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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH  
SESSION

HOUSE FILE No. **2690**

February 4, 2010

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The bill was read for the first time and referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to state government; requiring reductions in executive agency  
1.3 appropriations include proportionate reductions in expenditures on contracts;  
1.4 providing requirements during periods of projected deficits; amending Minnesota  
1.5 Statutes 2008, section 16A.152, subdivision 4; proposing coding for new law  
1.6 in Minnesota Statutes, chapter 16A.

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

1.8 Section 1. Minnesota Statutes 2008, section 16A.152, subdivision 4, is amended to  
1.9 read:

1.10 Subd. 4. **Reduction.** (a) If the commissioner determines that probable receipts  
1.11 for the general fund will be less than anticipated, and that the amount available for the  
1.12 remainder of the biennium will be less than needed, the commissioner shall, with the  
1.13 approval of the governor, and after consulting the Legislative Advisory Commission,  
1.14 reduce the amount in the budget reserve account as needed to balance expenditures with  
1.15 revenue.

1.16 (b) An additional deficit shall, with the approval of the governor, and after consulting  
1.17 the legislative advisory commission, be made up by reducing unexpended allotments of  
1.18 any prior appropriation or transfer. Notwithstanding any other law to the contrary, the  
1.19 commissioner is empowered to defer or suspend prior statutorily created obligations  
1.20 which would prevent effecting such reductions. If the commissioner reduces unexpended  
1.21 allotments of general fund appropriations to an executive agency, the agency head must  
1.22 determine the amount of this reduction in allotments as a percentage of the original  
1.23 general fund appropriation to the agency, and in implementing the reduction in allotments  
1.24 the agency must reduce its expenditures on contracts with outside vendors by at least  
1.25 that percentage.

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

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

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

2.12 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 2.13 and applies to reductions in allotments made on or after that date.

2.14 **Sec. 2. [16A.1524] PROPORTIONAL REDUCTIONS IN CONTRACTS.**

2.15 If a law reduces the amount of a general fund appropriation to an executive agency,  
 2.16 the agency head must determine the amount of this reduction as a percentage of the  
 2.17 original general fund appropriation to the agency, and the agency must reduce its general  
 2.18 fund expenditures on contracts with outside vendors by at least that percentage, unless  
 2.19 otherwise provided by the law making the reduction in the general fund appropriation.

2.20 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 2.21 and applies to reductions in allotments made on or after that date.

2.22 **Sec. 3. [16A.1525] REQUIREMENTS DURING PROJECTED DEFICITS.**

2.23 This section applies when the commissioner determines that general fund revenue  
 2.24 will be less than needed to meet general fund expenditures for the remainder of the  
 2.25 biennium and that the amount in the budget reserve account is not sufficient to meet the  
 2.26 projected deficit. When this section applies:

2.27 (1) an executive agency appointing authority may not authorize state-paid employee  
 2.28 travel unless the travel is essential to carry out the agency's statutory mission or is  
 2.29 necessary for state emergency preparedness or response; and

2.30 (2) the governor must ensure that the aggregate number of full-time equivalent  
 2.31 positions designated as managerial in all executive branch state agencies is not increased  
 2.32 during the period of the projected deficit, unless authorized by law enacted after the  
 2.33 deficit is projected.

3.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.