



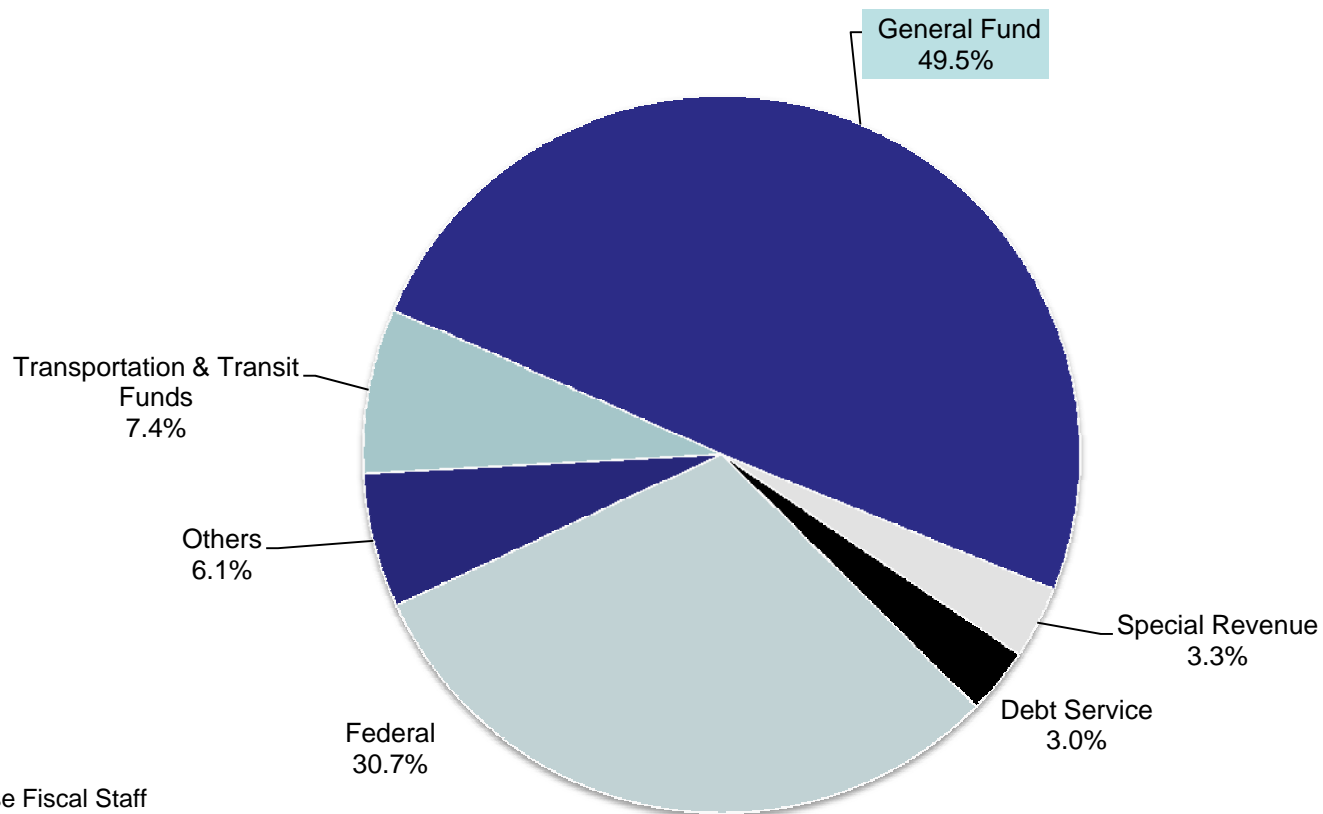
Minnesota Budget Overview

Minnesota House of Representatives
House Fiscal Staff

April, 2010



All State Spending By Fund, FY 2010-11 Biennium November Forecast 2009

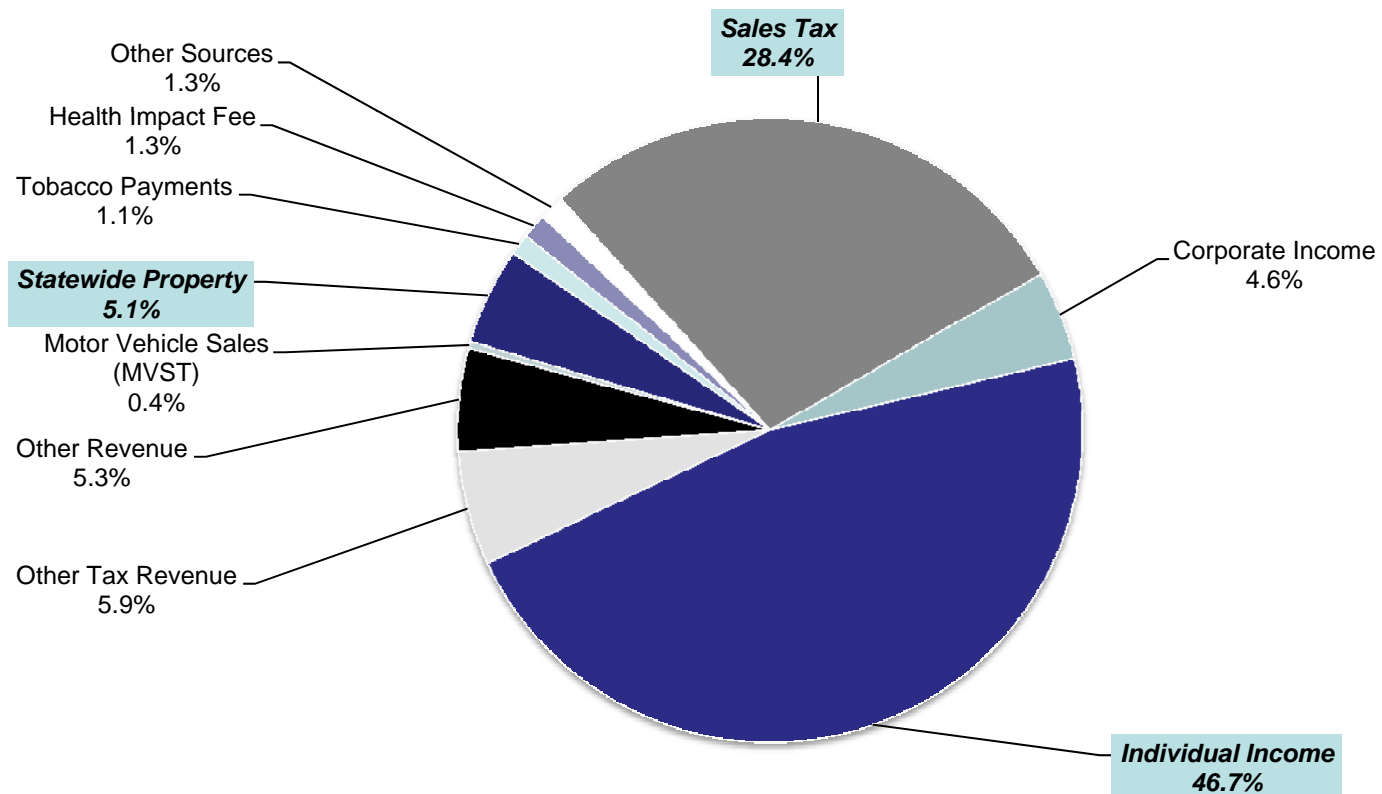


Source: House Fiscal Staff



Where General Fund Resources Come From FY 2010-11 General Fund Revenues = \$30.1 Billion

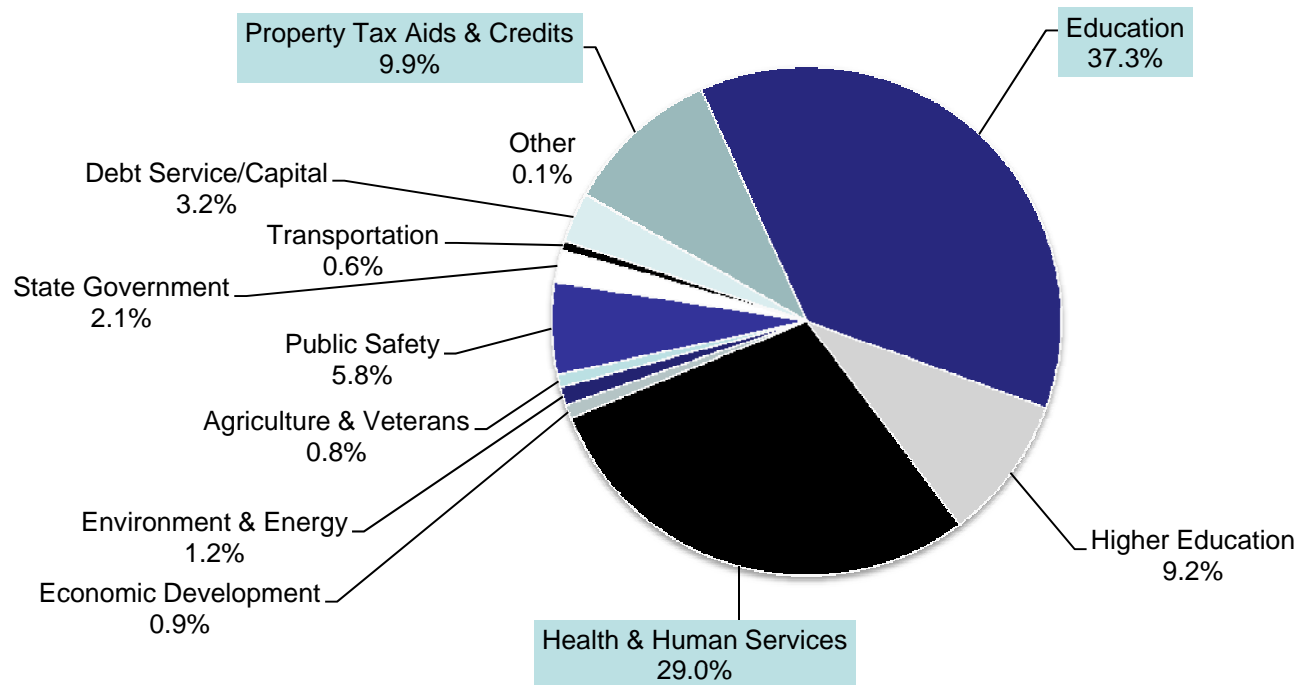
February 2010 Forecast



Source: House Fiscal Staff



Allocation of General Fund Resources FY 2010-11 By Program = \$31.1 Billion February 2010 Forecast

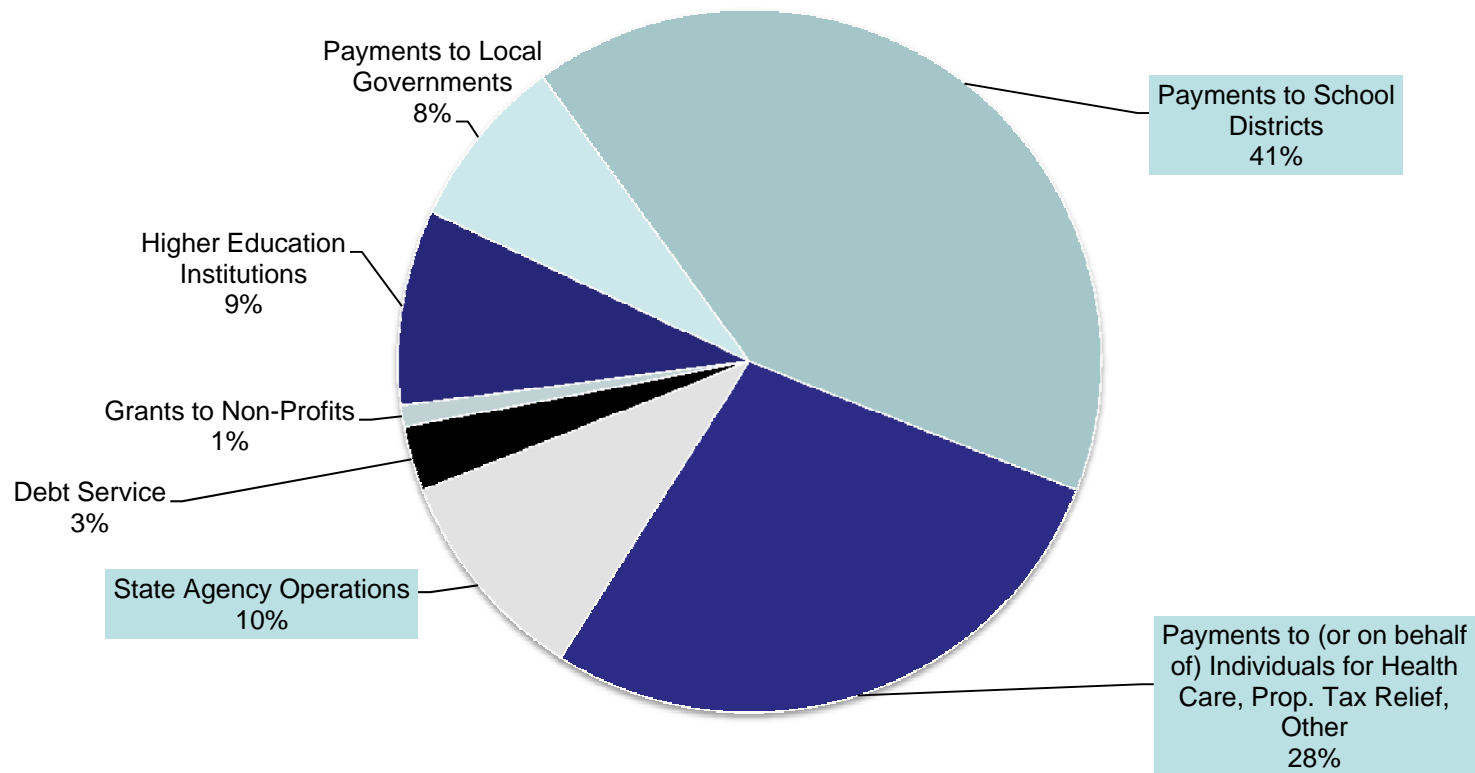


Budget Overview



General Fund Spending By Type of Payments Estimated FY 2010-11 / Feb. 2010 Forecast

Total = \$31.1 Billion



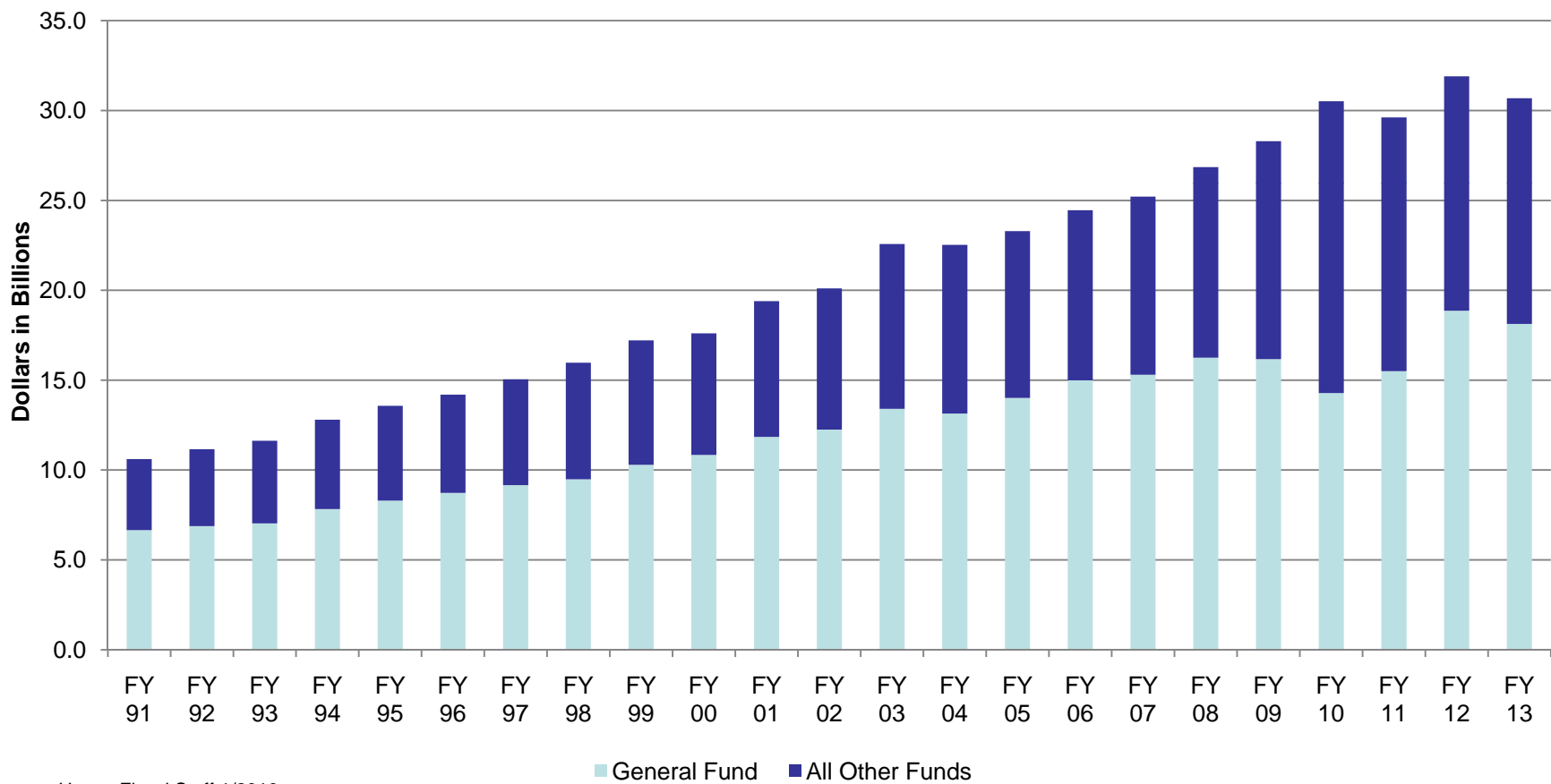
Budget Overview



Expenditures - All Funds

General Fund and Other Funds

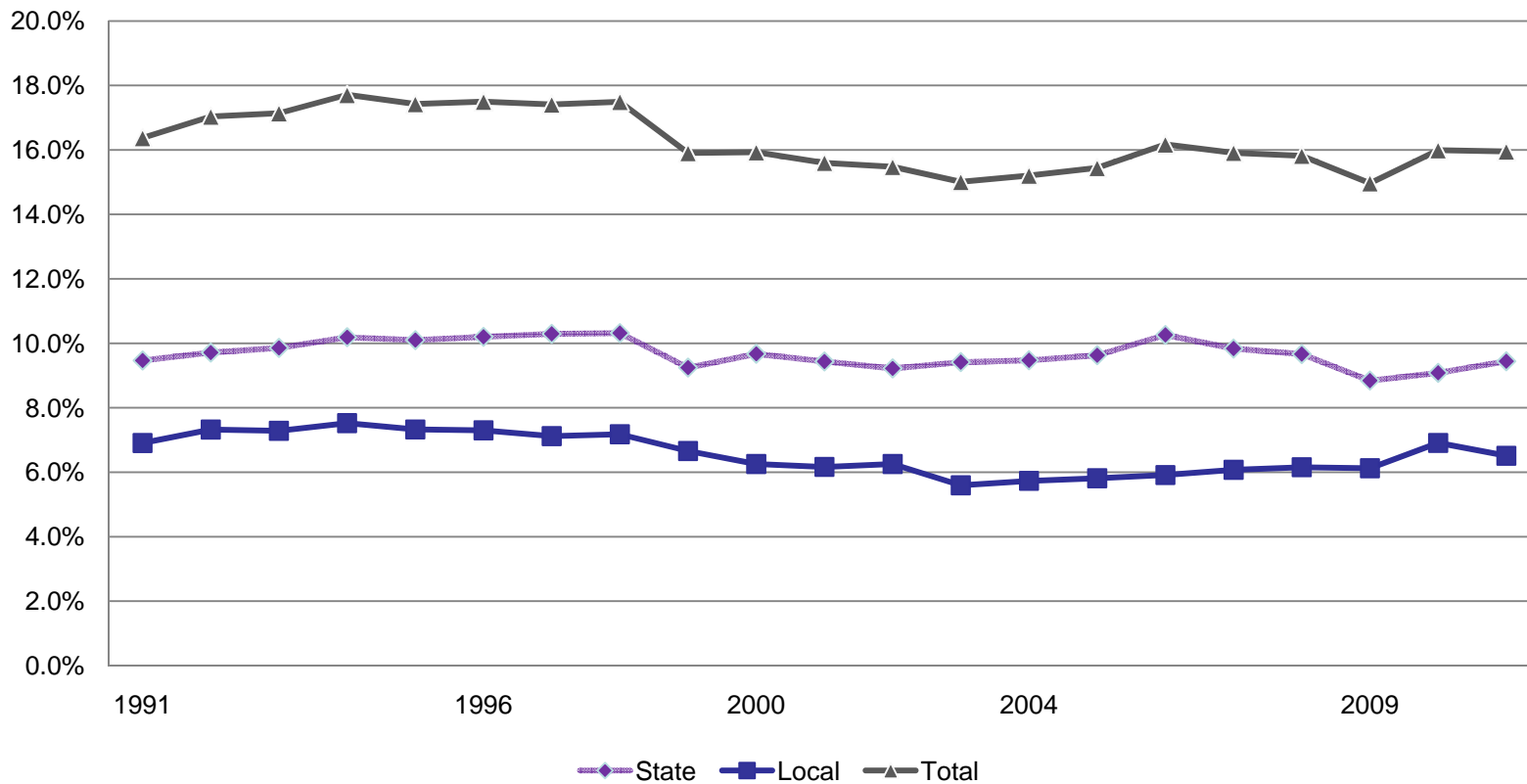
Nov. 2009 Forecast, Actual Dollars Not Adjusted for Inflation



Source: House Fiscal Staff 1/2010



Price of Government State & Local Revenue as Percent of Personal Income February 2010 Forecast Data

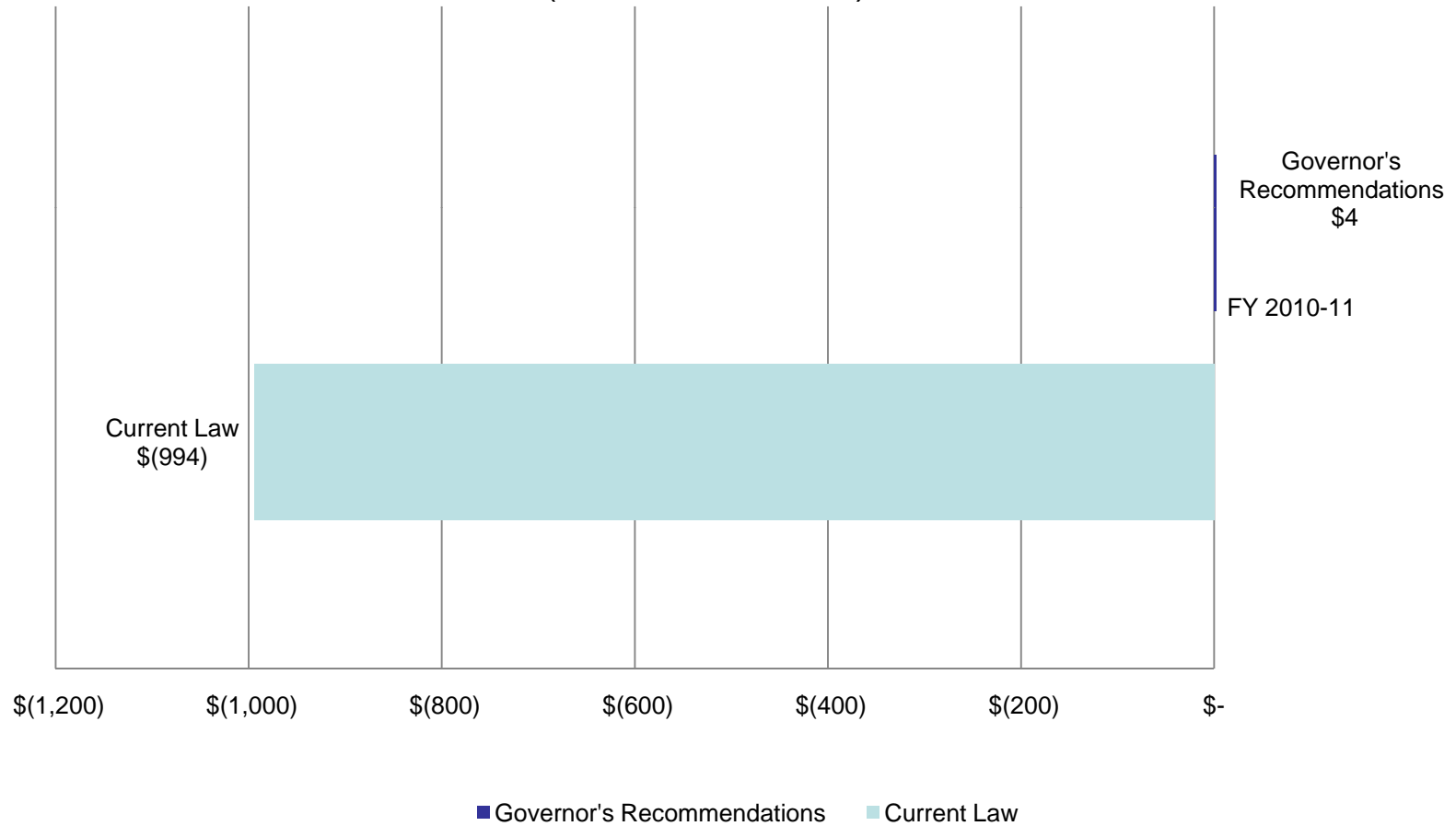


Source: House Fiscal Staff 3/2010

Current Budget Situation



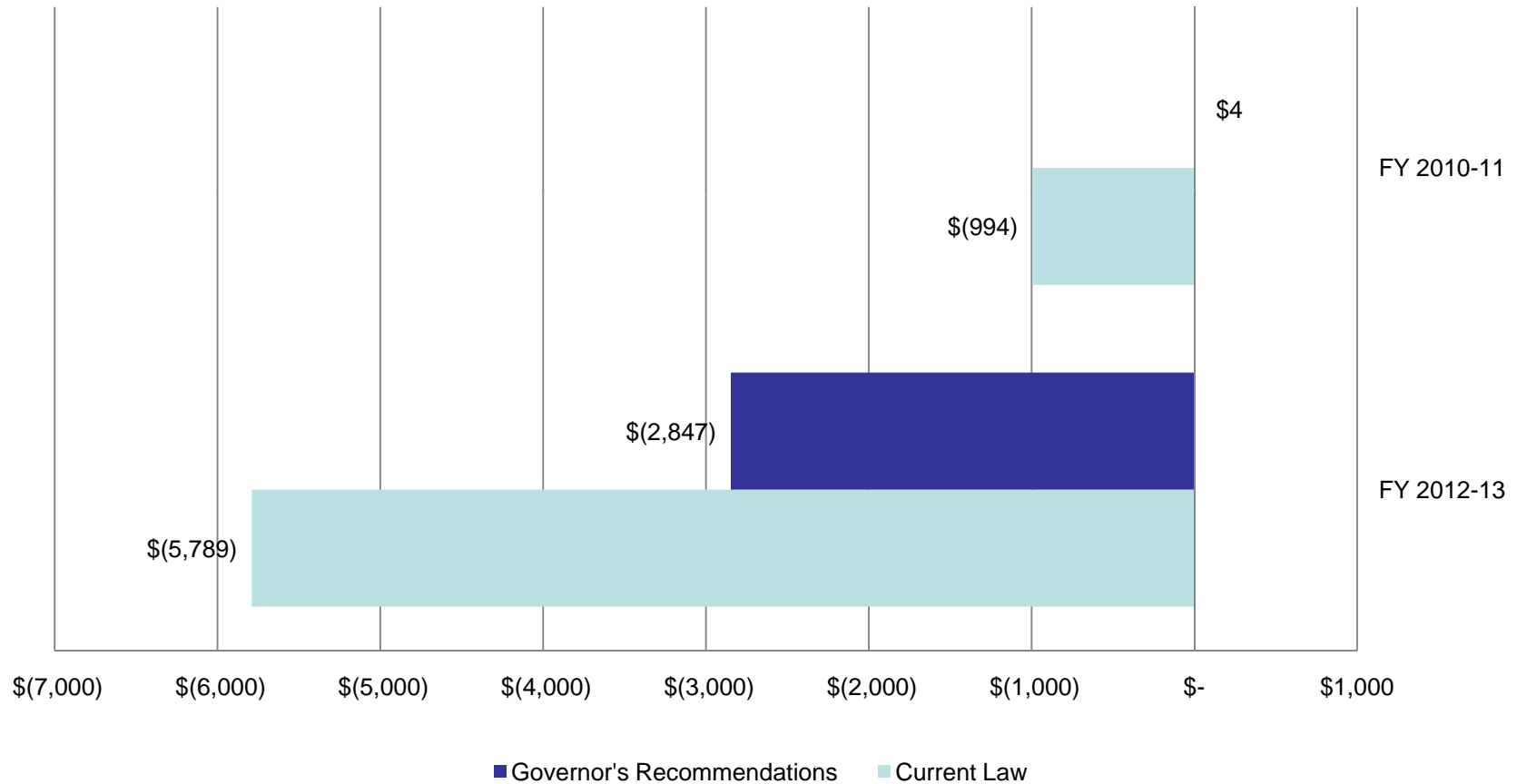
Projected Current Law Budget Balance for the Current Biennium: Current Law Compared Governor's Budget Balance with 2010 Supplemental Budget Reduction Recommendations (dollars in millions)



Current Budget Situation



Projected Biennial General Fund Budget Balances for Current and Upcoming Biennia: Current Law Compared to Governor's Balance with 2010 Supplemental Recommendations, February 2010 Forecast
(dollars in millions)





Possible Tax Revenue Options to Address Budget Deficit in State Fiscal Year 2011:

- Increasing Sales Tax Rate by 1% from 6.875% to 7.875% : **\$625.0 million**
 - Remove the Sales Tax Exemption on Clothing: **\$280.0 million**
 - Establish Video Lottery Terminals with a 28% In-Lieu Tax, Authorize Electronic Bingo, and Authorize Casinos at Airports: **\$280.3 million**
 - Create a fourth income tax tier at 9% for Married Joint Filers Earning \$250,000 in tax year 2010: **\$169.7 million**
 - Increasing Alcoholic Beverage Excise Taxes, 5 cent/drink: **\$ 113.0 million**
- Total: \$1.468 Billion**



- **Unallotment/Court Issues**

On 12/31/2009, District Court grants restraining order against Governor Pawlenty in unallotment lawsuit. The ruling reverses a cut to the Minnesota Supplemental Aid and Special Diet Program retroactively to November 1. This order did not affect the Governor's unallotment to other programs.

- **Governor signs HF 1671/Chapter 215 on April 1, 2010**

➤ *Reduces general fund spending by \$312 million in the FY 2010-11 biennium or eliminates about 31% of the deficit.*

➤ *Reduces general fund spending by \$413 million in the FY 2012-13 biennium or eliminates about 7% of the deficit.*



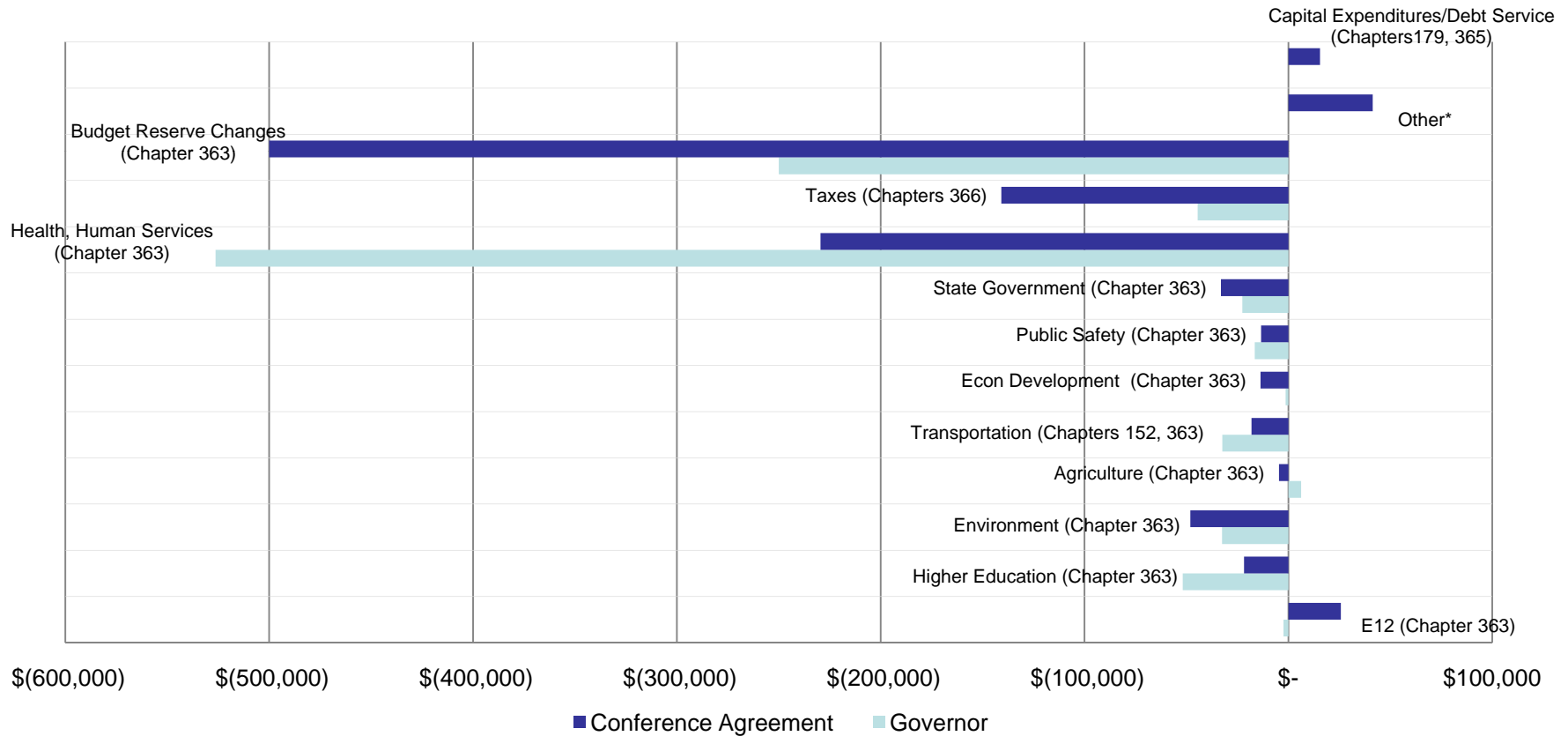
- **Cash Flow Issues Since January 1, 2010:**

- *Delay \$26.8 million in Sales Tax Capital Equipment & Corporate Franchise Taxpayer Refunds from January 1 to April 1*
- *Delay \$337 million in School District Payments (March/April Payment delayed till May 2010)*
- *Delay \$52 million in Higher Education Payments (March Payment delayed till May 2010)*
- *Inter-Fund Borrowing of \$1.050 million from other funds to the General Fund*
- *Preparation for Short-Term Borrowing*



FY 2008-09 Budget Solution for \$934.5 Million Deficit (2008 Session)

Dollars in Thousands



* Note: The other category includes Chapter 288 – Bridge Victims Compensation



Thank You!

Minnesota House of Representatives

<http://www.house.leg.state.mn.us/fiscal/fahome.htm>