



Summary of the Fiscal Actions of the 2004 Legislature

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**Fiscal Analysis Department
Minnesota House of Representatives**

Overview

Little fiscal legislation was enacted in the 2004 legislative session. The February 2004 forecast projected a \$159.5 million shortfall for the biennium ending June 30, 2005 and an additional \$442.2 million shortfall for the FY 2006-07 biennium. Actions by the Legislature made no significant changes in these amounts.

Both the House and the Senate passed budget measures that would erase the \$159.5 million problem for the current biennium as well as other changes that allowed for funding additional priorities. However, the House and Senate were not able to resolve differences in these proposals and agree on a budget solution during the regular legislative session. The Governor has directed that certain actions be taken to ameliorate the FY 2004-05 budget problem. Those actions are summarized in a separate publication.

A number of relatively minor budget items affecting the general fund and other funds were enacted. These items are summarized committee issue area in the following pages. Several items not assigned to a specific finance committee are summarized below.

Chapter 271 (HF 2255/SF 2038) - Claims Bill

The claims bill appropriates \$107,000 from the general fund to cover a variety of claims against the state that were recommended for funding by the Joint House and Senate Subcommittee on Claims. \$68,000 is for claims related to Department of Corrections activities and \$39,000 is for claims related to Department of Natural Resource (DNR) activities. The Governor line-item vetoed a DNR related claim for \$27,000.

Chapter 284 (HF 2446/SF 2558) – Special Revenue Fund Accounts

The Commissioner of Finance is required to review all accounts in the special revenue fund (1,100 plus accounts) with a report to the Legislature on the need for the account and history of the account. The Commissioner is directed to eliminate accounts in special revenue funds that have had little activity in the past four years. The bill also requires a review of accounts and types of appropriations from accounts where revenue is generated by licensing fees.

Two appendices are attached to this report. The report called “*Fiscal Bills Passed in the 2004 Regular Session*” lists all bills that have fiscal impacts and shows the revenue and expenditure changes by fund in those bills.

The report called “*Changes in Revenue From Fees, Fines and Surcharges*” lists changes in revenue from those sources as a result of legislation passed in the 2004 Regular Session.

For more information, contact Bill Marx at 651-296-7176 or bill.marx@house.leg.state.mn.us

Education Finance

The 2004 Legislature passed two bills that have fiscal impacts on education finance programs.

Chapter 272 (HF 2867/SF 2732) - \$0 net general fund impact. Chapter 272 includes two types of education finance appropriations. The first are appropriations that put into law the forecast changes from the Department of Finance's February 2004 forecast. The changes in these appropriations (both positive and negative) have already been counted in the forecast, so there is no net general fund impact.

The second change is a technical adjustment to the appropriations for the Basic Library System Support and Regional Library Telecommunications Aid programs. The effect of the adjustment is a transfer of \$240,000 from Regional Library Telecommunications Aid to Basic Library System Support. The transfer will eliminate an unintentional cut to Basic Support that occurs with the existing language. Because the language also converts the Telecommunications Aid program to a partial payment program (80 percent of the current year entitlement paid in the current year, 20 percent in the subsequent year) the Telecommunications Aid entitlement is not reduced by this change.

A third item in this bill establishes a process for paying back two shifts of education appropriations if a state budget forecast projects a positive balance for the current biennium. If such a balance is projected, the balance must first be used to bring the cash flow account to \$350 million (it is currently at \$0) and then the budget reserve to \$653 million (it is currently at \$631.4 million). The new language adds two more items: 1.) Changing the education aids payment from 80 percent current year/20 percent next year to 90 percent current year/10 percent next year, and 2.) Eliminating the property tax recognition shift.

Chapter 286 (HF 2191/SF 2141) - \$0 net general fund impact. Chapter 286 includes the identical technical correction for the Basic Library System Support and Regional Library Telecommunications Aid programs that passed in Chapter 272.

For additional information on early childhood and K-12 education issues, contact Greg Crowe at 651-296-7165 or greg.crowe@house.mn

Higher Education Finance

No provisions with an impact on higher education finance were enacted.

For additional information on Higher Education Issues contact Doug Berg at 296-5346 or doug.berg@house.mn

Health and Human Services

Chapter 188 (SF 1946/HF 2035) - Pilot Project Involving Centers for Independent Living

This bill requires the commissioner of employment and economic development (DEED) to conduct an extended employment pilot project to benefit individuals with severe disabilities in Thief River Falls, Minnesota. For more fiscal detail, please see the analysis for the Jobs and Economic Development Committee.

Chapter 198 (SF 2080/HF 2127) - Outpatient Surgical Centers

This bill expands existing law to include outpatient surgical centers in the reporting of adverse events to the Minnesota Department of Health. Current law stipulates that FY 2005 funding for the adverse events reporting system shall come from non-state sources; this expansion of law to include outpatient surgical centers also requires non-state funding to pay for adverse events reporting. The fiscal impact of revenues and expenditures on the Special Revenue Fund is estimated to be \$38,256. This amount reflects the cost of a senior research specialist working half time for a period of one year.

The bill also reiterates the existing \$1,512 fee for an outpatient surgical center license, established in Minnesota Statutes 2003, Section 144.122. Thus, the fiscal impact of this fee provision is zero.

Chapter 231 (HF 2085/SF 1835) - Hospital Moratorium Exception

This bill requires hospitals or organizations seeking an exemption from hospital moratorium law to submit a plan to the commissioner of Health. The applicant is responsible for the cost of the plan's review, and the commissioner may require information from the applicant to perform the review. The fiscal impact of this provision, which assumes a project average in scope, is estimated to be \$38,255 per year. This amount reflects the cost of a senior research specialist working half time for a period of one year.

Chapter 270 (HF 2050/SF 1715) - Physician Application Fee

This bill requires graduates of medical schools located outside of the United States or Canada to use the Federation of State Medical Boards Credentials Verification Services to verify their core medical credentials. Anticipating a decrease in the amount of staff time currently attributable to obtaining primary source verifications, the bill allows the Board of Medical Practice to reduce the application fee for applicants that use FCVS. In addition, due to the need to adjust this fee (charging for only actual administrative costs), the bill moves the current \$200 application fee (established in rule) into statute and specifies that if FCVS is used, a lesser fee may be charged for processing the application. The net fiscal impact of this provision on the State Government Special Revenue fund is zero.

Chapter 279 (HF 2175/SF 2351)- Minnesota Department of Health (MDH) Licensing and Emergency Health Powers

The bill makes several changes to MDH requirements governing various public health occupations including physician assistants, acupuncture practitioners, nurses, licensed professional counselors, alcohol and drug counselors, dentists, dental hygienists, dental assistants, and podiatrists. It also

changes the timeline for Minnesota's emergency health powers act, requires gubernatorial confirmation for executive directors of health boards, and makes other changes to MDH law.

The bill contains two provisions that impact professional licensing fees. First, the bill enhances existing fee language for the Board of Behavioral Health and Therapy, including a \$250 initial license application fee for licensed professional counseling (LPC), a \$200 annual active license renewal fee for LPC, a \$100 annual inactive license renewal fee for LPC, a \$100 per month license renewal late fee, and certain other registration or duplication fees. Since the Board of Behavioral Health and Therapy is a consolidation of previously existing boards that imposed their own professional fees, these licensing fees are actually a realignment of existing fees now under the auspices of the Board of Behavioral Health and Therapy. When compared to current practice, there is no fiscal impact.

Second, the bill creates a penalty fee for an advanced practice registered nurse, a nurse midwife, a nurse practitioner or a registered nurse anesthetist who practices without current certification or waiver of certification. The penalty fee is \$200 for the first month of violation and \$100 for each subsequent month thereafter. The bill appropriates \$24,000 in fiscal year 2005 and \$4,000 in each year thereafter in the State Government Special Revenue fund for implementation of this provision.

The bill also provides a one-year extension of Minnesota's emergency health powers act, which was due to expire on August 1, 2004. Current law governing the state's emergency health powers is permissive, thus the extension of this provision to August 1, 2005, has no fiscal impact.

Chapter 288 (HF 2277/SF 2179) - Department of Human Services Licensing and Technical Corrections

The bill makes several changes to DHS licensing-related provisions including new licensing standards for residence-based adult day services, modifications to the background studies law, streamlining of due process rights of individuals and agencies, repeal of obsolete administrative rules and reinstatement of administrative rules inadvertently repealed in the 2003 session. The bill also modifies laws regulating child protection dispositions, mental health case management, child welfare targeted case management, child care, long-term care, health care and other technical corrections.

The issues having fiscal implications are noted below:

1) Forensic Patient Transition Savings Account

The bill directs the commissioner of human services to create a savings account for each patient receiving treatment in a secure treatment facility. The account is to be funded with a portion of the patient's share of the cost of care. The money is to be used for transition expenses including housing and other personal needs. This account will exist in State Operated Services (Fund 200).

2) Minnesota Sex Offender Program; Productive Day Program Account

The bill creates in the state treasury a productive day program account. Money collected by the commissioner of human services for this program must be deposited in this account. The commissioner has the authority to collect money resulting from the productive day program, and to retain 50 percent for administering the work program and for reducing state costs associated

with the Minnesota Sex Offender Program. The remaining 50 percent of the earnings are to be returned to the patient. This account will exist in State Operated Services (Fund 200).

3) At-Home Infant Care (AHIC) Child Care Subsidy

The bill re-establishes the At Home Infant Care childcare subsidy beginning July 1, 2004. The program is funded with a set-aside of up to three percent of the annual appropriation for the basic sliding fee (BSF) program. FY 2005 BSF appropriations (all sources) total \$69.1 million; three percent of this amount will provide up to \$2.1 million in set-aside funding. These moneys will pay for program subsidies and administrative costs.

4) Minnesota Veterans Homes Board- Wood Shop Profits

Current law requires profits derived from the operation of canteens and coffee shops at the Minnesota veterans homes be used to directly benefit the residents of the homes. The bill expands this provision to include wood shop profits (Fund 610, Miscellaneous Agency).

5) Designation Of Areas To Receive Metropolitan Rates

For the purpose of nursing facility rate determination, the bill specifies the designation for a facility located in a metropolitan area. While this provision impacts the distribution of funds within the allocation for nursing home rate reimbursements, it does not change the amount appropriated for this purpose.

6) Ovarian Cancer Surveillance Tests

The bill creates a mandate for insurance coverage for ovarian cancer testing for at-risk women. At one point in the deliberations, a fiscal note from HF 2685 identified a potential cost impact of \$5,000 in FY 2005 for women in the state's Medical Assistance program. Further examination of the language pertaining specifically to "at-risk" women revised this cost impact to "negligible."

7) Fetal Alcohol Spectrum Disorder Appropriation Transfer

The bill directs the commissioner of health to transfer a portion of the department's general fund appropriation for fetal alcohol spectrum disorder programming to a statewide organization that works exclusively toward the prevention of and intervention with fetal alcohol spectrum disorder. The dates for the transfers and the amounts of funding set-aside for this purpose is as follows: 1) on July 1, 2004, \$340,000; 2) on July 1, 2005, \$990,049; and (3) on July 1, 2006, and annually thereafter, \$1,190,000. These moneys are to be used for prevention and intervention services, including, but not limited to, community grants, professional education, public awareness, and diagnosis. In addition, the bill allows the organization to retain \$60,000 for administrative costs and requires the organization to report program results to the commissioner by January 15 of each year.

8) Transfer From The University Of Minnesota

The bill permits the Minnesota Department of Health, with the approval of the commissioners of human services, health, and finance, to transfer funds to the University of Minnesota twice in state fiscal year 2005. Current law allows for a single transfer to occur prior to June 30th. The value of this transfer is linked to securing federal matching funds that benefit the Medical

Education and Research Costs (MERC) program. This year, federal matching funds are anticipated to be available after June 30th, thus necessitating the need for a second transfer.

9) Hospital And Provider Revenue Tax

The bill modifies existing law that governs the two percent hospital and provider revenue tax, which is dedicated to the health care access fund. Session Laws 2003 expanded the tax to include public program revenue and also directed the Department of Human Services to increase payments to public providers in an amount equal to the tax. Unintentionally, the tax was also extended to certain county and school district services. This provision will avoid payment of taxes that were never intended to be imposed. The provision is budget neutral because it conforms to the February 2004 forecast, reflecting legislative intent from the 2003 session.

Chapter 236 (SF 2869/HF 2970) - Nuclear Regulatory Commission Agreement

The bill modifies a number of fees regulating the possession and distribution of radioactive and nuclear materials, including 60 annual licensing fees, 62 application fees and 1 reciprocity fee. Current law allows for application fees to be calculated at an amount that equals 80 percent of the annual licensing fee, to the nearest dollar. The bill states a specific amount for each fee.

The fiscal impact of this provision reduces revenues for the State Government Special Revenue fund by \$238,000 in FY 2004 and by \$40,000. However, due to an error that underestimated revenues for this program, the cost impact for each FY 2006 and FY 2007 is a revenue increase of \$106,000 per year.

Chapter 273 (HF 2642/SF 1846) - Healthy Marriage and Responsible Fatherhood Initiative

The bill creates the Healthy Marriage and Responsible Fatherhood Initiative to develop a pilot project that will seek to implement a comprehensive strategy for promoting marriage and responsible fatherhood among unmarried urban parents. The bill funds the initiative by a \$5 increase in the marriage license fee, contingent upon the receipt of federal funding. It then requires the first \$100,000 collected by this fee to be deposited to the general fund, and appropriates \$100,000 in FY 2005 for the program from the general fund. The target population is new parent couples with babies born in hospitals located in Minneapolis and St. Paul.

For additional information on Health and Human Service Finance issues, contact Kathy Schill at 296-5384 or katherine.schill@house.mn.

Judiciary Finance

The following includes legislation that was passed that deals with the criminal justice area.

Chapter 283 (HF97/SF58) This legislation lowers the blood alcohol concentration level for alcohol impairment offenses from .10 to .08 for hunting and operating a motor vehicle, recreational vehicle, or motorboat. The 0.08 DWI legislation was passed with an effective date of August 1, 2005. This major piece of legislation has no appropriations attached to it, but it will bring in revenue from fines, surcharges, reinstatement fees and federal funds. The following table shows the revenue that this legislation will generate.

DWI - 0.08 Fiscal Implications Revenue				
(dollars in 000's) start date of 8/1/05				
<u>Revenues</u>	<u>Fund</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06-07</u>
General Fund				
AG - Transfer from the THF	GF	42	46	88
Reinstatement Fee/Plate Impoundment	GF	718	781	1,499
Fines/Surcharge/CD Assessment Fee	GF	271	415	686
Total General Fund:	GF	1,031	1,242	2,273
Trunk Highway Funds				
Sanctions	THF	41,840	28,390	70,230
DL Fees/20% of Reinstatement Fee	THF	88	96	184
Total Trunk Highway Funds:		41,928	28,486	70,414
Federal Funds				
Sanctions - to be used for county & city projects	FED	17,930	12,170	30,100
Highway Users Tax Distribution Fund				
Plate Impoundment/Reinstatement Fee	HUTD	18	19	37
Special Revenue Fund				
Reinstatement Fee/Vehicle forfeiture	SR	42	45	87
Traumatic Brain Injury (TBI) (\$50 of surcharge)	SR	64	70	134
Total Special Revenue:		106	115	221
Water Recreation Account				
Fines	NR	1	2	3
Snowmobile Account				
Fines	NR	2	3	5
Game & Fish Fund				
Fines	G&F	1	1	2
Total All Revenues		61,017	42,038	103,055

Chapter 278 (SF1790/HF1717) A one-dollar increase in the fine surcharge was added for the

second judicial district (Ramsey County) to fund diversion programs. This increase in the surcharge is expected to bring in \$109,000 the first year and \$124,000 in the following years. The bill does not appropriate this revenue.

Chapter 282 (HF622/SF653) The Department of Public Safety was given the authority to spend the \$3.475 million from the special revenue account for the 911 emergency telecommunication service. This is for fiscal year 2004 only. This amount has been previously received from the 911 fees.

Chapter 245 (SF1904/HF2078) Misdemeanor penalties were increased for certain transit areas. This will result in an increase in fines and surcharges. This will result in an increase of \$30,000 a year to the special revenue fund, one thousand a year to the game and fish fund, and \$209,000 a year to the general fund.

Chapter 237 (HF2816/SF2696) Provides for a license fee increase and a beer production increase for small brewers. This will result in an increase to the general fund of one thousand dollars a year.

For additional information on Judiciary Finance issues, contact Gary Karger at 651-296-4181 or gary.karger@house.mn

Environment and Natural Resources

Although the 2004 legislative session ended without passage of an omnibus environment finance bill, there were bills successfully enacted containing provisions that have fiscal effects for the environment and natural resources area of the state budget. Those 2004 session chapters that contain fiscal effects are summarized below.

Chapter 215 (HF2368/SF2203) Omnibus game and fish bill.

This chapter contains numerous modifications of game and fish provisions in statute. The bill adds the mourning dove to the list of game birds that may be hunted, modifies fish house provisions, requires public education efforts on lead tackle be undertaken and make amendments to other game and fish laws. Fiscal actions in the chapter include the modifications to the live bait retailers license and creates a new license for nonresident trapping. The bill expands the age of eligibility for the reduced cost youth deer hunt license from the current age of 16 to 18. This modification is estimated to result in a loss of revenue to the Game and Fish fund of \$250,000 in FY 2005. The chapter requires the submittal of several reports to the legislature; on the effects of the morning dove hunt, the hazards of home manufacture of fishing tackle, and the improvement of roadside wildlife habitat.

Chapter 221 (SF2472/HF2433) Granting authorities to the commissioner (DNR), authorizing fees.

The provisions of this chapter modify the commissioner's authority related to administration of grants, the designation of lands as scientific and natural areas, the establishment of certain fees, and the issuing of safety certificates. Provisions of the chapter with fiscal effects include the setting of fee schedules for the issuing of duplicate safety certificates, provisions allowing by written order for the commissioner to adjust the schedule of charges for facilities operated within state parks, and provisions on the setting of the fee schedule of state forest campgrounds.

Chapter 241 (HF2383/SF2583) Creating a forest management investment account.

Chapter 241 was a governor's initiative that implements provisions of the Advisory Task Force on the Competitiveness of Minnesota's Primary Forest Products Industry. Provisions of the legislation modifies the requirements related to sale of large amounts of timber, creates a separate account for the deposit of timber sales receipts, and allows for the cooperate effort of the University of Minnesota along with the department and other government agencies to lead the best management practices information activities. Specific fiscal provisions of the bill include the creation of a new forest management investment account in the natural resources fund. \$6,215,000 is appropriated from the fund to the commissioner in FY 2005. \$600,000 is transferred into the new account from the forest nursery account. This transferred funding is to be repaid to the forest nursery account no later than June 30, 2012. There is an offsetting reduction of \$5,615,000 in the FY 2005 general fund appropriation to the commissioner for forestry uses.

Chapter 248 (HF2040/SF2090) Wastewater treatment technology certification program.

Chapter 248 modifies provisions of law related to warrantied sewage treatment system, creates a certification program for new technologies, establishes fees and appropriates funds to the Pollution Control Agency. The bill requires that manufacturer of alternative septic system technology

reimburse the PCA for staff services in a amount not to exceed \$4000 per review and appropriates the funds collected to the agency for use on the reviews.

Chapter 255 (HF2212/SF2216) Modifying natural resources provisions.

Chapter 255 is the Natural Resources technical modifications bill. It contains provisions modifying statutes related to electronic licensing, wild rice harvesting, snowmobile training and operations, and certain fees and licensing authorities. Provisions with fiscal effects were the those that allowed the commissioner to collect issuing fees on certain electronic licenses, modifications to cross country ski pass fees, changes to the minnow dealers fees schedule, and extension of the availability of certain appropriations to previously funded LCMR recommended projects.

Chapter 262 (HF2334/SF2204) State lands bill.

This chapter is the annual bill related to sale of certain restricted state lands. It contains numerous provisions modifying the boundaries of state parks and other units of DNR owned lands. It also allows for sale of specified lands of the state that require legislative approval. Many of these provisions may potentially have fiscal effects, but most are in the future and are dependant upon additional specific appropriation by the legislature of funds for those purposes. The bill also contains a section allowing for a time extension to use a previous appropriation of local grant initiative funds for the Lake Links Trail.

Chapter 169 (SF2299/HF2365) Above ground petroleum storage tanks.

Chapter 169 modifies statutes related to petroleum storage tanks. Modifications that have fiscal affect were the increases made to the penalties for violation of the regulations established in the statutes. Penalty for violation of the rules related to upgrading of existing systems were increased to \$500 and the penalty for violation of the rules related to operation of storage tank systems increased to \$200.

For additional information on environment finance issues, contact Jim Reinholdz at 651-296-4281 or Jim.Reinholdz@house.mn.

Agriculture

The 2004 session ended without passage of an omnibus Agriculture finance bill. Although there was not an omnibus finance bill, there were provisions with fiscal effects in bills that were enacted into law. The fiscal effects of those actions are summarized below.

Chapter 254 (SF2428/HF2461) Omnibus agriculture policy bill.

The omnibus agriculture policy bill did not contain any direct appropriations but it does contain the following provisions that have fiscal effects on agricultural and rural development issues.

- The bill establishes a dairy modernization program through which the Department of Agriculture and the Department of Employment and Economic Development will work together to expand current development programs to include eligibility for loans for the acquisition, construction, or improvement of dairy producer facilities or operations.
- The statutory requirement for the Department of Agriculture (MDA) to implement a private manure applicator certification program (M.S. 18C.433) beginning January 1, 2005 was modified to exclude the requirement of an applicator license on certain feedlots. This change significantly reduced the previously unfunded costs that the MDA was anticipated to incur in implementing the program.

For additional information on environment, natural resources or agriculture finance issues, contact Jim Reinholdz at 651-296-4281 or Jim.Reinholdz@house.mn

Jobs & Economic Development

The 2004 Legislature passed three bills that have a fiscal impact on the agencies under the jurisdiction of the Jobs & Economic Development Finance Committee. The bills are summarized below.

Chapter 188 (SF1946/HF2035, as amended) - \$4.876 in additional Federal funds are potentially available in FY 2005 and beyond under this bill. The money comes from leveraging additional federal dollars. The federal government matches every \$1 in state vocational rehabilitation funding with \$3.68. The proposal would transfer \$1.35 million from the Centers for Independent Living (CILS) General Fund appropriations to the Vocational Rehabilitation (VR) program. VR would use Social Security Administration funding to immediately repay the \$1.35 million. The bottom line would be \$1.35 million in additional state VR dollars that could be used to match up to \$4.876 million. The CILS would receive 50% of the additional federal match. The best-case scenario would be an additional \$2.438 million per year. The remaining 50% would go to the State Vocational Rehabilitation (VR) program.

Chapter 189 (SF2453/HF2098, as amended) - \$650,000 in special revenue funds are appropriated in FY 2005 and beyond to the commissioner of commerce to pay for the cost of petroleum product quality inspection expenses, and for the inspection and testing of petroleum product measuring equipment. To pay for this appropriation, the petroleum inspection fee is increased by 15 cents per 1,000 gallons.

Chapter 269 (HF2640/SF2607, as amended) – This bill has three major fiscal items:

- **Division of Insurance Fraud Prevention – \$1.5 million in special revenue funds** are appropriated in FY 2005 and beyond to the commission of commerce to fund the Division of Insurance Fraud Prevention. The division was originally created by the 2002 Legislature but has not been funded until now. To pay for the division's annual appropriation insurance companies are required to pay a yearly assessment based on each insurer's total assets and written Minnesota premium for the preceding fiscal year.
- **Auto Theft Prevention Program Transfer** – the auto theft prevention program is transferred from the Department of Public Safety to the Department of Commerce. The transfer is effective July 1, 2004. **The program's \$1.86 million annual budget is also transferred.**
- **Barbers and Cosmetologists Merger** – effective July 1, 2004, the licensing and regulatory functions for barbers and cosmetologists are merged under the Board of Barber and Cosmetologist Examiners. To fund the merged board, **fees are increased for Barbers by \$44,000 annually and for Cosmetologists by \$528,000 annually.** Additionally, the Department of Commerce, which currently licenses and regulates cosmetologists, will transfer the cosmetologists' current budget to the merged Board over a four-year transition period.

For additional information on Jobs & Economic Development committee issues, contact Ron Soderberg at 296-4162, or ron.soderberg@house.mn

State Government

The 2004 Legislature passed nine bills that have a fiscal impact on the agencies under the jurisdiction of the State Government Committee. The bills are summarized below.

Secretary of State's Office

Chapter 191 (SF 2437/HF 2442) - Farm Produce Liens.

This Chapter makes numerous changes to the central notification system operated by the secretary of state. The central notification system provides a way for lenders to be assured of payment when pledged farm products are sold to commodity buyers. After June 30, 2005, the fee for paper filings increases to \$20 (from \$15) to provide an incentive to file online. Chapter 191 also imposes a **temporary surcharge of \$10** for each effective financing statement and lien notice filed between July 1, 2004, and June 30, 2005. The estimated amount of revenues from this surcharge, \$62,000, is appropriated to the Secretary of State for purposes of implementing the revised electronic registration system.

Chapter 199 (SF 1803/HF 1824) - Uniform Limited Partnerships

Chapter 199 provides for the adoption of the Uniform Limited Partnership Act of 2001, a product of the National Conference of Commissioners on Uniform State Laws. Several sections of this chapter provide for new filings with the Office of the Secretary of State. For FY 2005 only, the fee for all certificates of limited partnership is increased to \$200 (from \$100) and the fee for amendments is increased to \$100 (from \$50), producing \$75,000 in one-time additional general fund revenues. This amount is appropriated to the Secretary of State to cover system programming costs.

Chapter 251 (SF 1836/HF 1798) – Secretary of State Filing Procedures

This bill makes several changes to laws relating to the business services functions of the office of the secretary of state, including changes to the annual registration procedures and notification requirements. The bill also transfers the registration functions of notaries public from the department of commerce to the secretary of state. Fee changes include a \$5 reduction (from \$20 to \$15) in the filing fee for Uniform Commercial Code filings. This change is expected to result in a small revenue **gain** for the state by encouraging more online filings, because revenues from paper filings remain with the counties, but fees from online filings go to the state general fund.

Chapter 293 (HF 1006/SF 986) – Help America Vote Act (HAVA)

Chapter 293 provides for conformity with the federal Help America Vote Act. These changes are necessary for the state to access approximately \$38 million in federal funds. However, the final language did not include an appropriation of these federal dollars, so additional legislation must be passed to allow the state to expend the funds.

Pension Bills

Chapter 223 (SF 806/HF 890 as amended) – Pension Plans Actuarial Changes:

Chapter 223 shifts the responsibilities for contracting for actuarial valuations of the state pension plans from the Legislative Commission on Pensions and Retirement (LCPR) to the major public

pension systems. The LCPR budget retained \$10,000 for special projects.

Chapter 267 (SF 676/HF 1086) – Pension Omnibus Bill

The 2004 omnibus pension bill has no direct state fiscal impact. Provisions dealing with the Minneapolis Teacher’s Pension Plan and an appropriation for a study of volunteer firefighters plans were removed by a House floor amendment.

Other Bills

Chapter 219 (SF 1080/HF 1141) – National Guard Tuition Reimbursement

This bill increases the maximum tuition reimbursement level for National Guard members enrolled in postsecondary education. The rate was increased from 80 to 100 percent of the cost of tuition for lower division programs in the College of Liberal Arts at the Twin Cities campus of the University of Minnesota in the most recent academic year. No additional funding was appropriated for this increase in the reimbursement level. The Department of Military Affairs has estimated that it will cost an additional \$3.4 million each year to fully fund this program to the 100 percent reimbursement level. The adjutant general does have authority to manage the program by adjusting reimbursement levels to fit within the existing funding levels of \$4.9 million each year.

Chapter 233 (SF 2181/HF 2199) – Lottery Oversight Changes

In response to the Office of the Legislative Auditor’s report on the State Lottery issued in February of 2004 (<http://www.auditor.leg.state.mn.us/ped/pedrep/0401all.pdf>), the Legislature enacted several changes to the operations and management of the lottery. Included were two provisions with an impact on the lottery’s budget.

1. The lottery director, acting through the governor, must now submit a budget to the legislature for approval. The lottery director is also required to appear before the legislature to explain the lottery's plans for future games and related advertising and promotions.
2. The operating budget limits previously set for the FY 2004-05 biennium were amended. In addition, the term "operating expenses" was redefined to exclude expenses that are a direct function of lottery sales.

Under previous law, the Lottery was considered “off-budget” because it is funded through lottery proceeds, and has not receive an appropriation for its operating budget. Instead, state statute limited the overall operating budget of the Lottery to no more than 15 percent of gross revenues. The 2003 Legislature, however, restricted the Lottery’s FY 2004-05 operational budget to a specific funding level. This cap is expected to provide additional biennial revenues of \$2.76 million for the general fund, and \$1.75 million for the environment and natural resources fund.

Chapter 238(SF 2241/HF 2340) – Technology Enterprise Fund

Chapter 238 directs the commissioner of finance to transfer the outstanding balance (\$123,000) from the expired technology enterprise fund (TEF) to the general fund. The chapter also appropriates \$117,000 in FY 2004 to the commissioner of administration to complete two small agency infrastructure and electronic government services projects originally funded through the technology enterprise fund, and underway but not completed when the TEF was repealed. These two projects

are the Board of Nursing's Electronic Government Services project, and the Land Management Information Center's GeoIntegrator project.

Chapter 277 (SF 1907/HF 2058) – Fair Campaign Practices Violations

Chapter 277 repeals the mandate that county attorney investigate violations of local election campaign finance reporting and fair campaign practices. In its place, the act creates an administrative remedy within the Office of Administrative Hearings (OAH) for violations of fair campaign practices in state and local elections. The costs for the OAH hearings are funded through a \$65,000 offset to the \$1.5 million statutory appropriation to the general account of the state elections campaign fund. The public subsidy program is partially funded through this appropriation, so this provision will slightly decrease the amount available for the subsidies.

Note: The enacted language of Chapter 277 was changed substantially from the language passed by the House in the omnibus state government finance bill. The House language had transferred these functions to the Campaign Finance Board, and funded the Board's new duties largely through increased filing fees for state and local candidates.

For additional information on state government finance issues, contact Helen Roberts at 651-296-4117 or helen.roberts@house.mn

Transportation

Chapter 295 (SF 2263/HF 2479) Various Transportation Provisions

Chapter 295 contains a few minor provisions that have a fiscal impact in the area of transportation.

- A change in law increasing weight limits for timber haulers carries a fee of \$300 annually and raises \$480,000 per year. The fees are divided between the Department of Transportation (MN/DOT) and local units of government. MN/DOT will receive \$50,000 annually and local units will receive \$430,000 for increased bridge inspections and changes in signage.
- A provision allowing MN/DOT to enter into lease agreements with private entities for advertising, operation, and vending at state highway rest areas is projected to raise \$82,000 in FY 2005 and up to \$1 million in FY 2007. The dollars raised will flow to the rest area account for maintenance and upkeep of highway rest areas.
- A provision requiring electronic bidding for contracts over \$5 million is expected to save \$25,000 per year in departmental costs.
- Language creating a fee for background checks of persons applying for a hazardous materials license was also included in the bill. The fee of up to \$100 may be charged by the Department of Public Safety to cover actual costs of the background check. The fee is estimated to generate \$2.1 million per year.
- A fee of \$20 will now be charged by the Department of Public Safety for reinstatement of a license for drivers with a license suspension due to failure to carry insurance. The provision is estimated to raise \$57,000 annually and the proceeds will be deposited into the trunk highway fund.

For any questions on Transportation issues, contact John Walz at (651) 296-8236 or john.walz@house.mn

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Chapter	Bill	Subject	FY 2004	FY 2005	FY 04-05	FY 2006	FY 2007	FY 06-07	Fund	
CH 169	SF 2299	Petroleum Storage Tank Violations		16	16	16	16	32	ENV	Revenue
Ch 188	SF 1946	Employment Pilot; Includes Centers for Independent Living		4,876	4,876	4,876	4,876	9,752	FED	Revenue
CH 189	SF 2453	Motor Fuels; Includes Petroleum Inspections		650	650	650	650	1,300	SR	Revenue
				650	650	650	650	1,300	SR	Spending
Ch 191	SF 2437	Farm Product Liens		62	62	2	2	4	GF	Revenue
				62	62	0	0	0	GF	Spending
Ch 199	SF 1803	Uniform Limited Partnerships		77	77	2	2	4	GF	Revenue
				74	74	0	0	0	GF	Spending
Ch 198	SF 2080	Surgical License Centers		38	38	38	38	76	SGSR	Revenue
				38	38	38	38	76	SGSR	Spending
Ch 206	HF 2386	DEED Reorganization; Establishes Acccounts		0	0	0	0	0		
CH 215	HF 2368	Game & Fish Fees, Mourning Doves		-250	-250	-250	-250	-500	G&F	Revenue
				50	50	50	50	100	G&F	Spending
CH 219	SF 1080	Veteran's Issues; Includes Veteran's Tuition - 100%		0	0	0	0	0		
CH 223	SF 806	Pensions - Actuarial Changes		-162	-162	-162	-162	-324	GF	Revenue
				-152	-152	-152	-152	-304	GF	Spending
CH 231	HF 2085	Hospital Moratorium Exception		38	38	38	38	76	SR	Revenue
				38	38	38	38	76	SR	Spending
CH 233	SF 2181	Lottery Changes		0	0	0	0	0		
Ch 236	SF 2869	Nuclear Regulatory Commission Agreement	-238	-40	-278	106	106	212	SGSR	Revenue
Ch 237	HF 2696	Liquor License Modifications		1	1	1	1	2	GF	Revenue
CH 238	SF 2241	Technology Enterprise Fund	123	0	123	0	0	0	GF	Revenue
			117	0	117	0	0	0	GF	Spending

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Chapter	Bill	Subject	FY 2004	FY 2005	FY 04-05	FY 2006	FY 2007	FY 06-07	Fund		
Ch 241	HF 2383	DNR/Forestry Management		-5,615	-5,615	-5,615	-5,615	-11,230	GF	Revenue	
				-5,615	-5,615	-5,615	-5,615	-11,230	GF	Spending	
				6,215	6,215	6,215	6,215	12,430	NR	Revenue	
				6,215	6,215	6,215	6,215	12,430	NR	Spending	
Ch 243	HF 2363	Invasive Species Management		5	5	5	5	10	NR	Revenue	
CH 245	HF 2078	Transit Crimes		209	209	209	209	418	GF	Revenue	
				30	30	30	30	60	SR	Revenue	
				1	1	1	1	2	G&F	Revenue	
Ch 248	HF 2040	Water Sewage Treatment Systems		1	4	5	0	0	0	ENV	Revenue
				1	4	5	0	0	0	ENV	Spending
Ch 251	SF 1836	Filing Procedures - Secretary of State		10	10	10	10	20	GF	Revenue	
				2	2	2	2	4	GF	Spending	
Ch 254	SF 2428	Ag issues including dairy modernization, manure applicators		0	0	0	0	0			
Ch 255	HF 2212	DNR, various fee issues, LCMR appropriation		-5	-5	-5	-5	-10	GF	Revenue	
Ch 257	HF 2799	Dislocated Worker		0	0	0	0	0			
Ch 262	HF 2334	State Lands - Includes LCMR appropriation extension		0	0	0	0	0			
Ch 267	SF 676	Pensions		0	0	0	0	0			
Ch 269	HF 2640	Insurance Fraud, also barbers & cosmetologists		1,500	1,500	1,500	1,500	3,000	SR	Revenue	
				1,500	1,500	1,500	1,500	3,000	SR	Spending	
				572	572	572	572	1,144	GF	Revenue	
				572	572	572	572	1,144	GF	Spending	
Ch 270	HF 2050	Physician Application Fee		0	0	0	0	0	SGSR		
Ch 271	HF 2255	Claims Bill (after line-item veto)		107	107	0	0	0	GF	Spending	
Ch 272	HF 2867	Forecast Appropriations Changes/Contingent Shift Reduction also includes PFA bond increase	0	0	0	0	0	0	GF	Spending	

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Chapter	Bill	Subject	FY 2004	FY 2005	FY 04-05	FY 2006	FY 2007	FY 06-07	Fund	
Ch 273	HF 2642	MN Health Marriage & Responsible Fatherhood Incentive		100	100	0	0		GF	Revenue
				100	100	0	0		GF	Spending
				180	180	180	180	360	SR	Revenue
				180	180	180	180	360	SR	Spending
Ch 274	SF 2342	Includes fiscal impact of rules		0	0	0	0	0		
Ch 275	HF 2378	Local Gvt - includes Giant's Ridge account		none		none				
Ch 277	SF 1907	Elections - Campaign Finance Appropriation								diverts \$65,000 of GF appropriation in M.S. 10A.31, Subd. 4, clause (b)
Ch 278	SF 1790	Local Gvt Issues; Includes Ramsey County Parking Surcharges (no appropriation of revenue in the bill)		109	109	124	124	248	GF	Revenue
Ch 279	HF 2175	Health Licensing Boards		24	24	4	4	8	SGSR	Revenue
				24	24	4	4	8	SGSR	Spending
Ch 282	SF 653	Includes 911 account appropriation		3,475	3,475	0	0	0	SGSR	Spending
Ch 283	SF 58	Driving While Inotxicated - .08 (plate reinstatement, fees)				1,047	1,259	2,306	GF	Revenue
		Driving While Inotxicated - .08 (federal sanctions funds)				41,928	28,486	70,414	THF	Revenue
		Driving While Inotxicated - .08 (fed sanctions funds to locals)				17,930	12,170	30,100	FED	Revenue
		Driving While Inotxicated - .08 (plate reinstatement)				18	19	37	HUTDF	Revenue
		Driving While Inotxicated - .08 (plate reinstatement)				106	115	221	SR	Revenue
		Driving While Inotxicated - .08 (snowmobile, boat)				3	5	8	NR	Revenue
		Driving While Inotxicated - .08 (fines)				1	1	2	G&F	Revenue
Ch 284	HF 2446	Special Revenue Funds/Accounts; budget base language		none		none				
Ch 286	SF 2141	Includes changes in library appropriations		0	0	0	0	0	GF	Spending
Ch 288	HF 2277	DHS Technical, Includes Sex Offender Productive Day Account, Appropriation Transfers		0	0	0	0	0		
Ch 293	HF 1066	Help America Vote Act Implementation		0	0	0	0	0		
Ch 295	SF 2263	Transportation - Hazardous Materials Trspt Background Checks		2,100	2,100	2,100	2,100	4,200	SR	Revenue

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Chapter	Bill	Subject	FY 2004	FY 2005	FY 04-05	FY 2006	FY 2007	FY 06-07	Fund	
		Transportation - Hazardous Materials Trspt Background Checks		2,100	2,100	2,100	2,100	4,200	SR	Spending
		Transportation - Rest Areas		28	28	28	28	56	SR	Revenue
		Transportation - Timber Hauling - local governments		430	430	430	430	860	SR	Revenue
		Transportation - Timber Hauling - local governments		430	430	430	430	860	SR	Spending
		Transportation - Timber Hauling - DOT		50	50	50	50	100	THF	Revenue
		Transportation - Timber Hauling - DOT		50	50	50	50	100	THF	Spending
		Transportation - No Fault Insurance Reinstatement Fee		57	57	57	57	114	THF	Revenue
		Transportation - Rest Areas		82	82	726	1,074	1,800	THF	Revenue
		Transportation - Rest Areas		80	80	134	134	268	THF	Spending
		Transportation - Electronic Bidding Cost Savings		-25	-25	-25	-25	-50	THF	Spending
Summaries by fund										
		General Fund	123	-4,637	-4,514	-3,810	-3,598	-7,408	GF	Revenue
			117	-4,850	-4,733	-5,193	-5,193	-10,386	GF	Spending
			6	213	219	1,383	1,595	2,978	GF	Net
		Special Revenue Fund	0	4,956	4,956	4,956	4,956	9,912	SR	Revenue
			0	4,948	4,948	5,054	5,063	10,117	SR	Spending
			0	8	8	-98	-107	-205	SR	Net
		State Government Special Revenue Fund	-238	22	-216	148	148	296	SGSR	Revenue
			3,475	62	3,537	42	42	84	SGSR	Spending
			-3,713	-40	-3,753	106	106	212	SGSR	Net
		Environment	1	20	21	16	16	32	ENV	Revenue
			1	4	5	0	0	0	ENV	Spending
			0	16	16	16	16	32	ENV	Net
		Natural Resources Fund	0	6,220	6,220	6,220	6,220	12,440	NR	Revenue
			0	6,215	6,215	6,218	6,220	12,438	NR	Spending
			0	5	5	2	0	2	NR	Net
		Game and Fish Fund	0	-254	-254	-254	-254	-508	G&F	Revenue
			0	50	50	51	51	102	G&F	Spending
			0	-304	-304	-305	-305	-610	G&F	Net

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Chapter	Bill	Subject	FY 2004	FY 2005	FY 04-05	FY 2006	FY 2007	FY 06-07	Fund	
		Trunk Highway Fund	0	187	187	241	241	482	THF	Revenue
			0	107	107	42,679	29,585	72,264	THF	Spending
			0	80	80	-42,438	-29,344	-71,782	THF	Net
		Highway User Tax Distribution Fund	0	0	0	18	19	37	HUTDF	Revenue
		Federal	0	4,876	4,876	22,806	17,046	39,852	FED	Revenue

Fund Codes:

GF General Fund
 SR Special Revenue Fund
 SGSR State Government Special Revenue Fund
 ENV Environment
 NR Natural Resources Fund
 G&F Game and Fish Fund
 THF Trunk Highway Fund
 HUTDF Highway User Tax Distribution Fund
 FED Federal

Changes in State Revenue from Fee, Fine, Charge, Surcharge and Co-Pay Changes in 2004 Legislation

Committee and Program	Fund	FY 2004	FY 2005	FY 2004-05	FY 2006	FY 2007	FY 2006-07
Health & Human Services							
Hospital Moratorium Exception Review (Ch 231)	SR		38	38	38	38	76
Outpatient Surgical Centers (Ch 198)	SR		38	38	38	38	76
Nursing Administrative Penalty (HF 2175)	SGSR		24	24	4	4	8
Marriage License Fee (Ch 273)	SR		180	180	180	180	360
Environment							
Wastewater Treatment Biodigester (Ch 248)	ENV	1	4	5	0	0	0
Petroleum Storage Tank Violations (Ch 169)	ENV		16	16	16	16	32
Invasive Species Enforcement (Ch 243)	NR		5	5	5	5	10
Transportation							
Forest Products Trucking Fee (Ch 295)	THF		50	50	50	50	100
Forest Products Trucking Fee (Ch 295)	SR		430	430	430	430	860
Hazardous Materials Background Check Fee (Ch 295)	SR		2,100	2,100	2,100	2,100	4,200
Judiciary							
Ramsey County \$1 Surcharge (SF 1790)	GF		109	109	124	124	248
Transit Crimes (Ch 245)	GF		209	209	209	209	418
Transit Crimes (Ch 245)	SR		30	30	30	30	60
Transit Crimes (Ch 245)	G&F		1	1	1	1	2
Liquor License Modifications (Ch 237)	GF		1	1	1	1	2
Driving While Intoxicated - .08 (Ch 283)	GF				989	1,196	2,185
Driving While Intoxicated - .08 (Ch 283)	HUTDF				18	19	37
Driving While Intoxicated - .08 (Ch 283)	SR				106	115	221
Driving While Intoxicated - .08 (Ch 283)	NR				3	5	8
Driving While Intoxicated - .08 (Ch 283)	G&F				1	1	2
Jobs & Economic Development							
Barber Examiners Fee Increase (Ch 269)	GF		44	44	44	44	88
Cosmetology Fee Increase (Ch 269)	GF		528	528	528	528	1,056
Petroleum Inspection Fee Increase (Ch 189)	SR		650	650	650	650	1,300
Automobile Insurance Surcharge (Ch 269)	SR		1,500	1,500	1,500	1,500	3,000
State Government							
Fair Campaign Practices Filing Fee	GF						
Farm Liens - SOS (Ch 191)	GF		62	62	2	2	4
Filing Procedures (SOS) (Ch 251)	GF		10	10	10	10	20
Uniform Limited Partnerships (Ch 199)	GF		77	77	2	2	4
Totals By Fund							
General Fund	GF		1,040	1,040	1,909	2,116	4,025
Environmental Fund	ENV	1	20	21	16	16	32
Natural Resources Fund	NR		5	5	8	10	18
Game & Fish Fund	G&F		1	1	2	2	4
Special Revenue Fund	SR		4,966	4,966	5,072	5,081	10,153
State Government Special Revenue Fund	SGSR		24	24	4	4	8
Trunk Highway Fund	THF		50	50	50	50	100
Highway User Tax Distribution Fund	HUTDF				18	19	37
Totals - All Funds		1	6,106	6,107	7,079	7,298	14,377