

House Research Act Summary

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TOPIC: State budget, funds, and accounts

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Analyst: Kathy Novak (651-296-9253)

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Overview

This bill provides for the management and organization of accounts and funds created in law, authorizes the elimination of small, unnecessary accounts, and makes technical and clarifying changes to the state budget process

Article 1

Special Revenue Accounts

- 1 Funds and accounts created by law.** References “accounts” as well as “funds” created by law, in the section of law authorizing the commissioner of finance to regard these as “bookkeeping accounts.” Requires the commissioner to organize these bookkeeping accounts into funds in accordance with generally accepted accounting principles.
- 2 Commissioner to manage funds and accounts.** Authorizes the commissioner of finance to eliminate an account that is no longer needed for the purposes specified in law. Requires the commissioner to eliminate certain small accounts that have existed for more than four years (accounts with annual revenues or average balances less than \$1,000), unless the commissioner determines that the account is necessary for efficient fiscal operation. Provides that balances from eliminated accounts must be transferred to the general fund unless otherwise specified in law. Requires the commissioner to notify the legislature when an account established in law is eliminated.
- 3 Report.** Requires each agency that manages accounts within a fund to report to appropriate legislative committees at least annually on recent financial activity in those accounts according to a schedule and using criteria established by the commissioner.
- 4 Special revenue fund accounts.** Beginning in fiscal year 2005, the commissioner of finance must annually review one-quarter of the accounts in the special revenue fund until all

Section

accounts have been reviewed. Each review must categorize the account by type, include a legislative and financial history, provide an accounting rationale for its existence, and an explanation for why it should not be in the general fund. The commissioner must annually report to the legislature, beginning in fiscal year 2005, on the account review with recommendations on accounts to be terminated. Legislative fiscal staff must be consulted on the review standards.

- 5 Commissioner's recommendations on fee accounts.** Requires the commissioner of finance to report to the Senate Finance committee and the House Ways and Means committee on accounting for and appropriation of licensing fee revenue, with recommendations for consistent treatment.

**Article 2
State Budget Process**

- 1 Appropriations.** Technical changes include replacing *standing* appropriation with *statutory* appropriation.
- 2 Distribution; fiscal notes.** Technical change to replace the *Appropriation* committee with the *Ways and Means* committee. This change is also made in sections 3, and 7 to 19.
- 3 Obtaining recommendation; transfer of state lands.** Technical change to replace the *Appropriation* committee with the *Ways and Means* committee.
- 4 Reporting information.** Requires the revenue forecast after the end of a legislative session to report updated information, if any, on the share of personal income collected in taxes and other revenues to pay for state and local government services.
- 5 Part two: detailed budget.** Requires the budget detail submitted by the governor to the legislature to have tables that separately show: 1) the appropriation base defined to be the amount appropriated in the second year of the current biennium; 2) adjustments to the base budget made by the department of finance; 3) forecast adjustments to forecasted programs made in the most recent forecast according to law; 4) appropriation changes recommended by the governor after adjustments; and 5) total recommendations of the governor.
- 6 to 18 Committee name changes.** Technical changes to replace the *Appropriation* committee with the *Ways and Means* committee. Section 15 also changes the name of the committee responsible for Health and Human Services Finance (from the subdivision of Appropriations).
- 19 Revisor's instruction.** Moves the statutory definition of a *standing appropriation* from the chapter on the legislature to the definition section in the Department of Finance chapter.
- 20 Repealer.** Repeals a statutory section providing for the repeal of standing appropriations.