

House Research Act Summary

CHAPTER: 215

SESSION: 2010 Regular Session

TOPIC: Budget Balancing

Date: June 15, 2010

Analyst: Various

(Article 1: Summary

Article 2: Higher Education – Kathy Novak

Article 3: Environment and Natural Resources – Janelle Taylor

Article 4: Energy – Tom Pender

Article 5: Agriculture – Colbey Sullivan

Article 6: Vete*)

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Overview

Chapter 215 makes changes to appropriations for fiscal year 2010 and 2011. It was signed into law April 1, 2010. See spreadsheets for detailed appropriations charges.

Article 1: Summary

Summarizes appropriations and reductions by article.

Article 2: Higher Education Appropriations

- 1 – 5** **Appropriations.** Provides general fund appropriations and reductions for the Minnesota Office of Higher Education (OHE), the Minnesota State Colleges and Universities (MnSCU) and the University of Minnesota (U of M). See spreadsheet. Supplemental appropriations and reductions are effective April 2, 2010.

- 6 Awards; state grants.** Reduces from nine to eight, the number of semesters that a student can attend to maintain eligibility for the state grant program. A similar change is made for other grant programs. Effective April 2, 2010. (The effective date was amended in chapter 361 to apply only to grants made on or after July 1, 2010.)
- 7 Terms and conditions of loans; SELF IV and V.** Modifies the grade-level loan limits for the existing SELF IV program to \$7,500 per grade level for undergraduates. Establishes a \$10,000 grade level limit for the SELF V program for all students in baccalaureate degree and graduate degree programs and \$7,500 per grade level for all other eligible students. The aggregate principal of all SELF loans to a student is limited to \$70,000. Loan amounts are limited to the cost of attendance minus financial aid, including other loans. Loans to graduate students are limited to \$10,000 per nine-month academic year and a cumulative total of \$70,000 of SELF debt. Other eligible students are limited to \$7,500 per grade for grade levels one through five.
- 8 Repayment of SELF loans.** Establishes repayment terms, based on the aggregate principal amount, of ten to 20 years from graduation or termination for students having SELF loans after SELF IV.
- 9 Revenue bond limit.** Increases the limit from \$950,000,000 to \$1,300,000 for revenue bonds issued to the Higher Education Facilities Authority to fund construction of facilities at private institutions. Effective April 2, 2010.
- 10 Private institution registration fees.** Changes fees for new schools. The fee for the first degree at a degree level, ranges from \$2,000 to \$3,500 depending on the type of degree offered (associate, baccalaureate, master's or doctorate). The fee for an additional degree at a level ranges from \$250 to \$1,000 per additional degree offering depending on the type of degree (associate, baccalaureate, master's or doctorate). Sets a \$1,200 annual renewal fee for all institutions.
- 11 Degree or nondegree program addition fee; private institutions.** Changes the fees for adding a program from \$500 to a fee schedule ranging from \$0 to \$2,000, depending on the type of program and whether or not it is part of an existing program.
- 12 Visit or consulting fee; private institutions.** Increases the fees for review visits or consults to \$400 from \$300 for a team base fee or paper review.
- 13 Issuance of bonds.** Increases by \$100 million the amount of revenue bonds that can be issued by MnSCU for the construction of revenue generating projects on MnSCU campuses.
- 14 Initial licensure fee; private career schools.** Changes the fee structure and increases certain fees for private career schools:
- Initial and renewal fees are increased and a \$750 fee is added for schools using “college” or similar terms in its name or licensed to participate in the SELF loan program;
 - Fees for review visits or consults are increased to \$400 from \$300 for a team base fee or paper review;
 - Multiple location fees are increased from \$50 to \$100 for each location for schools

with more than five locations;

- Fees for student transcripts from OHE from the records of a closed school are increased to \$15 from \$10 for a maximum of five transcripts per request;

The cost for copies of public office documents is set at 50 cents per page.

- 15 Achieve scholarship program.** Authorizes a transfer of money to the state grant program.
- 16 Technical and community college emergency grants.** Technical change to onetime appropriation.
- 17 Transfers.** Adds the get ready program to the list of programs that can transfer unencumbered balances to the state grant program. Limits the authority of OHE to transfer money in fiscal year 2010 and 2011 from the state grant program unless there is a projected surplus. Effective April 2, 2010.
- 18 Wildlife Rehabilitation Center.** Clarifies the requirement for the U of M to transfer money to the center by specifying the transfer amount must equal the center's loan balance on March 11, 2010. Effective April 2, 2010.
- 19 Office of Higher Education carryforward.** Provides temporary authority to carryforward child care grant work study funds to provide more aid in fiscal year 2011.
- 20 Achieve scholarship program fiscal year 2011 modifications.** Provides priority disbursements for scholarships as follows: (1) students with zero family responsibility; (2) maximum \$1,200 award; (3) students with completed applications by August 31, 2010; and (4) second round of awards if money available. Other requirements are the same as under current law.
- 21 Repealer.** Repeals SELF loan maximum (§ 136A.1701, subd. 5) and registration fees for private institutions (§ 136A.69, subd. 2 and 141.255, subd. 3).

Article 3: Environment and Natural Resources

- 1 Summary of appropriations.**
- 2 Appropriations.** States that appropriations and reductions are for fiscal years 2010 and 2011. Appropriations and reductions for fiscal year 2010 are effective April 2, 2010.
- 3 Pollution Control Agency.** Specifies reductions for the PCA, including reductions in the water, environmental assistance and cross-media, and administrative support areas.
- 4 Natural resources.** Specifies reductions and an appropriation for the DNR, including the lands and minerals, water resources, forestry, parks and trails, fish and wildlife, ecological services, enforcement, and operations support areas.
- 5 Board of Water and Soil Resources.** Specifies reductions for BWSR, including reductions in administration and grants.
- 6 Metropolitan Council.** Specifies reductions for Metropolitan Council parks and trails.

- 7 **Zoological Board.** Specifies reductions for the Zoological Board.
- 8 **Repealer.** Repeals the stream protection and improvement fund. (Minn. Stat. § 1036.705, subd. 2.)

Article 4: Energy

- 1 – 4 **Appropriations.** Appropriation adjustments for Department of Commerce and the Office of Energy Security. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010. See spreadsheet.
- 5 **Cancellations.** Cancels unexpended balances from the general fund and special revenue fund. See spreadsheet.
- 6 **Transfers.** Transfers specified amounts from various funds and accounts to the general fund. See spreadsheet.
- 7 **Transfer; assigned risk plan.** Requires transfer of \$14,000,000 from the worker's compensation assigned risk plan (§§ 79.251 to 79.253) to the general fund. This plan provides worker's compensation insurance to employers who are rejected for that coverage in the private sector insurance market. It is funded partly by an assessment of 1/4 of one percent on all worker's compensation premiums.
- 8 **Course approval.** Eliminates a commerce department provision allowing individuals licensed by the Department of Commerce to seek approval for continuing education credits when the course was not previously approved.
- 9 **Section 2021 exempt transactions.** Amends a commerce department law dealing with securities regulation to eliminate a current exemption from state securities registration or notice filing for federal covered securities regulated under section 18(b)(4)(D) of the federal Securities Act.
- 10 **Assessment.** Authorizes an assessment on mortgage and service licensing institutions if a law requiring their license and registration is enacted in the 2010 Legislative Session. This section expires December 1, 2010.

Article 5: Agriculture

Overview

Article 5 reduces General Fund appropriations to the Minnesota Department of Agriculture (MDA), Board of Animal Health (BAH), Agricultural Utilization Research Institute (AURI), and several grant recipients. Funds are also transferred from a dedicated fund to the General Fund.

- 1 – 2 **Appropriations.** Summary of appropriations and boilerplate appropriation language. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010.

- 3 Agriculture.** Reduces prior General Fund appropriations to the MDA.
- Subd. 1. Total Appropriation.** Eliminates a total of \$2.6 million in fiscal year 2010 and \$3.1 million in fiscal year 2011, as provided in the following subdivisions.
- Subd. 2. Protection services.** Reduces appropriations for dairy and food inspection and the food inspection laboratory.
- Subd. 3. Agricultural marketing and development.** Reduces appropriations for sustainable agriculture demonstration grants.
- Subd. 4. Bioenergy and value-added agriculture.** Provides onetime reductions to appropriations for payments to eligible ethanol producers.
- Subd. 5. Administration and financial assistance.** Reduces appropriations for the Dairy Development and Profitability Enhancement program, the Agricultural Growth, Research, and Innovation Program, and grants to several recipients. Provides for reductions due to efficiencies and cost-savings realized by the MDA.
- Subd. 6. Transfers in.** Transfers money in each of fiscal years 2010 and 2011 from the Agricultural Fund to the General Fund.
- 4 Board of Animal Health.** Reduces prior General Fund appropriations for BAH general operations.
- 5 Agricultural Utilization Research Institute.** Reduces prior General Fund appropriations to AURI.

Article 6: Veterans Affairs

Overview

Article 6 increases general fund appropriations to the Minnesota Department of Veterans Affairs (MDVA) by 0.2 percent (\$250,000) in fiscal year 2011. It also reallocates, from its existing agency appropriations and fund balances, specified amounts for certain startup expenses at the Fergus Falls and Minneapolis Veterans Homes, and for a small-grant program for honor guards presiding at the funerals of veterans.

- 1 – 2 Appropriations.** Summary of appropriations and boilerplate appropriation language. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010.
- 3 Veterans Affairs.** \$100,000 in FY2011 is for a grant to the Minnesota Assistance Council for Veterans (MACV) for services to veterans who are homeless or at risk of homelessness, and their families. (Onetime appropriation.)
- \$100,000 in FY2011 is a reallocation of departmental appropriations or funds carried forward for compensation for honor guards at the funerals of veterans.
- \$200,000 in FY2010 and \$200,000 in FY2011 is from the Support our Troops Account (from voluntary license plate fees) for an increase to the CORE grant program for veterans.

- 4 Veterans homes.** \$1 million in fiscal year 2011 is for operational expenses related to the 21-bed addition to the Fergus Falls Veterans Home. This amount is from funds carried forward from FY2009 and from appropriations to the department made in Laws 2009 for the current biennium.
- \$113,000 in FY2011, from the same funding sources, is for start-up expenses related to the opening of an adult daycare facility at the Minneapolis Veterans Home.
- 5 Report.** Directs the commissioner to report to the legislature by January 15, 2011, regarding any unexpended appropriations, revenues or other actual or projected carryover monies of the agency.
- 6 Support our troops account.** Expands authorized uses of monies in this account to include the provision of (essentially any) services and programs for veterans and their families. Effective April 2, 2010.
- 7 Veterans homes; redirection of existing appropriations.** Amends Laws of 2009 to strike from existing law certain appropriations language pertaining specifically to the provision of food, pharmaceuticals, fuel, and utilities for Minnesota veterans homes, thereby providing flexibility for reallocation of that funding for certain Veterans Home startup costs, as directed under this Article.

Article 7: Employment and Economic Development Appropriations

- 1 Summary of appropriations.** Summarizes direct appropriations.
- 2 Appropriations.** Specifies terms. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010.
- 3 Economic Development.** DEED appropriations; see spreadsheet.
- 4 Labor and Industry.** DOLI appropriations; see spreadsheet.
- 5 Bureau of mediation services.** See spreadsheet.
- 6 Accountancy.** See spreadsheet.
- 7 Architecture, engineering, land surveying, landscape architecture, geosciences, and interior design.** See spreadsheet.
- 8 Board of Cosmetologists.** See spreadsheet.
- 9 Board of Barber Examiners.** See spreadsheet.
- 10 Competitive sports.** See spreadsheet.
- 11 Housing Finance Agency.** Makes reductions in general fund appropriations to the Minnesota Housing Finance Agency. See spreadsheet.
- 12 Public Facilities Authority.** See spreadsheet.

- 13 **Explore Minnesota Tourism.** Specifies reductions for Explore Minnesota Tourism.
- 14 **Minnesota Historical Society.** Specifies reductions for education and outreach, and preservation and access.
- 15 **Board of the Arts.** Specifies reductions for operations and services, the grants program, and the Regional Arts Councils.
- 16 **Minnesota Humanities Center.**
- 17 **Public Broadcasting.** Specifies reductions for public television matching grants and equipment grants, the Twin Cities regional cable channel, public radio community service and equipment grants, and equipment grants to Minnesota Public Radio.
- 18 **21st Century Minerals Fund.** Expands authorized uses of money appropriated in 2009 from the Minnesota Minerals 21st Century Fund. Effective April 2, 2010.
- 19 **Adjustment.** Authorizes the use of certain dislocated workers funds to be used for serving workers from small layoffs. Effective April 2, 2010.
- 20 **Appropriations made only once.** Clarifies that any appropriation in article that is made more than once, is effective only once. Effective April 2, 2010.

Article 8: Miscellaneous Economic Development

- 1 **Expenditures.** Appropriates \$3.7 million a year for fiscal years 2010 and 2011 for contamination cleanup grants. Effective July 1, 2010.
- 2 **Grants.** Exempts for fiscal year 2011, the jobs skills partnership board from considering specified sources of funds in its allocations. Effective April 2, 2010.
- 3 **Officers.** Authorizes the Board of Barber Examiners to hire an executive secretary or enter into an interagency agreement to procure the services of an executive secretary and allows the position to be part time.
- 4 **Fees.** Increases barber related fees.
- 5 **Individual license.** Provides a definition within the cosmetology statutes.
- 6 **Training.** Requires customer service skills training for cosmetology board employees.
- 7 **Feedback.** Requires website access for customer feedback on the board of cosmetology. Effective April 2, 2010.
- 8 **Report.** Requires an annual report to the legislature on cosmetology board complaint resolution activity. Effective April 2, 2010.
- 9 **Fee increases.** Provides for cosmetology-related fee increases that are effective for two years.
- 10 **Permit surcharge.** Authorizes an increase in permit surcharges in the Dept. of Labor and

Industry.

- 11 Rulemaking.** Directs conforming changes to rules for the cosmetology board.
- 12 Film production jobs program.** Under current law the Film and TV Board may make reimbursements up to 20 percent of film production costs for costs in excess of \$5 million within a 12-month period. This section amends the law to provide reimbursement:
- (1) Up to 20 percent for films that local production outside the metropolitan area or that incur costs in excess of \$5 million in a 12-month period; or
- (2) Up to 15 percent for films that incur production costs of \$5 million or less in the metropolitan area in a 12-month period.

Article 9: Minerals

- 1 Investment of fund.** Increases the amount available from the interest and investment earnings on taconite funds for wage and small business subsidies. Effective April 2, 2010.
- 2 Early separation incentive.** Extends the early retirement incentive enacted in 2009 until December 31, 2012. Effective April 2, 2010.
- 3 2010 distributions.** Provides for distributions of taconite funds to cities and townships for public works projects. Effective for 2010 distributions which must be made in the August 2010 payment.

Article 10: Transportation

- 1 Summary of appropriations.** Summarizes the appropriations by fund.
- 2 Appropriations.** Establishes that appropriations and reductions are from the trunk highway fund, unless another is named, and that they modify the 2010-11 budget. Supplemental appropriations for fiscal year 2010 are effective April 2, 2010.
- 3 Department of Transportation.** Appropriates an additional \$115.3 million in fiscal year 2011 for the Minnesota Department of Transportation.
- Subd. 1. Total appropriation.** Summarizes the net appropriations and reductions.
- Subd. 2. Multimodal systems.** Reduces fiscal year 2011 general fund appropriations:
- by \$1.7 million for greater Minnesota transit; and
 - by \$50,000 for freight and commercial vehicle operations.
- Subd. 3. State Roads.** Appropriates \$112 million in fiscal year 2011 for trunk highway construction, which reflects an increase in the formula-based apportionment of federal aid to Minnesota. Appropriates \$5 million to a new account for federal emergency relief.

- 4 Metropolitan Council.** Reduces the fiscal year 2011 appropriation from the general fund by \$12.9 million for bus operations for the Metropolitan Council.
- 5 Trunk highway emergency relief account.** Establishes a new account for using emergency funds for trunk highway work, where the funds would be reimbursed by the federal government. Creates a standing appropriation of the money for emergency relief efforts, and requires transfer of any fund balance above \$10 million to the trunk highway fund. Requires a report on the account in 2012 and even numbered years after that.
- 6 Repealer.** Eliminates required registration with Minnesota Department of Transportation in order to transport certain hazardous materials and waste in interstate or intrastate transportation in Minnesota.

Article 11: Public Safety

Overview

This article contains appropriations and budget cuts for the following state government entities: Supreme Court, Court of Appeals, Trial Courts, Tax Court, Uniform Laws Commission, Board of Judicial Standards, Board of Public Defense, Department of Public Safety, Peace Officers Standards and Training Board, Department of Human Rights, Sentencing Guidelines Commission, Private Detective Board, and Department of Corrections. The article also makes various policy changes that affect public safety funding.

- 1 Summary of appropriations.** Summarizes direct appropriations by fund.
- 2 Appropriations.** Describes, in general terms, the appropriations contained in this bill. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010.
- 3 Supreme Court.**
- Subd. 1. Total appropriation.** Reduces the FY10 appropriation by \$479,000 and the FY11 appropriation by \$972,000.
- Subd. 2. Supreme Court Operations.** Reduces the FY10 appropriation by \$339,000 and the FY11 appropriation by \$688,000.
- Subd. 3. Civil Legal Services.** Reduces the FY10 appropriation by \$140,000 and the FY11 appropriation by \$284,000.
- 4 Court of Appeals.** Reduces the FY10 appropriation by \$107,000 and the FY11 appropriation by \$217,000.
- 5 Trial Courts.** Reduces the FY10 appropriation by \$2,732,000 and the FY11 appropriation by \$5,549,000.
- Requires that existing drug courts be maintained at their current levels.
- 6 Tax Court.** Reduces the FY10 appropriation by \$12,000 and the FY11 appropriation by \$25,000.

- 7 **Uniform Laws Commission.** Reduces the FY11 appropriation by \$2,000.
- 8 **Board of Judicial Standards.** Reduces the FY10 appropriation by \$10,000 and the FY11 appropriation by \$14,000.
- 9 **Board of Public Defense.** Reduces the FY10 appropriation by \$591,000 and the FY11 appropriation by \$1,302,000.
- 10 **Department of Public Safety.** Reduces appropriations for FY10 and FY11.
- Subd. 1. Total appropriation.** Reduces the FY10 appropriation by \$1,038,000 and increases the FY11 appropriation by \$1,517,000.
- Subd. 2. Emergency management.** Reduces the FY10 appropriation by \$29,000 and appropriates \$1,543,000 in FY11.
- Para. (a) State match.** Appropriates \$1,600,000 for FY11 to provide state match for federal disaster assistance.
- Para. (b) General reduction.** Reduces the FY10 appropriation by \$29,000 and the FY11 appropriation by \$57,000.
- Subd. 3. Criminal apprehension.** Reduces the FY10 appropriation by \$539,000 and the FY11 appropriation by \$1,075,000.
- Prohibits the commissioner from eliminating or leaving open forensic scientist positions in order to balance the budget.
- Subd. 4. Fire Marshal.** Appropriates \$2,000,000 from the Fire Safety Account to fund fire safety training. This is a onetime appropriation.
- Subd. 5. Gambling and alcohol enforcement.** Reduces the FY10 appropriation by \$25,000 and the FY11 appropriation by \$49,000.
- Subd. 6. Office of Justice Programs.** Reduces the FY10 appropriation by \$445,000 and the FY11 appropriation by \$902,000. Of the FY11 reduction, funding for the following programs must not be reduced by more than 1.5 percent: (1) battered women shelters, (2) general crime victims, (3) sexual assault victims, and (4) youth intervention programs.
- 11 **Private Detective Board.** Reduces the FY10 appropriation by \$2,000 and the FY11 appropriation by \$3,000.
- 12 **Department of Human Rights.** Reduces the FY10 appropriation by \$59,000 and the FY11 appropriation by \$103,000.
- 13 **Department of Corrections.**
- Subd. 1. Total appropriation.** Reduces the FY10 appropriation by \$3,002,000 and the FY11 appropriation by \$5,920,000.
- Subd. 2. Agency-wide reductions.** Reduces the FY10 appropriation by \$2,236,000 and the FY11 appropriation by \$4,388,000.

- Authorizes the commissioner to apply the reductions in this subdivision agency-wide.
- Prohibits the commissioner from eliminating correctional officers positions, offender reentry programs, and discharge planning for mentally ill offenders.

Subd. 3. Community services. Reduces the FY10 appropriation by \$766,000 and the FY11 appropriation by \$1,532,000.

- Directs the commissioner to fund the equivalent of 25 percent of state-funded Sentencing to Service programs.

Subd. 4. Transfers.

Para. (a) MINNCOR. Transfers \$574,000 in FY10 and \$1,170,000 in FY11 from MinnCor fund to the general fund.

Para. (b) Various special revenue accounts. Transfers \$201,000 in FY10 and \$402,000 in FY11 from the department's special revenue fund to the general fund. These are onetime transfers.

- 14 Sentencing guidelines.** Reduces the FY10 appropriation by \$11,000 and the FY11 appropriation by \$18,000.
- 15 Additional revenues; priorities.** Adds repayment of the transfers from the fire safety account as a sixth priority for a positive budget balance.
- 16 Fire safety account, annual transfers, allocation.** Transfers \$9,268,000 in FY10 and \$5,968,000 in FY11 from the fire safety account to the general fund.
- 17 Battered women program grants.** Directs DPS to include on grant applications a request for the agency's overall operating budget, including documentation on financial reserves and additional funding sources.
- 18 Police pursuit training.** Extends the renewal period for police pursuit training from three to four years. Effective April 2, 2010.
- 19 Sentencing to service.** Authorizes county boards to charge fees to sentencing to service participants as well as to entities that benefit from the sentencing to service crews' labor. Effective April 2, 2010.
- 20 Fire marshal.** Amends the 2009 public safety appropriation act to reflect additional transfers from the fire safety account to the general fund. Effective April 2, 2010.
- 21 Peace officer reimbursement grants.** Amends the 2009 public safety appropriation act to amend the amount allocated to peace officer training reimbursement grants. Effective April 2, 2010.
- 22 Correctional institutions.** Amends the 2009 public safety appropriation act to eliminate restrictions imposed on the commissioner's authority to implement budget cuts. Effective April 2, 2010.
- 23 Proposed sentencing guidelines' changes delayed.** Delays for one year proposed changes to the sentencing guidelines relating to the crimes of prostitution, sex trafficking, and riot.

Effective April 2, 2010.

Article 12: State Government

- 1 – 2 Appropriations.** States that the appropriations in this article are added to or subtracted from appropriations made in 2009 law. Supplemental appropriations and reductions for fiscal year 2010 are effective April 2, 2010.
- 3 Legislature.** Specifies cancellations to the general fund from carryforward accounts. Provides that revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house.
- 4 Governor and lieutenant governor.** Specifies onetime transfers from the interagency agreements account.
- 5 State Auditor.**
- 6 Attorney General.**
- 7 Secretary of State.**
- 8 Campaign Finance and Public Disclosure Board.**
- 9 Investment board.**
- 10 Office of Enterprise Technology.** Specifies that reductions are from the enterprise planning and management program.
- 11 Administrative Hearings.**
- 12 Administration.** Specifies that reductions are from the government and citizens services program. Provides transfers from special revenue funds.
- 13 Capitol Area Architectural and Planning Board.**
- 14 Management and Budget.** Specifies transfers from special revenue accounts to the general fund.
- 15 Revenue.** Includes an appropriation for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. Requires reports to the legislature on specified performance measures relating to this initiative.
- 16 Racing Commission.** Specifies transfer from special revenue fund.
- 17 Amateur Sports Commission.**
- 18 Council on Black Minnesotans.**
- 19 Council on Chicano/Latino Affairs.**
- 20 Council on Asian-Pacific Minnesotans.**
- 21 Indian Affairs Council.**

- 22 **General contingent accounts.** Specifies a reduction from the appropriation for potential state matching requirements under ARRA.
- 23 **Expenses of governor-elect.** Current law requires the commissioner of administration to request a transfer from the general contingent account of 1.5 percent of the annual amount appropriation for governor's office, to be used for expenses of a governor-elect. This section instead provides for a transfer of up to \$162,000 from the general contingent account to MMB. (Both current law and the proposed law required consultation with the Legislative Advisory Commission). Specifies expenses for which these funds may be used. Provides that no new obligations can be incurred under this section after inauguration of the new governor, and that remaining funds will be returned to the general fund.
- 24 **Technology lease-purchase appropriation.** Amends the law governing a lease-purchase agreement for replacement of the state's accounting and procurement software by striking the current appropriation amounts for fiscal years 2010 through 2019, and adding new (lower) appropriation amounts for each of these years. Provides that up to \$2,000 each year may be used to pay trustee fees for lease-purchase agreements in this section and the section governing the integrated tax system. Effective April 2, 2010.
- 25 **Powers and duties generally.** Amends the law governing the general powers of the commissioner of administration by adding a clause authorizing the commissioner to operate a state recycling center. Effective April 2, 2010.
- 26 **Purpose of funds.** Amends the law governing the general services revolving fund by adding a clause stating the money in the fund may used to operate a state recycling center. Effective April 2, 2010.
- 27 **Use of funds.** Strikes language referring to a state appropriation for the resource recovery program, and strikes language requiring that reimbursements to the commissioner of administration for expenses relating to the state resource recovery program must be deposited in the general fund. Adds language stating that revenues resulting from sale of recyclable and reusable commodities will be used by the service provider to offset the cost of recycling. Effective July 1, 2010.
- 28 **Technology lease-purchase appropriation.** Amends the law governing a lease-purchase agreement for the state's integrated tax system by striking the current appropriation amounts for fiscal years 2010 through 2019, and adding new (lower) appropriation amounts for each of these years. Effective April 2, 2010.
- 29 **Tax refund or return preparers.** Provides that tax return preparers who reasonably expect to prepare more than ten (instead of 100) individual income tax returns must file these returns by electronic means. Effective for tax returns filed after December 31, 2010.
- 30 **Account maintenance.** Provides that trust administrators for public OPEB trust account must report specified portfolio and performance information to the State Auditor by December 31, 2013 (instead of 2009). Effective retroactive from December 31, 2009.

- 31 Additional operating budget reductions.** Requires the commissioner of management and budget to allocate a reduction of \$2.63 million to the operating budgets of executive branch state agencies. Provides that to the extent possible, this reduction must be achieved through estimated savings in specified types of expenditures. Provides that if expenditure reductions are achieved in dedicated funds other than those established in the state constitution or protected by federal law, MMB may transfer the amount of the savings to the general fund. Provides that any amount of the reduction that cannot be achieved through savings in the expenditure types specified in this section must be allocated to executive agency state operating budgets by MMB. Requires that fiscal year 2011 reductions cancel to the general fund and that future reductions be reflected as reductions in agency base budgets for next biennium. Requires MMB to report to the legislature on the amount of reductions for each agency under this section. Effective retroactive from December 31, 2009.
- 32 HAVA.** Provides that if the secretary of state determines the state is eligible for additional HAVA payments, the secretary must certify the amount needed to meet federal matching requirements. The certification must specify the portion of the match that should be taken from an unencumbered general fund appropriation to the secretary of state not designated for another purpose. Requires MMB to transfer the specified amount to the HAVA account upon this certification, or as soon as an unencumbered general fund appropriation becomes available. This section expires June 30, 2011. Effective April 2, 2010.

Article 13: Property Tax Aids and Credits

Overview

This article provides for annual reductions in city, county, and town aids and credits of \$105 million/year beginning with Pay 2010. The pay 2010 reductions to cities and counties are a percentage of each jurisdiction's levy plus aid. Beginning in pay 2011, the annual appropriation for LGA is permanently reduced by \$31 million, the annual appropriation for county program aid is permanently reduced by \$43.8 million, and market value credit reimbursements to cities and towns are permanently reduced by an amount equal to Pay 2010 MV credit reimbursements in the January 2010 unallotments. Some other minor tax and aid provisions are also included

- 1 Extension of Green Acres withdrawal deadline.** Extends the deadline from May 1, 2010, to August 16, 2010, for taxpayers to withdraw non-productive agricultural lands from the Green Acres program without payment of back taxes. Effective for withdrawals after April 30, 2010.
- 2 Credit reductions.** Provides for a permanent annual reduction in each jurisdiction's market value credit reimbursements beginning in Pay 2011 equal to its total loss in market value credit reimbursements in Pay 2010 from the governor's January 2010 unallotment. This affects cities' and towns' reimbursements only and the total reduction in reimbursements is \$30.2 million annually. Effective for taxes payable beginning in 2011.
- 3 Special levies.** Expands the current special levy for aid and credit losses due to unallotment in the previous year, after levies are certified, to include losses due to legislative action as well. Makes a technical correction to a special levy for reductions in market value credit

reimbursements. Effective for taxes payable beginning in 2011.

- 4 **City aid base.** Makes an extra city base payment in Pay 2011 only, of \$106,964 to the city of Houston to compensate the city for their 2008, 2009, and 2010 unallotments. This city was the only city with a 2008 population less than 1,000 that lost aid during these unallotments. Cities with a 2007 population less than 1,000 were exempt from unallotment. The payment is made out of the existing city LGA appropriation.
- 5 **City aid distribution.** Defines 2010 “total aid,” which is used to calculate maximum and minimum aid amounts in the following year to be the 2010 certified aid amount minus any aid loss under section 5. Effective for aids payable beginning in calendar year 2011.
- 6 **Additional 2010 aid and credit reductions.** Provides for Pay 2010 aid and credit reductions to cities and counties. The city reductions are equal to 3.4287 percent of each city’s levy plus aid with a maximum loss of \$28 per capita. For counties it is 1.82767 percent of Pay 2010 levy plus aid. Cuts are first made from market value credit reimbursements, and then if necessary from city LGA and county program aid. Effective April 2, 2010.
- 7 **Cities.** Reduces the annual city LGA appropriation by \$31 million, from \$558 million to \$527 million beginning with Pay 2011. Effective for aids payable beginning in calendar year 2011.
- 8 **Counties.** Reduces the total county program aid appropriation by \$43.8 million, to \$197.7 million beginning with Pay 2011. The reduction is divided evenly between the two parts of county program aid – county need aid and county tax-base equalization aid. Effective for aids payable beginning in calendar year 2011.
- 9 **Study of aids to local governments.** Changes the date by which the study group must make recommendations to the legislature from December 15, 2010 to December 15, 2012. Effective April 2, 2010.
- 10 **Repealer.** Paragraph (a) repeals the pay 2011 increase in LGA and county program aid in current law. Paragraph (b) repeals the special timing account enacted in 2009 to recognize differences in state revenue gains and losses as a result of not conforming to federal income tax law with respect to bonus depreciation and section 179 expensing.