

MINNESOTA • REVENUE

Increase Budget Reserve Level

March 21, 2014

Department of Revenue
Analysis of S.F. 2250 (Skoe) / H.F. 3170 (Lenczewski)

	Yes	No
DOR Administrative Costs/Savings		X

Effective the day following final enactment.

Current Law: If the forecast of general fund revenues and expenditures indicates a general fund surplus at the close of the biennium, the Commissioner of Management and Budget must allocate money to the following accounts and purposes in priority order:

1. To the cash flow account, until it reaches \$350 million
2. To the budget reserve account, until it reaches \$653 million
3. To increase the school aid payment schedule to 90%
4. To restore previous school aid reductions and reduce the property tax recognition shift
5. To the state airports fund to restore \$15 million previously transferred to the general fund.

The Commissioner is required to report to the legislature on the percentage of the previous biennium's general fund expenditures and transfers that is recommended as a budget reserve.

Proposed Law: The budget reserve is increased by \$1,262,008,000 on July 1, 2014. The amount of forecasted surplus to be transferred to the budget reserve in the priority list is increased to \$1,923 million. The transfer to the state airports fund is removed from the list.

The report to the legislature must express the recommended budget reserve as a percentage of the current biennium's nondedicated revenues. If there is a forecasted surplus and the required allocations to accounts and purposes in the priority list have been made, any remaining surplus is to be transferred to the budget reserve until the recommended percentage is reached.

The bill would not impact state revenue.

Source: Minnesota Department of Revenue
Tax Research Division
www.revenue.state.mn.us/research_stats/Pages/Revenue-Analyses.aspx

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