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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-SIXTH  
SESSION

HOUSE FILE No. 2866

February 11, 2010

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

February 18, 2010

Committee Recommendation and Adoption of Report:  
To Pass as Amended and re-referred to the Committee on Finance

1.1 A bill for an act  
1.2 relating to state government; modifying authority of the executive branch to  
1.3 reduce unexpended allotments; amending Minnesota Statutes 2008, section  
1.4 16A.152, subdivision 4; proposing coding for new law in Minnesota Statutes,  
1.5 chapter 16A.

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

1.7 Section 1. 16A.112] GENERAL FUND BALANCE ANALYSIS.

1.8 After each legislative session that modifies general fund revenues or expenditures,  
1.9 the commissioner shall prepare a fund balance analysis showing forecast general fund  
1.10 revenues and expenditures for the current and next following bienniums, as modified by the  
1.11 laws enacted at that session. The fund balance analysis must be prepared in consultation  
1.12 with the chairs of the Senate Finance Committee and House of Representatives Finance  
1.13 Committee and Ways and Means Committee and legislative staff designated by the chairs.

1.14 Sec. 2. Minnesota Statutes 2008, section 16A.152, subdivision 4, is amended to read:

1.15 Subd. 4. **Reduction.** (a) If the commissioner determines that probable receipts  
1.16 for the general fund ~~will be less than anticipated, and that the amount available~~ for the  
1.17 remainder of the biennium will be less than needed, the commissioner shall, with the  
1.18 approval of the governor, and after consulting the Legislative ~~Advisory Commission on~~  
1.19 Planning and Fiscal Policy, reduce the amount in the budget reserve account as needed to  
1.20 balance expenditures with revenue.

1.21 (b) An additional deficit shall, with the approval of the governor, and after consulting  
1.22 the legislative ~~advisory~~ commission, be made up by reducing unexpended allotments of  
1.23 any prior appropriation or transfer. The amount of the deficit that may be reduced in this  
1.24 way is limited to the difference between the general fund balance predicted after reducing

2.1 the budget reserve under paragraph (a) and the balance predicted in the most recent fund  
2.2 balance analysis prepared under section 16A.112.

2.3 (c) Notwithstanding any other law to the contrary, the commissioner is empowered  
2.4 to defer or suspend prior statutorily created obligations ~~which~~ that would prevent effecting  
2.5 ~~such~~ the reductions. In reducing allotments for statutorily created obligations, the  
2.6 commissioner may reduce payments to all recipients in proportion to their payments or in  
2.7 proportion to the sum of their payments plus their other revenue, but must not otherwise  
2.8 modify formulas, eligibility standards, or similar statutory criteria.

2.9 ~~(c)~~ (d) The sum of reductions to general fund allotments during a biennium must not  
2.10 exceed two percent of the total general fund appropriations for the biennium. The sum of  
2.11 reductions to allotments of a single general fund appropriation must not exceed ten percent  
2.12 of the appropriation, and no program may be eliminated. Reductions to allotments include  
2.13 deferrals or suspensions of payments beyond the biennium.

2.14 (e) If the commissioner determines that probable receipts for any other fund,  
2.15 appropriation, or item will be less than anticipated, and that the amount available for the  
2.16 remainder of the term of the appropriation or for any allotment period will be less than  
2.17 needed, the commissioner shall notify the agency concerned and then reduce the amount  
2.18 allotted or to be allotted so as to prevent a deficit.

2.19 ~~(d)~~ (f) In reducing allotments, the commissioner may consider other sources of  
2.20 revenue available to recipients of state appropriations and may apply allotment reductions  
2.21 based on all sources of revenue available.

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

### 2.25 Sec. 3. **TRANSITION.**

2.26 Until the preparation of a fund balance analysis after the 2010 regular session, the  
2.27 limit on allotment reductions under Minnesota Statutes, section 16A.152, subdivision 4,  
2.28 paragraph (b), is the amount of the deficit shown in the most recent general fund balance  
2.29 analysis published by the Department of Management and Budget in connection with a  
2.30 forecast under Minnesota Statutes, section 16A.103.

### 2.31 Sec. 4. **EFFECTIVE DATE.**

2.32 This act is effective the day following final enactment and applies to reductions  
2.33 made on or after that date. It is not intended to affect the validity or invalidity of actions  
2.34 taken before its effective date.