refunding bonds issued under this

subdivision must be prepared, executed, delivered, and secured by appropriations in the same manner as the bonds to be refunded.

Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities may legally invest any sinking funds, money, or other funds belonging to them or under their control in any appropriation bonds issued under this section:

(1) the state, the investment board, public officers, municipal corporations, political subdivisions, and public bodies;

(2) banks and bankers, savings and loan associations, credit unions, trust companies, savings banks and institutions, investment companies, insurance companies, insurance associations, and other persons carrying on a banking or insurance business; and

(3) personal representatives, guardians, trustees, and other fiduciaries.

Subd. 6. **No full faith and credit; state not required to make appropriations.** The appropriation bonds are not public debt of the state, and the full faith, credit, and taxing powers of the state are not pledged to the payment of the appropriation bonds or to any payment that the state agrees to make under this section. Appropriation bonds shall not be obligations paid directly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege. Appropriation bonds shall be payable in each fiscal year only from amounts that the legislature may appropriate for debt service for any fiscal year, provided that nothing in this section shall be construed to require the state to appropriate funds sufficient to make debt service payments with respect to the bonds in any fiscal year. Appropriation bonds shall be canceled and shall no longer be outstanding on the earlier of (1) the first day of a fiscal year for which the legislature shall not have appropriated amounts sufficient for debt service, or (2) the date of final payment of the principal of and interest on the appropriation bonds.

Subd. 7. **Appropriation of proceeds.** The proceeds of appropriation bonds and interest credited to the special appropriation bond proceeds fund are appropriated to the commissioner for payment of working capital, capital expenses, debt service on outstanding indebtedness of the state and the funding of debt service reserves for the appropriation bonds, each as permitted by state and federal law, and nonsalary expenses incurred in conjunction with the sale of the appropriation bonds.

Subd. 8. **Appropriation for debt service.** The amount needed to pay principal and interest on appropriation bonds issued under this section is appropriated each year to the commissioner from the general fund subject to the repeal, unallotment under section 16A.152, or cancellation otherwise pursuant to subdivision 6.

Subd. 9. **Validation.** (a) Appropriation bonds issued pursuant to this section may be validated in the manner provided by this subdivision. Nothing in this subdivision shall be construed to prevent sale or delivery of any appropriation bonds or notes after entry of a judgment of validation by the Minnesota Supreme Court.

(b) Any appropriation bonds issued pursuant to this section that are validated shall be validated in the manner provided by this subdivision.

(c) The Minnesota Supreme Court shall have original jurisdiction to determine the validation of appropriation bonds and all matters connected therewith.

(d) The commissioner may determine the commissioner's authority to issue appropriation bonds and the legality of all proceedings in connection therewith. For this purpose a complaint shall be filed by the commissioner in the Minnesota Supreme Court against the state and the taxpayers and citizens thereof.

(e) As a condition precedent to filing of a complaint for the validation of appropriation bonds, the commissioner shall take action providing for the issuance of such appropriation bonds in accordance with law.

(f) The complaint shall set out the state's authority to issue appropriation bonds, the action or proceeding authorizing the issue and its adoption, all other essential proceedings had or taken in connection therewith, the amount of the bonds to be issued and the maximum interest they are to bear, and all other pertinent matters.

(g) The Minnesota Supreme Court shall issue an order directed against the state and taxpayers, citizens and others having or claiming any right, title, or interest affected by the issuance of appropriation bonds, or to be affected thereby, allowing all persons, in general terms and without naming them, and the state through its attorney general to appear before the Minnesota Supreme Court at a designated time and place and show why the complaint should not be granted and the proceedings and bonds validated. A copy of the complaint and order shall be served on the attorney general at least 20 days before the time fixed for hearing. The attorney general shall examine the complaint, and, if it appears or there is reason to believe that it is defective, insufficient, or untrue, or if in the opinion of the attorney general the issuance of the bonds in question has not been duly authorized, defense shall be made by the attorney general as the attorney general deems appropriate.

(h) Before the date set for hearing, as directed by the Minnesota Supreme Court, either the clerk of the Minnesota Appellate Courts or the commissioner shall publish a copy of the order in a legal newspaper of general circulation in Ramsey County and the state, at least once each week for two consecutive weeks, commencing with the first publication, which shall not be less than 20 days before the date set for hearing. By this publication, all taxpayers, citizens, and others having or claiming any right, title, or interest in the state, are made parties defendant to the action and the Minnesota Supreme Court has jurisdiction of them to the same extent as if named as defendants in the complaint and personally served with process.

(i) Any taxpayer, citizen, or person interested may become a party to the action by moving against or pleading to the complaint at or before the time set for hearing. The Minnesota Supreme Court shall determine all questions of law and fact and make such orders as will enable it to properly try and determine the action and render a final judgment within 30 days of the hearing with the least possible delay.

(j) If the judgment validates such appropriation bonds, such judgment is forever conclusive as to all matters adjudicated and as against all parties affected and all others having or claiming any right, title, or interest affected by the issuance of said bonds, or to be affected in any way thereby, and the validity of said bonds or of any revenues pledged for the payment thereof, or of the proceedings authorizing the issuance thereof, including any remedies provided for their collection, shall never be called in question in any court by any person or party.

(k)(1) Bonds, when validated under this section, shall have stamped or written thereon, by the proper officers of the state issuing them, a statement in substantially the following form: "This bond is one of a series of bonds which were validated by judgment of the Supreme Court of the State of Minnesota, rendered on ....., (year) ....."

(2) A certified copy of the judgment or decree shall be received as evidence in any court in this state.

(l) The costs shall be paid by the state, except when a taxpayer, citizen, or other person contests the action or intervenes, the court may tax the whole or any part of the costs against the person that is equitable.

(m) A justice of the Minnesota Supreme Court is not disqualified in any validation action because the justice is a landowner or taxpayer of the state.

History: *1Sp2011 c 7 art 11 s 4; 2024 c 85 s 7*