

A bill for an act

relating to the state budget; limiting general fund expenditures in the 2012-2013 biennium to forecasted revenues; specifying the use of any forecasted increases in revenues above the level of revenues forecasted for the 2010-2011 biennium.

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

Section 1. **LIVE WITHIN OUR MEANS BUDGET.**

Notwithstanding any law to the contrary, a budget proposed by the governor under Minnesota Statutes, section 16A.11, and any budget enacted for the biennium ending June 30, 2013, must limit general fund expenditures to the amount of general fund revenue projected in the November 2010 forecast for that biennium. Sixty percent of the forecasted growth in general fund revenues for the biennium ending June 30, 2013, over the forecasted revenues for the biennium ending June 30, 2011, may be used for general fund expenditures. Any distribution of the remaining 40 percent of the forecasted growth in revenues must be limited to the following amounts and purposes:

(1) ten percent may be used to increase the Angel Investment Credit under Minnesota Statutes, sections 116J.8737 and 290.0692;

(2) 45 percent may be used to reduce the corporate tax rate under Minnesota Statutes, section 290.06, subdivision 1; and

(3) 45 percent may be used to allow a subtraction for a percentage of the net income derived from the conduct of an active business operated as an S corporation, partnership, or limited liability company taxed on a pass-through basis.

EFFECTIVE DATE. This act is effective the day following final enactment.