A bill for an act

relating to the budget reserve; modifying priorities for additional revenues in general fund forecasts; appropriating money; amending Minnesota Statutes 2006, section 16A.152, subdivision 2.

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

Section 1. Minnesota Statutes 2006, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of finance determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of finance must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000; and

(2) 25 percent to the budget reserve account established in subdivision 1a until that account reaches ~~$653,000,000;~~ an amount equal to five percent of general fund expenditures and transfers for the preceding biennium.

~~(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and~~

~~(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph (c), and Laws 2003, First Special Session chapter 9,~~

~~article 5, section 34, as amended by Laws 2003, First Special Session chapter 23, section 20, by the same amount.~~

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released~~ or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute~~.

(c) To the extent that a positive unrestricted budgetary general fund balance is projected, appropriations under this section must be made before section 16A.1522 takes effect.

~~(d) The commissioner of finance shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.~~

<u>**EFFECTIVE DATE.**</u> <u>This section is effective the day following final enactment.</u>

Sec. 2. <u>**BUDGET RESERVE INCREASE.**</u>

<u>On July 1, 2007, the commissioner of finance shall transfer $150,000,000 to the budget reserve account in the general fund. The amount necessary for this purpose is appropriated from the general fund.</u>

<u>**EFFECTIVE DATE.**</u> <u>This section is effective July 1, 2007.</u>