

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-NINTH SESSION**

**S.F. No. 838**

(SENATE AUTHORS: SKOE, Rest and Cohen)

DATE	D-PG	OFFICIAL STATUS
02/16/2015	304	Introduction and first reading Referred to Taxes

1.1 A bill for an act  
 1.2 relating to budget reserve; finance; conforming buyback level for the budget  
 1.3 reserve with the most recent forecast; changing date of the revenue reserve  
 1.4 report; changing the members who receive the report; amending Minnesota  
 1.5 Statutes 2014, section 16A.152, subdivisions 2, 8.

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

1.7 Section 1. Minnesota Statutes 2014, section 16A.152, subdivision 2, is amended to read:

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

1.13 (1) the cash flow account established in subdivision 1 until that account reaches  
 1.14 \$350,000,000;

1.15 (2) the budget reserve account established in subdivision 1a until that account  
 1.16 reaches ~~\$810,992,000~~ \$994,339,000;

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

1.21 (4) the amount necessary to restore all or a portion of the net aid reductions under  
 1.22 section 127A.441 and to reduce the property tax revenue recognition shift under section  
 1.23 123B.75, subdivision 5, by the same amount.

1.24 (b) The amounts necessary to meet the requirements of this section are appropriated  
 1.25 from the general fund within two weeks after the forecast is released or, in the case of

2.1 transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations  
2.2 schedules otherwise established in statute.

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

2.8 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.9 Sec. 2. Minnesota Statutes 2014, section 16A.152, subdivision 8, is amended to read:

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

2.18 (b) By ~~January 15~~ August 31 of each year, the commissioner shall report the  
2.19 percentage of the current biennium's general fund nondedicated revenue that is  
2.20 recommended as a budget reserve to the chairs and ranking minority members of the  
2.21 ~~legislative committees with jurisdiction over the Department of Management and Budget~~  
2.22 senate Finance Committee, the house of representatives Ways and Means Committee, and  
2.23 the senate and house of representatives committees on taxes. The report must also specify:

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

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

2.28 (3) any additional appropriate information.

2.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.