

## CHAPTER 16A

### DEPARTMENT OF FINANCE

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#### 16A.055 SOME OF THE COMMISSIONER'S DUTIES.

*[For text of subds 1 to 5, see M.S.1994]*

Subd. 6. **Mission; efficiency.** It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;
- (3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (6) include specific objectives in the performance report required under section 15.91 to increase the efficiency of agency operations, when appropriate; and
- (7) recommend to the legislature, in the performance report of the department required under section 15.91, appropriate changes in law necessary to carry out the mission of the department.

**History:** 1995 c 248 art 11 s 1

#### 16A.101 SERVICE CONTRACTS.

The state accounting system must list expenditures for professional and technical service contracts, as defined in section 16B.17, as a separate category. No other expenditures may be included in this category.

**History:** 1995 c 254 art 1 s 44

#### 16A.11 BUDGET TO LEGISLATURE.

*[For text of subds 1 to 3a, see M.S.1994]*

Subd. 3b. **Contracts.** The detailed budget estimate must also include the following information on professional or technical services contracts:

- (1) the number and amount of contracts over \$40,000 for each agency for the past biennium;
- (2) the anticipated number and amount of contracts over \$40,000 for each agency for the upcoming biennium; and
- (3) the total value of all contracts from the previous biennium, and the anticipated total value of all contracts for the upcoming biennium.

*[For text of subs 4 and 5, see M.S.1994]*

**History:** 1995 c 254 art 1 s 45

#### **16A.124 PROMPT PAYMENT OF STATE AGENCY BILLS REQUIRED.**

*[For text of subs 1 to 4a, see M.S.1994]*

**Subd. 4b. Health care payments.** The commissioner of human services must pay or deny a valid vendor obligation for health services under the medical assistance, general assistance medical care, or MinnesotaCare program within 30 days after receipt. A "valid vendor obligation" means a clean claim submitted directly to the commissioner by an eligible health care provider for health services provided to an eligible recipient. A "clean claim" means an original paper or electronic claim with correct data elements, prepared in accordance with the commissioner's published specifications for claim preparation, that does not require an attachment or text information to pay or deny the claim. Adjustment claims, claims with attachments and text information, and claims submitted to the commissioner as the secondary or tertiary payer, that have been prepared in accordance with the commissioner's published specifications, must be adjudicated within 90 days after receipt.

*[For text of subs 5 to 7, see M.S.1994]*

**Subd. 8. Applicability.** Subdivisions 1 to 7 apply to all agency purchases, leases, rentals, and contracts for services, including construction and remodeling contracts, except for:

(1) purchases from or contracts for service with a public utility as defined in section 216B.02 or a telephone company as defined in section 237.01 that has on file with the public utilities commission an approved practice regarding late fees; and

(2) provider billings to and contracts with the commissioner of human services for health care services, which are subject only to subdivisions 4a and 4b.

**History:** 1995 c 241 s 1,2

**NOTE:** Subdivision 4b, as added by Laws 1995, chapter 241, section 1, is effective July 1, 1996, and applies to all vendor obligations existing or arising on or after that date. See Laws 1995, chapter 241, section 3.

**NOTE:** The amendments to subdivision 8 by Laws 1995, chapter 241, section 2, are effective July 1, 1996, and apply to all vendor obligations existing or arising on or after that date. See Laws 1995, chapter 241, section 3.

#### **16A.125 STATE TRUST LANDS.**

**Subd. 5. Forest trust lands.** The term "state forest trust fund lands" as used in this subdivision, means public land in trust under the constitution set apart as "forest lands under the authority of the commissioner" of natural resources as defined by section 89.001, subdivision 13.

The commissioner of finance and the treasurer shall credit the revenue from the forest trust fund lands to the forest suspense account. The account must specify the trust funds interested in the lands and the respective receipts of the lands.

After a fiscal year, the commissioner of finance shall certify the total costs incurred for forestry during that year under appropriations for the protection, improvement, administration, and management of state forest trust fund lands and construction and improvement of forest roads to enhance the forest value of the lands. The certificate must specify the trust funds interested in the lands. The commissioner of natural resources shall supply the commissioner of finance with the information needed for the certificate.

After a fiscal year, the commissioner and the treasurer shall distribute the receipts credited to the suspense account during that fiscal year as follows:

(a) The amount of the certified costs incurred by the state for forest management during the fiscal year shall be transferred to the general fund.

(b) The balance of the receipts shall then be returned prorated to the trust funds in proportion to their respective interests in the lands which produced the receipts.

**Subd. 5a. Appropriation from state forest development account.** Money accruing and credited to the state forest development account is appropriated to the division of forestry in the department of natural resources to apply state forest resource management policy and

plans to forest trust fund lands. The appropriation is supervised and controlled by the commissioner of natural resources.

The appropriation shall be spent according to law and remains available until spent. The appropriation is not available for spending until any estimates required by law are approved by the commissioner of finance. An obligation to spend money may not be made unless there is an available balance not otherwise encumbered in the appropriation.

Subd. 6. [Repealed by amendment, 1995 c 220 s 26]

Subd. 6a. **University lands.** (a) As used in this section, "university lands" means lands granted by the federal government for the support of the University of Minnesota, as described in Laws 1851, chapter 3, section 2.

(b) All revenue from minerals on university lands must be credited to the university lands and minerals suspense account. Money in the account must be transferred to the permanent university fund, except for amounts appropriated to cover reasonable costs incurred by the commissioner of natural resources to protect, improve, administer, manage, and otherwise enhance the mineral value of university lands.

**History:** 1995 c 220 s 26

### 16A.127 INDIRECT COSTS.

*[For text of subs 1 to 7, see M.S.1994]*

Subd. 8. **Exemptions.** (a) No statewide or agency indirect cost liability shall be accrued to any program, appropriation, or account that is specifically exempted from the liability in federal or state law, or if the commissioner determines the funds to be held in trust, or to be a pass-through, workshop, or seminar account. Accounts receiving proceeds from bond issues and general fund accounts are also exempt from this section.

(b) Except for the costs of the legislative auditor to conduct financial audits of federal funds, this section does not apply to the community college board, state university board, or the state board of technical colleges. Receipts attributable to financial audits conducted by the legislative auditor of federal funds administered by these post-secondary education boards shall be deposited in the general fund.

*[For text of subd 9, see M.S.1994]*

**History:** 1995 c 254 art 1 s 46

### 16A.1285 DEPARTMENTAL EARNINGS.

*[For text of subd 1, see M.S.1994]*

Subd. 2. **Policy.** Unless otherwise provided by law, specific charges falling within definitions stipulated in subdivision 1 must be set at a level that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services.

Unless specifically provided otherwise in statute, in setting, adjusting, or authorizing charges that in whole or in part recover previously unrecovered costs, recovery is limited to those unrecovered costs incurred during the two fiscal years immediately preceding the setting, adjustment, or authorization.

*[For text of subd 3, see M.S.1994]*

Subd. 4. **Rulemaking.** (a) Unless otherwise exempted or unless specifically set by law, all charges for goods and services, licenses, and regulation must be established or adjusted as provided in chapter 14; except that agencies may establish or adjust the following kinds of charges:

- (1) charges for goods and services provided for the direct and primary use of a private individual, business, or other similar entity;
- (2) nonrecurring charges;
- (3) charges that would produce insignificant revenues;

(4) charges billed within or between state agencies;

(5) charges for admissions to or for use of public facilities operated by the state, if the charges are set according to prevailing market conditions to recover operating costs; or

(6) proposed adjustments to charges that are within consumer price level (CPI) ranges stipulated by the commissioner of finance and do not change the type or purpose of the item being adjusted.

(b) Departmental earnings changes or adjustments authorized by the commissioner of finance or listed in paragraph (a), clause (1), (5), or (6), must be reported by the commissioner of finance to the chairs of the senate committee on finance and the house ways and means committee before November 30 of each year.

**Subd. 5. Procedure.** The commissioner of finance shall review and comment on all departmental charges submitted under chapter 14. The commissioner's comments and recommendations must be included in the statement of need and reasonableness and must address any fiscal and policy concerns raised during the review process.

**History:** 1995 c 233 art 2 s 32-34

### 16A.129 OTHER COMMISSIONER POWERS.

*[For text of subs 1 and 2, see M.S.1994]*

**Subd. 3. Cash advances.** When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made.

**History:** 1995 c 254 art 1 s 47

### 16A.152 BUDGET RESERVE AND CASH FLOW ACCOUNT.

**Subdivision 1. Cash flow account established.** (a) A cash flow account is created in the general fund in the state treasury. The commissioner of finance shall restrict part or all of the balance before reserves in the general fund as may be necessary to fund the cash flow account as provided by law.

(b) The commissioner of finance shall transfer the amount necessary to bring the total amount of the cash flow account to \$350,000,000 on July 1, 1995. The amounts restricted shall remain in the account until drawn down and used to meet cash flow deficiencies resulting from uneven distribution of revenue collections and required expenditures during a fiscal year.

**Subd. 1a. Budget reserve.** A budget reserve account is created in the general fund in the state treasury. The commissioner of finance shall transfer to the budget reserve account on July 1 of each odd-numbered year any amounts specifically appropriated by law to the budget reserve.

**Subd. 2. Additional revenues; priority.** 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 budget reserve until the total amount in the account is \$220,000,000. Additional biennial unrestricted budgetary general fund balances available after November 1 of every odd-numbered calendar year are appropriated in January of the following year to reduce the property tax levy recognition percent under section 121.904, subdivision 4a, to zero before additional money beyond \$220,000,000 is allocated to the budget reserve account.

The amounts necessary to meet the requirements of this section are appropriated from the general fund.

*[For text of subd 3, see M.S.1994]*

**Subd. 4. Reduction.** (a) If the commissioner determines that probable receipts for the general fund will be less than anticipated, and that the amount available for the remainder of the biennium will be less than needed, the commissioner shall, with the approval of the governor, and after consulting the legislative advisory commission, reduce the amount in the budget reserve account as needed to balance expenditures with revenue.

(b) An additional deficit shall, with the approval of the governor, and after consulting the legislative advisory commission, be made up by reducing unexpended allotments of any prior appropriation or transfer. Notwithstanding any other law to the contrary, the commissioner is empowered to defer or suspend prior statutorily created obligations which would prevent effecting such reductions.

(c) If the commissioner determines that probable receipts for any other fund, appropriation, or item will be less than anticipated, and that the amount available for the remainder of the term of the appropriation or for any allotment period will be less than needed, the commissioner shall notify the agency concerned and then reduce the amount allotted or to be allotted so as to prevent a deficit.

(d) In reducing allotments, the commissioner may consider other sources of revenue available to recipients of state appropriations and may apply allotment reductions based on all sources of revenue available.

(e) In like manner, the commissioner shall reduce allotments to an agency by the amount of any saving that can be made over previous spending plans through a reduction in prices or other cause.

*[For text of subs 5 to 7, see M.S.1994]*

**History:** 1995 c 264 art 6 s 1; 1Sp1995 c 3 art 14 s 1-3

#### **16A.28 TREATMENT OF UNUSED APPROPRIATIONS.**

*[For text of subs 1 to 4, see M.S.1994]*

**Subd. 5. Permanent improvements.** An appropriation for permanent improvements, including the acquisition of real property does not lapse until the purposes of the appropriation are determined by the commissioner, after consultation with the affected agencies, to be accomplished or abandoned. This subdivision also applies to any part of an appropriation for a fiscal year that has been requisitioned to acquire real property or construct permanent improvements.

**Subd. 6. Canceled October 15.** On October 15 all allotments and encumbrances for the last fiscal year shall be canceled unless an agency head certifies to the commissioner that there is an encumbrance for services rendered or goods ordered in the last fiscal year, or certifies that funding will be carried forward under subdivision 1. The commissioner may: reinstate the part of the cancellation needed to meet the certified encumbrance or charge the certified encumbrance against the current year's appropriation.

*[For text of subs 7 and 8, see M.S.1994]*

**History:** 1995 c 254 art 1 s 48,49

#### **16A.285 ALLOWED APPROPRIATION TRANSFERS.**

An agency in the executive, legislative, or judicial branch may transfer state agency operational money between programs within the same fund if: (1) the agency first notifies the commissioner as to the type and intent of the transfer; and (2) the transfer is consistent with legislative intent. If an amount is specified for an item within an activity, that amount must not be transferred or used for any other purpose.

The commissioner shall report the transfers to the chairs of the senate finance and house of representatives ways and means committees.

**History:** 1995 c 226 art 1 s 18

**16A.40 WARRANTS.**

Money must not be paid out of the state treasury except upon the warrant of the commissioner or an electronic fund transfer approved by the commissioner. Warrants must be drawn on printed blanks that are in numerical order. The commissioner shall enter, in numerical order in a warrant register, the number, amount, date, and payee for every warrant issued.

**History:** 1995 c 254 art 1 s 50

**16A.57 APPROPRIATION, ALLOTMENT, AND WARRANT NEEDED.**

Unless otherwise expressly provided by law, state money may not be spent or applied without an appropriation, an allotment, and issuance of a warrant or electronic fund transfer.

**History:** 1995 c 254 art 1 s 51

**16A.642 STATE BONDS: REPORTS; CANCELLATIONS.**

**Subdivision 1. Reports.** The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by February 1 of each even-numbered year on the following:

(1) all state building projects for which bonds have been authorized and issued by a law enacted more than seven years before February 1 of that even-numbered year and of which 20 percent or less of a project's authorization has been encumbered or otherwise obligated for the purpose stated in the law authorizing the issue; and

(2) all state bonds authorized and issued for purposes other than building projects reported under clause (1), by a law enacted more than seven years before February 1 of that even-numbered year, and the amount of any balance that is unencumbered or otherwise not obligated for the purpose stated in the law authorizing the issue.

The commissioner shall also report on bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the bonds were authorized or issued have been canceled, completed, or otherwise concluded. The bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

**Subd. 2. Cancellation.** If the commissioner determines that the purposes for which general obligation bonds of the state have been issued are accomplished or abandoned, after consultation with the affected agencies, and there is a remaining authorization for a specific project of \$500 or less, the commissioner may cancel the remaining authorization for that project. The commissioner must notify the chairs of the senate finance committee and the house capital investment committee of any bond authorizations canceled under this subdivision.

**History:** 1Sp1995 c 2 art 1 s 16

**16A.67 JUDGMENT BONDS.**

**Subdivision 1. Authorization.** The commissioner of finance, upon request of the governor, is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and interest accrued thereon to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

**Subd. 2. Security; bonds not public debt.** The bonds and the interest thereon shall be payable solely from and secured by the revenues appropriated and transferred to the debt service fund established for this purpose in subdivision 4 and investment income thereon, and any bond reserve established for the bonds. The bonds are not public debt, and the full faith, credit, and taxing powers of the state are not pledged for their payment. The bonds and the

interest thereon shall not be paid, directly or indirectly, in whole or in part, from a tax of statewide application on any class of property, income, transaction, or privilege.

**Subd. 3. Special revenue fund.** There is established in the state treasury a separate and special revenue fund for deposit of the revenues from net proceeds of the lottery in accordance with section 349A.10, subdivision 5, money received for payment or reimbursement of health care costs in accordance with section 246.18, subdivision 7, state license and service fees as defined in section 16A.6701, and investment income thereon.

**Subd. 4. Debt service fund.** There is established in the state treasury a separate and special debt service fund. Money transferred or appropriated to the fund and investment income thereon on hand or required to be transferred to the fund shall be used and are irrevocably appropriated for the payment of the principal of and interest on the bonds authorized in this section when due.

**Subd. 5. Covenants; agreements.** The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 4 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants may not include covenants to continue to operate the state lottery but may include covenants to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds.

**History:** 1995 c 264 art 6 s 2

### **16A.6701 DEPOSIT OF CERTAIN STATE LICENSE FEES, SERVICE FEES, AND CHARGES.**

**Subdivision 1. State license and service fees.** For purposes of section 16A.665, subdivision 3, and this section, the term "state license and service fees" means, and refers to, all license fees, service fees, and charges imposed by law and collected by any state officer, agency, or employee, which are listed below or which are defined as departmental earnings under section 16A.1285, subdivision 1, and the use of which is not otherwise restricted by law, and which are not required to be credited or transferred to a fund other than the general fund:

Minnesota Statutes 1994, sections 3.9221; 5.12; 5.14; 5.16; 5A.04; 6.58; 13.03, subdivision 10; 16A.155; 16A.48; 16A.54; 16A.72; 16B.59; 16B.70; 17A.04; 18.51, subdivision 2; 18.53; 18.54; 18C.551; 19.58; 19.64; 27.041, subdivision 2, clauses (d) and (e); 27.07, subdivision 5; 28A.08; 32.071; 32.075; 32.392; 35.71; 35.824; 35.95; 41C.12; 45.027, subdivisions 3 and 6; 46.041, subdivision 1; 46.131, subdivisions 2, 7, 8, 9, and 10; 47.101, subdivision 2; 47.54, subdivisions 1 and 4; 47.62, subdivision 4; 47.65; 48.475, subdivision 1; 48.61, subdivision 7; 48.93; 49.36, subdivision 1; 52.01; 52.203; 53.03, subdivisions 1, 5, and 6; 53.09, subdivision 1; 53A.03; 53A.05, subdivision 1; 53A.081, subdivision 3; 54.294, subdivision 1; 55.04, subdivision 2; 55.095; 56.02; 56.04; 56.10; 59A.03, subdivision 2; 59A.06, subdivision 3; 60A.14, subdivisions 1 and 2; 60A.23, subdivision 8; 60K.19, subdivision 5; 65B.48, subdivision 3; 70A.14, subdivision 4; 72B.04, subdivision 10; 79.251, subdivision 5; 80A.28, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, and 9; 80C.04, subdivision 1; 80C.07; 80C.08, subdivision 1; 80C.16, subdivisions 2 and 3; 80C.18, subdivision 2; 82.20, subdivision 8 and 9; 82A.04, subdivision 1; 82A.08, subdivision 2; 82A.16, subdivisions 2 and 6; 82B.09, subdivision 1; 83.23, subdivisions 2, 3, and 4; 83.25, subdivisions 1 and 2; 83.26, subdivision 2; 83.30, subdivision 2; 83.31, subdivision 2; 83.38, subdivision 2; 85.052; 85.053; 85.055; 88.79, subdivision 2; 89.035; 89.21; 115.073; 115.77, subdivisions 1 and 2; 116.41, subdivision 2; 116C.69; 116C.712; 116J.9673; 125.08; 136C.04, subdivision 9; 155A.045; 155A.16; 168.27, subdivision 11; 168.33, subdivisions 3 and 7; 168.54; 168.67; 168.705; 168A.152; 168A.29; 169.345; 171.06, subdivision 2a; 171.29, subdivision 2; 176.102; 176.1351; 176.181, subdivision 2a; 177.30; 181A.12; 183.545; 183.57; 184.28; 184.29; 184A.09; 201.091, subdivision 5; 204B.11; 207A.02; 214.06; 216C.261; 221.0355; 239.101; 240.06; 240.07; 240.08; 240.09; 240.10; 246.51; 270.69, subdivision 2; 270A.07; 272.484; 296.06; 296.12; 296.17; 297.04; 297.33; 299C.46; 299C.62; 299K.09; 299K.095;

299L.07; 299M.04; 300.49; 318.02; 323.44, subdivision 3; 325D.415; 326.22; 326.3331; 326.47; 326.50; 326.92, subdivisions 1 and 3; 327.33; 331A.02; 332.15, subdivisions 2 and 3; 332.17; 332.22, subdivision 1; 332.33, subdivisions 3 and 4; 332.54, subdivision 7; 333.055; 333.20; 333.23; 336.9—413; 336A.04; 336A.05; 336A.09; 345.35; 345.43, subdivision 1; 345.44; 345.55, subdivision 3; 347.33; 349.151; 349.161; 349.162; 349.163; 349.164; 349.165; 349.166; 349.167; 357.08; 359.01, subdivision 3; 360.018; 360.63; 386.68; and 414.01, subdivision 11; Minnesota Statutes 1994, chapters 154; 216B; 237; 302A; 303; 308A; 317A; 322A; and 322B; Laws 1990, chapter 593; Laws 1993, chapter 254, section 7; and Laws 1994, chapter 573, section 4; Minnesota Rules, parts 1800.0500; 1950.1070; 2100.9300; 7515.0210; and 9545.2000 to 9545.2040.

**Subd. 2. Fees credited to special revenue fund.** All state license and service fees must be credited to the special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

**Subd. 3. Applicability.** If any state license or service fee described in subdivision 1 is determined by the attorney general or a court of competent jurisdiction to be a tax, the provisions of subdivisions 1 and 2, no longer apply to it.

**History:** 1995 c 264 art 6 s 3

## 16A.672 BONDS AND CERTIFICATES OF INDEBTEDNESS.

*[For text of subs 1 to 11, see M.S.1994]*

**Subd. 12. Exchange listing.** The commissioner may provide for listing of any bonds or certificates of indebtedness on an exchange or similar arrangement to facilitate their sale and exchange in the secondary market.

**Subd. 13. Continuing disclosure agreements.** The commissioner and any other officer of a state department or state agency charged with the responsibility of issuing bonds for or on behalf of the state department or agency, may enter into written agreements or contracts relating to the continuing disclosure of information necessary to comply with, or facilitate the issuance of bonds in accordance with, federal securities laws, rules, and regulations, including securities and exchange commission rules and regulations, section 240.15c2-12. An agreement may be in the form of covenants with purchasers and holders of bonds set forth in the order or resolution authorizing the issuance of the bonds, or a separate document authorized by the order or resolution.

**History:** 1Sp1995 c 2 art 1 s 17,18

## 16A.695 PROPERTY PURCHASED WITH STATE BOND PROCEEDS.

**Subdivision 1. Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "State bond financed property" means property acquired or bettered in whole or in part with the proceeds of state general obligation bonds authorized to be issued under article XI, section 5, clause (a), of the Minnesota Constitution.

(c) "Public officer or agency" means a state officer or agency, the University of Minnesota, the Minnesota historical society, and any county, home rule charter or statutory city, school district, special purpose district, or other public entity, or any officer or employee thereof.

(d) "Fair market value" means, with respect to the sale of state bond financed property, the price that would be paid by a willing and qualified buyer to a willing and qualified seller as determined by an appraisal of the property, or the price bid by a purchaser under a public bid procedure after reasonable public notice.

(e) "Outstanding state bonds" means the dollar amount certified by the commissioner, upon the request of a public officer or agency, to be the principal amount of state bonds, in-



cluding any refunding bonds, issued with respect to the state bond financed property, less the principal amount of state bonds paid or defeased before the date of the request.

**Subd. 2. Leases and management contracts.** (a) A public officer or agency that is authorized by law to lease or enter into a management contract with respect to state bond financed property shall comply with this subdivision.

(b) The lease or management contract may be entered into for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the contracting public officer or agency, in accordance with orders of the commissioner intended to ensure the legality and tax-exempt status of bonds issued to finance the property, and with the approval of the commissioner. A lease or management contract, including any renewals that are solely at the option of the lessee, must be for a term substantially less than the useful life of the property, but may allow renewal beyond that term upon a determination by the lessor that the use continues to carry out the governmental program. A lease or management contract must be terminable by the contracting public officer or agency if the other contracting party defaults under the contract or if the governmental program is terminated or changed, and must provide for program oversight by the contracting public officer or agency. Money received by the public officer or agency under the lease or management contract that is not needed to pay and not authorized to be used to pay operating costs of the property, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to the property other than state bonds, must be:

(1) paid to the commissioner in the same proportion as the state bond financing is to the total public debt financing for the property, excluding debt issued by a unit of government for which it has no financial liability;

(2) deposited in the state bond fund; and

(3) used to pay or redeem or defease bonds issued to finance the property in accordance with the commissioner's order authorizing their issuance.

The money paid to the commissioner is appropriated for this purpose.

(c) With the approval of the commissioner, a lease or management contract between a city and a nonprofit corporation under section 471.191, subdivision 1, need not require the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to state bonds issued to acquire and better the facilities.

**Subd. 3. Sale of property.** A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner. If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner, deposited in the state bond fund, and used to pay or redeem or defease the outstanding state bonds in accordance with the commissioner's order authorizing their issuance, and the proceeds are appropriated for this purpose; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; and third, any excess over the amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose.

When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

**Subd. 3a. Involuntary sale of property.** Notwithstanding subdivision 3, this subdivision applies to the sale of state bond financed property by a lender that has provided money to acquire or better the property. Purchase by the lender in a foreclosure sale, acceptance of a

deed in lieu of foreclosure, or enforcement of a security interest in personal property, by the lender, is not a sale. Following purchase by the lender, the lender shall not operate the property in a manner inconsistent with the governmental program established as provided in subdivision 2, paragraph (b). The lender shall exercise its best efforts to sell the property to a third party as soon as feasible following acquisition of marketable title to the property by the lender. A sale by the lender must be made as authorized by law and must be made for fair market value.

*[For text of subd 4, see M.S.1994]*

**History:** *1Sp1995 c 2 art 1 s 19-22*

#### **16A.72 INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.**

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

- (1) federal aid;
- (2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;
- (3) income to the University of Minnesota;
- (4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;
- (5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;
- (6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;
- (7) money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;
- (8) as provided in sections 16B.57 and 85.22;
- (9) income to the Minnesota historical society;
- (10) the percent of income collected by a private collection agency and retained by the collection agency as its collection fee; or
- (11) as otherwise provided by law.

**History:** *1995 c 254 art 5 s 2*

#### **16A.724 HEALTH CARE ACCESS FUND.**

A health care access fund is created in the state treasury. The fund is a direct appropriated special revenue fund. The commissioner shall deposit to the credit of the fund money made available to the fund. Notwithstanding section 11A.20, after June 30, 1997, all investment income and all investment losses attributable to the investment of the health care access fund not currently needed shall be credited to the health care access fund.

**History:** *1995 c 234 art 9 s 1*