

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 78

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DATE	D-PG	OFFICIAL STATUS
01/11/2017	102	Introduction and first reading Referred to State Government Finance and Policy and Elections
02/16/2017	622a	Comm report: To pass as amended and re-refer to Finance
02/22/2017	711	Withdrawn and re-referred to Judiciary and Public Safety Finance and Policy
03/13/2017		Comm report: To pass as amended and re-refer to Finance

1.1 A bill for an act

1.2 relating to state government; creating the Legislative Budget Office; prescribing

1.3 its powers and duties; appropriating money; amending Minnesota Statutes 2016,

1.4 sections 3.305, subdivision 1; 3.98, subdivisions 1, 4; 3.987, subdivision 1;

1.5 proposing coding for new law in Minnesota Statutes, chapters 3; 16A.

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

1.7 Section 1. Minnesota Statutes 2016, section 3.305, subdivision 1, is amended to read:

1.8 Subdivision 1. **Definitions.** (a) "Legislative commission" means a joint commission,

1.9 committee, or other entity in the legislative branch composed exclusively of members of

1.10 the senate and the house of representatives.

1.11 (b) "Joint offices" means the Revisor of Statutes, Legislative Reference Library, the

1.12 Office of Legislative Auditor, the Legislative Budget Office, and any other joint legislative

1.13 service office.

1.14 Sec. 2. [3.8853] LEGISLATIVE BUDGET OFFICE.

1.15 The Legislative Budget Office is established under control of the Legislative Coordinating

1.16 Commission to provide the house of representatives and the senate with nonpartisan, accurate,

1.17 and timely information on the fiscal impact of proposed legislation, without regard to political

1.18 factors. The Legislative Coordinating Commission shall appoint a director who may hire

1.19 staff necessary to do the work of the office. The director serves a term of six years and may

1.20 not be removed during a term except for cause after a public hearing.

2.1 Sec. 3. Minnesota Statutes 2016, section 3.98, subdivision 1, is amended to read:

2.2 Subdivision 1. **Preparation.** ~~(a) The head or chief administrative officer of each~~
 2.3 ~~department or agency of the state government, including the Supreme Court, Legislative~~
 2.4 ~~Budget Office~~ shall prepare a fiscal note at the request of the chair of the standing committee
 2.5 to which a bill has been referred, or the chair of the house of representatives Ways and
 2.6 Means Committee, or the chair of the senate Committee on Finance.

2.7 (b) The head or chief administrative officer of each department or agency of state
 2.8 government, including the Supreme Court, shall supply information for fiscal notes upon
 2.9 request of the director of the Legislative Budget Office. The Legislative Budget Office may
 2.10 adopt standards and guidelines governing timing of responses to requests for information
 2.11 and governing access to data, consistent with laws governing access to data. Agencies must
 2.12 comply with these standards and guidelines.

2.13 (c) For purposes of this subdivision, "Supreme Court" includes all agencies, committees,
 2.14 and commissions supervised or appointed by the state Supreme Court or the state court
 2.15 administrator.

2.16 Sec. 4. Minnesota Statutes 2016, section 3.98, subdivision 4, is amended to read:

2.17 Subd. 4. **Uniform procedure.** ~~The commissioner of management and budget~~ Legislative
 2.18 Budget Office shall prescribe a uniform procedure to govern the departments and agencies
 2.19 of the state in complying with the requirements of this section.

2.20 Sec. 5. Minnesota Statutes 2016, section 3.987, subdivision 1, is amended to read:

2.21 Subdivision 1. **Local impact notes.** ~~The commissioner of management and budget~~
 2.22 Legislative Budget Office shall coordinate the development of a local impact note for any
 2.23 proposed legislation ~~introduced after June 30, 1997,~~ upon request of the chair or the ranking
 2.24 minority member of either legislative Tax, Finance, or Ways and Means Committee. Upon
 2.25 receipt of a request to prepare a local impact note, the ~~commissioner~~ office must notify the
 2.26 authors of the proposed legislation that the request has been made. The local impact note
 2.27 must be made available to the public upon request. If the action is among the exceptions
 2.28 listed in section 3.988, a local impact note need not be requested nor prepared. The
 2.29 ~~commissioner~~ office shall make a reasonable and timely estimate of the local fiscal impact
 2.30 on each type of political subdivision that would result from the proposed legislation. The
 2.31 ~~commissioner of management and budget~~ office may require any political subdivision or
 2.32 the commissioner of an administrative agency of the state to supply in a timely manner any
 2.33 information determined to be necessary to determine local fiscal impact. The political

3.1 subdivision, its representative association, or commissioner shall convey the requested
 3.2 information to the ~~commissioner of management and budget~~ office with a signed statement
 3.3 to the effect that the information is accurate and complete to the best of its ability. The
 3.4 political subdivision, its representative association, or commissioner, when requested, shall
 3.5 update its determination of local fiscal impact based on actual cost or revenue figures,
 3.6 improved estimates, or both. Upon completion of the note, the ~~commissioner~~ office must
 3.7 provide a copy to the authors of the proposed legislation and to the chair and ranking minority
 3.8 member of each committee to which the proposed legislation is referred.

3.9 **Sec. 6. [16A.107] PERFORMANCE-BASED BUDGETING.**

3.10 Subdivision 1. Performance-based budget. (a) For each biennium to be covered by a
 3.11 proposed state budget, each state department, institution, and agency of the executive branch
 3.12 shall prepare a budget using performance-based budgeting. The Legislative Budget Office
 3.13 shall provide any technical assistance necessary to enable each department, institution, or
 3.14 agency to complete its budgetary requests as specified by the Legislative Budget Office.

3.15 (b) The Legislative Budget Office shall adopt rules necessary to provide instruction and
 3.16 guidance to each department, institution, and agency to facilitate the provisions of this
 3.17 section.

3.18 (c) As used in this section, "performance-based budgeting" means a method of budgeting
 3.19 in which all expenses of a department, institution, or agency are justified and every function
 3.20 is analyzed for its needs and costs. Each proposed expenditure for a biennium is justified
 3.21 as if it is a new expenditure.

3.22 Subd. 2. Performance-based budget plan. Each department, institution, and agency
 3.23 shall provide the following information:

3.24 (1) for each program, describe the key activities and explain why the activities are critical
 3.25 and necessary;

3.26 (2) describe activities that comprise the agency, and justify the existence of each activity
 3.27 by reference to statute or other legal authority;

3.28 (3) for each activity, document a quantitative estimate of any adverse impacts that could
 3.29 reasonably be expected should the activity be discontinued, together with a full description
 3.30 of the methods by which the adverse impact is estimated;

3.31 (4) identify performance metrics for each program and its activities;

4.1 (5) list quantifiable program outcomes that measure the workload, efficiency, and
4.2 effectiveness of each program and its activities;

4.3 (6) explain trends over time in outcomes as well as how those outcomes reflect a
4.4 program's overall effectiveness;

4.5 (7) for each activity, itemize expenditures that are needed to maintain the activity at the
4.6 minimum level of service required by the statutory authority, together with a concise
4.7 statement of the quantity and quality of services required at that minimum level;

4.8 (8) for each activity, itemize expenditures required to maintain the quantity and quality
4.9 of services being provided and the number of personnel required to accomplish each program;

4.10 (9) specify what percentage of program expenditure is dedicated to personnel; and

4.11 (10) include a ranking of all activities that shows the relative contribution of each activity
4.12 to the overall goals and purposes of the agency at current service levels.

4.13 **EFFECTIVE DATE.** This section is effective the day following final enactment and
4.14 must be implemented for the biennium beginning in fiscal year 2022.

4.15 Sec. 7. **APPROPRIATION.**

4.16 \$..... is appropriated from the general fund to the Legislative Budget Office for the
4.17 purposes set out in Minnesota Statutes, section 3.8853. The appropriation is available until
4.18 expended.