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State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 2260

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The bill was read for the first time and referred to the Committee on Governmental Operations, Reform, Technology and Elections

1.1 A bill for an act
1.2 relating to finance; establishing the State Budget Trends Study Commission;
1.3 requiring a study; appropriating money.

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

1.5 Section 1. STATE BUDGET TRENDS STUDY COMMISSION.

1.6 (a) The State Budget Trends Study Commission is established for the purpose
1.7 of completing a study of the implications of state demographic trends for future state
1.8 budget conditions, including both expected revenue collections and spending for state
1.9 government services and local services supported by state revenues. The commission shall
1.10 consist of 15 members, including five members appointed by the governor, three members
1.11 appointed by the senate majority leader, two members appointed by the senate minority
1.12 leader, three members appointed by the speaker of the house of representatives, and two
1.13 members appointed by the minority leader of the house of representatives. Members must
1.14 be appointed by the respective appointing authority within 30 days of the effective date of
1.15 this section. The commission must meet within 30 days of its members being appointed.

1.16 (b) The commissioners of finance and revenue must provide data, analysis, and staff
1.17 support required by the commission to complete the study, including, but not limited to,
1.18 the effect of expected demographic changes over the next 25 years on state tax bases and
1.19 on existing state programs and appropriations. In preparing the study, the commission
1.20 shall consult with and use the state demographer to estimate the changing profile of the
1.21 Minnesota population by age and other factors relevant to the study. The commission may
1.22 also contract with appropriate consultants and experts as needed to complete the study.

1.23 (c) In completing the study, the commission must consider:

2.1 (1) the effect of expected demographic changes over the next 25 years on the tax  
2.2 base and revenue collections for state income and sales tax, or other state taxes;

2.3 (2) estimates of tax revenue collections for the years 2012, 2017, 2022, 2027, and  
2.4 2032, the sensitivity of the results for changes in estimated migration rates, labor force  
2.5 participation by older individuals, and other shares of capital versus labor;

2.6 (3) the effect of demographic trends on entitlement programs and other large state  
2.7 appropriations relative to current budget commitments;

2.8 (4) relative trends in spending for state programs including trends identified in the  
2.9 fast growing expenditures report completed under Minnesota Statutes, section 16A.103,  
2.10 subdivision 4; and

2.11 (5) the structure of the state budget with regard to budget stability and flexibility.

2.12 (d) The commissioners of finance and revenue may make recommendations for state  
2.13 tax or budget policy changes, including recommendations for changes in tax base, mix  
2.14 of tax types, state and local finance relationships, entitlements, or budget structure. The  
2.15 commission shall present preliminary results to the legislature by February 1, 2008, and a  
2.16 final written report to the legislature by January 15, 2009, in compliance with Minnesota  
2.17 Statutes, sections 3.195 and 3.197. The Budget Trends Study Commission expires on  
2.18 June 30, 2009.

2.19 **Sec. 2. APPROPRIATION; BUDGET TRENDS STUDY.**

2.20 \$250,000 in fiscal year 2008 and \$250,000 in fiscal year 2009 are appropriated from  
2.21 the general fund to the Legislative Coordinating Commission for purposes of completing a  
2.22 study of state budget trends. This is a onetime appropriation.