



A Glossary of Fiscal Terms & Acronyms

(updated December 2008)

Money Matters: Number 08.10
December 2008

This glossary is a resource document containing terms and acronyms commonly used by and in legislative fiscal committees, and in the discussion of state budget and tax issues. The first section contains terms and abbreviations used in all fiscal committees. The remaining sections contain terms for particular budget subject areas.

For further information, please contact the Chief Fiscal Analyst or the fiscal analyst assigned to the respective House fiscal committee and subject area. A directory of the Fiscal Analysis Department personnel and their assignments appears on the next page.

Fiscal Analysis Department
Minnesota House of Representative

House Fiscal Analysis Department Staff Assignments
2008 Session

<u>Committee/Division</u>	<u>Fiscal Analyst</u>	<u>Telephone</u>	<u>Room</u>
Agriculture, Rural Dev & Veterans Affairs	Jim Reinholdz	296-4281	320
Capital Investment	Koryn Zewers	296-4178	374
Early Childhood Learning Finance	Emily Adriaens	296-7171	328
Education Finance	Emily Adriaens	296-7171	328
	Doug Berg	296-5346	372
	Greg Crowe	296-7165	378
Energy Finance	Ron Soderberg	296-4162	322
Environment & Natural Resources Finance	Jim Reinholdz	296-4281	320
Finance	Bill Marx	296-7176	373
Health Care & Human Services Finance	John Walz	296-8236	376
Higher Ed & Workforce Dev Finance	Doug Berg	296-5346	372
Housing & Public Health Finance	Emily Adriaens	296-7171	328
K-12 Education Finance	Greg Crowe	296-7165	378
Minnesota Heritage Finance	Ron Soderberg	296-4162	322
Public Safety Finance	Gary Karger	296-4181	330
State Government Finance	Helen Roberts	296-4117	370
Taxes (Income & Sales)	Cynthia Templin	297-8405	326
(Property and Local Aids)	Katherine Schill	296-5384	325
Transportation Finance	Koryn Zewers	296-4178	374
Ways & Means	Bill Marx	296-7176	373

All fiscal staff offices are located in the State Office Building.

All fiscal staff e-mail addresses are similar. Substitute the name of the person you want to reach in the following address: bill.marx@house.mn

The House Fiscal Analysis Department home page on the web is at:
<http://www.house.mn/fiscal/FAHOME.HTM>

The web page has fiscal staff publications from recent years as well as spreadsheets for the major finance bills for the past twelve years.

1/23/2008

Table of Contents

<u>General Terms and Acronyms</u>	Page 1
<u>Capital Investment</u>	Page 9
<u>Economic Development</u>	Page 11
<u>Housing Terms</u>	Page 13
Education	
<u>K-12 Education</u>	Page 15
<u>Family & Early Childhood</u>	Page 17
<u>Higher Education</u>	Page 19
<u>Environment, Natural Resources & Agriculture</u>	Page 23
<u>Health and Human Services</u>	Page 27
<u>Public Safety Finance</u>	Page 39
<u>State Government Finance</u>	Page 45
<u>Pension Terms</u>	Page 47
<u>Taxes</u>	Page 51
<u>Transportation</u>	Page 69

This page intentionally left blank

General Terms and Acronyms

Appropriation - Authorization by the Legislature to spend money from the state treasury for purposes established in law. Appropriation language typically states: "\$XXX are appropriated to a state agency for a certain purpose." The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation. (Also see [statutory appropriation](#) and [direct appropriation](#).)

Appropriations Cap – Limits placed on spending in the biennium following the budget period under consideration (i.e., budget [tails](#)). Caps allow spending projections to be lower than they would otherwise be under current law; that is, lower than if current spending levels were projected forward.

Allotment – Administratively placed limits on the amount to be spent or encumbered for a legislatively-authorized purpose. Agencies develop a spending plan based on appropriations; then money is allotted for each expenditure. In the accounting system, allotments act as a control, prohibiting spending beyond the established limits.

Annualization - The practice of adjusting spending totals to determine the annual costs of programs that were funded for only a portion of the previous year. For example, the annualized cost of a program that cost \$500,000 for six months of operation is \$1,000,000.

Balanced Budget - The constitution authorizes borrowing for cash flow purposes within a biennium only (Article XI, Section 6). The effect of this limit is that in any given biennium, the state's general fund biennial budget must be balanced – that is revenues and any balance carried forward from a previous biennium must be greater than or equal to expenditures.

Base – The base level of an appropriation for a budget period is defined in law (M.S. 16A.11, Subd. 3) as the amount appropriated for the

program in the second year of the previous biennium.

Base Adjustments - Adjustments to the base budget allowed by statute (M.S. 16A.11, Subd. 3). Base adjustments may remove one time appropriations, implement changes directed in law, or adjust for other technical items such as the transfer of a program from one agency to another. (See also Forecast Changes)

Biennial Budget Documents - Budget documents contain narrative and fiscal information at the budget activity level for each state agency. Minnesota Statutes, Section 16A.11 requires the Governor to submit a budget message and detailed operating budget recommendations by the fourth Tuesday in January in odd-numbered years. (However, in the year following the election of a new Governor, the budget recommendations must be submitted by the third Tuesday in February.) The Department of Finance is required to submit the final budget format, agency plans and budget estimates to the Legislature by November 30 of the year prior to release of the Governor's budget. The Finance Department is also required to seek the involvement of the Legislature in developing budget forms and instructions, and in designing the budget document format.

BBS, Biennial Budget System - The information system used by the Department of Finance to prepare the budget documents, and by the executive and legislative branches of government to obtain information about appropriation proposals.

Biennium - Minnesota has a two year (biennial) budget period. For example, the FY 2010-11 biennium would begin at 12:01 am on July 1, 2009 and would end at midnight June 30, 2011. The Legislature appropriates the major portion of the biennial budget in the odd-numbered year session, and makes adjustments as needed during the even-numbered years.

Budget - The plan or authorization for revenues and expenditures in a fixed period of time. State law (M.S. 16A.11 Subd.2) requires the Governor to present a balanced budget to the Legislature for consideration in January of each odd numbered year. The budget is submitted in three parts: (1) the Governor's budget message, including a summary and the Governor's recommendation on state financial policy, (2) the detailed operating budget and (3) the detailed capital budget.

Budget Reserve or Reserve - State law establishes a Budget Reserve separate from the Cash Flow Account (M.S. 16A.152). The Reserve is like a savings account and serves as a hedge against an economic downturn. Amounts in the budget reserve funds may be spent in the event of a projected budget deficit, but only after consultation with the Legislative Advisory Commission.

Budget Resolution - The *Permanent Rules of the House* (4.03), require that within 25 days following the release of a general fund budget forecast during that session, the House Ways and Means Committee must adopt a resolution which sets maximum limits on General Fund expenditures and establish the amount of the Budget Reserve and Cash Flow accounts. Subsequently, the Ways and Means Committee reconciles finance and revenue bills, to ensure that the budget resolution limits are not exceeded.

Budgetary Balance - The amount of money left on the bottom line of the General Fund balance for a biennium after expenditures and money set aside in the [Budget Reserve](#) and [Cash Flow Account](#) have been subtracted. The balance could be positive or negative.

Cancellations - Money appropriated but unspent and unencumbered at the end of a biennium or end of the period of time for which the appropriation was made. Such amounts are cancelled to or added back to the fund from which they were appropriated.

Carryforward - Unspent money from one year available for use in the following year. Upon the approval from the Finance Department, agencies may carry forward unspent and unencumbered non-grant operating balances from the first year of the biennium to the second (M.S. 16A.28). (The Legislature may spend its appropriation for all or part of a biennium in either year of the biennium. The Courts and Constitutional Officers may spend its appropriation in either year of the biennium if funds are insufficient in the other year.)

Cash Flow Account - State spending is not constant across the fiscal year, but rather has peaks and valleys based on patterns of receipts and expenditures. A *Cash Flow Account* (separate from the Budget Reserve) is established, as an amount specified by law, to avoid short-term borrowing during cash low points (M.S. 16A.152, Subd. 1).

Change Request - The term used for Executive Branch requests for budget changes from base levels.

Claims - Certain claims against state agencies or employees are determined by the Legislature. These claims are reviewed by a joint House-Senate subcommittee and then considered as a bill by the full House and Senate.

Complement - Total number of employees. The Legislature no longer sets limits on agency complements. However, information on full time equivalent positions in agencies must be included in the biennial budget document.

Consolidated Fund Statement - A summary of revenues, expenditures, reserves and year-end balances for all the state's operating funds including the general fund.

Contingency Funds - Appropriation(s) that may be spent by the Governor to meet emergencies when the Legislature is not in session with the advice of the Legislative Advisory Committee. In a typical biennium, about \$1-2 million in total is available for the contingency accounts from the General

Fund, the State Government Special Revenue Fund, and the Workers Compensation Fund.

CPI-U, Consumer Price Index- Urban - A measure of inflation intended to capture the increased prices facing consumers for a fixed market basket of services and goods, including food, housing, transportation, clothing, medical care, and entertainment.

Debt Service Fund – the fund used to make principal and interest payments on the state's general obligation bonds.

Dedicated Revenue or Expenditures - Money raised and earmarked to be spent for specific purposes.

Departmental Earnings - Money collected by state agencies through service user fees, occupational license charges, regulatory charges, and other charges. In general, these fees are to be set at a level that “neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services” (M.S. 16A.1285, Subd. 2).

Direct Appropriation - An appropriation for a specific amount of money, for use only during a specific time period. Most appropriations in omnibus bills are direct appropriations. Appropriations are usually for a single year of the biennium; however, legislation occasionally makes single year appropriations available either year of the biennium.

Earmark - To dedicate in law a revenue stream for a specific purpose or expenditure, a dedicated revenue.

Encumbrance - Commitment of money to meet an obligation that is expected to be incurred to pay for goods or services received by the state, or to pay a grant. *Encumbrance* is the accounting control device that agencies use to reserve portions of their allotments for expenditures that will soon be

incurred. Agencies must encumber money before they can spend it, providing a system to keep track of outstanding obligations.

Enterprise Funds - Funds that provide money for services to the general public through programs that are expected to recover their full costs, primarily through user charges. Examples include the Higher Education Services Office Student Loan Fund, the State Lottery Fund, the Chemical Dependency Treatment Fund, and the Private Employers Insurance Fund.

EBO, Executive Budget Officer - Department of Finance personnel who are assigned to specific budget areas and who are responsible for developing the Governor's budget and tracking legislative actions.

Expenditure – The spending or disbursement of money from an appropriation.

Federal Funds - Revenues received by the state from federal government appropriations. Federal funds are deposited in the state treasury and must be appropriated to be spent. A process for legislative review of federal funds is established in Minnesota Statutes, Section 3.3005.

Federal Matching Requirements - A requirement that the state commit a specific amount of state funds for a particular purpose to obtain federal funds for the same purpose. In general, percentages vary from 0 to 50 percent. For example, a federal grant that requires a ten percent match would involve \$1 million (state funds) and \$10 million (federal funds) for a total of \$11 million. The amount of funding the state must commit is often referred to as the “state match”.

Fiduciary Funds - Account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or funds. These include pension trusts funds, nonexpendable trust funds (where the principal may not be expended, *e.g.*, the

Permanent School Fund, Environmental and Natural Resources Nonexpendable Trust Fund), expendable trust funds (e.g., the Municipal State-aid Street Fund, County State-aid Highway Fund Environment and Natural Resources Expendable Trust Fund, Reemployment Compensation Fund), and agency funds, such as the Deferred Compensation Fund.

Finance, Department of - The agency with broad powers to administer the financial affairs of the state, among them the responsibility to develop and present the Governor's budget, produce forecasts of state revenues, expenditures, and debt capacity, to prepare and oversee fiscal notes, and to manage the state's capital indebtedness and capital bonding. The Commissioner of Finance is designated in statute as the state's chief accounting officer, principal financial officer and the state controller.

Fiscal Note - Official estimate of expenditures or non-tax revenues resulting from proposed legislation, prepared by agencies or fiscal staff. State statute (M.S. 3.98) requires that fiscal notes be prepared at the request of the chair of the standing committee to which a bill has been referred, or by the chair of the Ways and Means Committee of the House or Finance Committees of the Senate. State law defines the required components of a fiscal note. The Department of Finance is responsible for oversight of the processing, preparation, delivery and updating of fiscal notes, and for assuring their accuracy and completeness. Completed fiscal notes are available on the Department of Finance web site at: http://www.finance.state.mn.us/cgi-bin/fnts_session.pl?session (For tax revenue estimates, see Revenue Estimates.)

Fiscal Year - The 12-month period on which the state's budget is based; for the state of Minnesota the fiscal year runs from July 1 to June 30. School district fiscal years are the same as the state fiscal year. County and city fiscal years are the same as the calendar year. The federal fiscal year runs from October 1 to September 30.

Forecast - Each year in November and February, the Department of Finance is required to project state revenues and expenditures based on current law (M.S. 16A.103). This prediction is the "forecast" upon which the Governor and the Legislature base their budget proposals. The State Economist uses both national economic forecasting data and Minnesota-specific data. Within the forecast process, the Department of Revenue is required to forecast revenues to be received by school districts, counties and towns. The Finance Department is also required to submit a debt capacity forecast at the same times as the revenue and expenditure forecast.

Forecast Changes - Adjustments to the base budget in a forecasted program as a result of a new budget forecast that predicts expenditures difference from the base.

Forecasted Program - Programs where funding levels are adjusted in a budget forecast based on changes in caseloads, enrollments or average costs. Funding formulas for these programs are like entitlements.

Fund Balance or Fund Statement - Summary of revenues, expenditures, reserves and year-end balances for a fund or funds. This term is most often used with the general fund. Fund balance documents are updated with the release of a budget forecast, after a session ends and for the release of a Governor's budget.

GAAP, Generally Accepted Accounting Principles - Uniform standards for government accounts. Most state funds are accounted for using the modified accrual basis of accounting which recognizes the unique revenue and expenditure issues for some state payments. If a state law requires different accounting than a GAAP standard, the difference will be noted as an audit exception.

GDP, Gross Domestic Product - The total value of all goods and services provided in a country by residents and non-residents of that country.

GDP Implicit Price Deflator - An inflationary measure intended to capture changes in the average price of goods and services in the U.S. Unlike the CPI-U, which measures changes in a fixed group of goods and services, the price deflator measures a changing mix of goods and services and includes consumer expenditures, private investment, government spending and exports net of imports.

General Fund - The largest fund in the state treasury, into which receipts from most major taxes are deposited (*e.g.*, individual and corporate income, sales, cigarette and liquor, etc.). Most of the money in the General Fund is not earmarked for specific purposes. The General Fund is the major source of funding for education, health care and human services and other major functions of state government. (Also, see [*special funds.*](#))

GSP, Gross State Product - A measure of state economic output.

Internal Service Funds - Funds internal to the operation of state government that provide a variety of services to state agencies, such as telecommunications and computer services, plant management, office supplies and surplus services. The funds must recover the full costs of services provided through billing back state agencies.

K-12 - Kindergarten through grade twelve education.

Legislative Advisory Commission (LAC) - Joint House-Senate legislative commission assigned responsibility for reviewing the acceptance of federal grants when the Legislature is not in session and the allocation of emergency contingent funds. The LAC also advises the Governor on issues such as spending from the budget reserve when receipts are less than projected expenditures and on certain contingent appropriations. (M.S. 3.30, 3.3005)

Legislative Commission on Planning and Fiscal Policy (LCPFP) – Joint House-Senate legislative commission that examines and reviews state budget and fiscal issues.

Local Impact Notes - An estimate of the cost of certain legislation or administrative rules proposing state-mandates that have fiscal impacts on political subdivisions including school districts. Notes are prepared by the Department of Finance at the request of the chair or ranking minority member of the House or Senate Tax Committee. (M.S. 3.986)

Mandates - Requirements imposed by one level of government on another. “Mandate” may refer to requirements imposed by the funding level of government that must be met by the recipient governments in order to receive funds.

MAPS – Minnesota Accounting and Procurement System - See the “State Government Finance” section.

Omnibus Bill or Act - A collection of separate bills or appropriations in a single, large bill or act.

Open Appropriations - A form of statutory appropriation where the level of funding necessary to fulfill the obligation is made available in the fiscal year. The state fund balance shows an estimate of the amount expected to be spent. Some programs funded by formula (*e.g.*, general education aid), and programs funded through fees, are open appropriations.

Performance Based Budgeting - Setting appropriations based on expected agency performance levels or with the intent of encouraging certain performance. Performance base budgeting focuses on agency or program outcomes rather than inputs. Also called Results Budgeting.

Performance Based Reporting - A system that identifies specific goals and objectives and attempts

to measure progress toward those goals. The system is intended to focus on the outcomes, or effects, of government activities, rather than on inputs, such as the number of employees performing an operation. Performance data must be included in the biennial budget documents.

Personal Income - In national economic accounting, personal income is the income received by persons: individuals, owners of unincorporated businesses (including partnerships), non-profit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance. - *Dictionary of U.S. Government Statistical Terms*, (Source: U.S. Department of Commerce, Bureau of Economic Analysis.) Minnesota personal income is used in the price of government calculation.

Planning Estimates - Expenditure estimates for the biennium after the one for which appropriations are being made (FY 2012-13 during the 2009 and 2010 sessions).

Price of Government, "POG" - A comparison of revenue raised by state and local government in Minnesota to personal income in Minnesota. The measure is expressed as a percentage, comparing state and local government tax- and non-tax revenues to aggregate Minnesota personal income. The price of government percentage is reported when budget forecasts are released and after a legislative session is completed.

Real (Constant) Dollars - The value of money after adjusting for inflation (vs. *nominal*, or *current* value - the value without adjusting for inflationary effects).

Reciprocity - A mutual action, exchange or agreement, usually between two states, such as mutual recognition of residency for purposes of

income tax liability, eligibility for resident tuition and the like.

RFP, Request for Proposal - A process used to solicit proposals from interested parties for specific agency initiatives. The RFP contains detailed information about the proposals being sought including potential funding available and required time lines. The process involves the submittal of detailed applications by interested parties.

Results Budgeting - see Performance Based Budgeting

Revenue - Government revenue is money received by a government from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions. Government revenue excludes non-cash transactions such as receipt of services, commodities or other receipts in kind. Government revenue includes intergovernmental revenue. *Source: Dictionary of U.S. Government Statistical Terms, ibid.*

Revenue Estimate - Official fiscal analysis prepared by the Department of Revenue, forecasting the revenue loss or gain from the enactment of proposed tax legislation. The revenue estimate does not identify the costs a state agency or local government may incur to implement the proposed change; a fiscal note is required to obtain that information. Revenue estimates are available on the Department of Revenue web site at: http://www.taxes.state.mn.us/taxes/legal_policy/revenue_analysis/revenue_analyses.shtml

Revolving Fund - A fund established in law in which revenue (including loan payments) is credited back to the fund for the same use as the original appropriation.

Special Funds - A grouping of revenues from certain sources from which certain expenditures are made. The state of Minnesota has a general fund

and a variety of special funds. Revenues for these funds are usually dedicated and expenditures from the special funds are usually restricted for certain purposes. Examples of special funds include the Highway User Tax Distribution Fund, Trunk Highway Fund, Environmental Fund, Natural Resources Fund, Game and Fish Fund, Health Care Access Fund, State Government Special Revenue Fund and Special Revenue Fund.

Special Revenue Fund - A specific special fund that includes many miscellaneous accounts. See [Special Funds](#), above.

Spending Plan - Developed by state agencies after the legislative appropriation process is completed, the plans must specify the purpose and amount required for each activity and must be “within the amount and purpose of the appropriation.” State law (M.S. 16A.14, subdivision 3) requires that agency spending plans must be approved by the Department of Finance before any money is spent.

Statutory (or standing) Appropriation - An appropriation made in statute (instead of session law) authorizing the ongoing payment out of the treasury for a program. In contrast to direct appropriations, statutory appropriations need not be renewed every biennium for funding to continue.

State Aids - Programs by which the government provides financial assistance to political subdivisions to assist them in delivering public services, financing public facilities or reducing property taxes in connection with state mandates, programs and procedures.

State Government Special Revenue Fund - A specific special fund that includes a group of generally health related accounts. See [Special Funds](#), above.

Structural Balance - The measure of whether or not revenues are greater than or equal to expenditures in a future year or biennium.

Supplemental Budget - Refers to either (1) adjustments to the biennial budget considered in

even-numbered years, or (2) changes to the original budget documents submitted by the Governor (usually based on revised estimates of forecasted revenues and expenditures).

Tails - (1) The future budget effects of any appropriation or revenue provision; or, (2) an appropriation, funding formula, or tax expenditure that takes effect in, or carries forward to a future biennium, at higher future costs/ revenue losses to the state treasury than in the initial biennial budget period.

Targets - In the legislative process, specific limits on spending changes, assigned by the House Ways and Means Committee, to reconcile the fiscal actions of committees and divisions with the [Budget Resolution](#). The targets add up to the total limit on expenditures established in the [Budget Resolution](#).

Transfers – (1) Minnesota Statutes, Section 16A.285 allows agencies to transfer operations money between programs within the same fund. Agencies must notify the Commissioner of Finance of the transfer. A transfer must be consistent with legislative intent and must be reported by the Finance Department to the chairs of the House Ways and Means Committee and the Senate Finance Committees. Agencies may transfer funds within programs, without notifying the Legislature, unless language in statute or law prohibits a specific transfer; or (2) Transfer may also refer to the legislatively directed movement of money from one fund to another.

Unallotment - Statute allows the Commissioner of Finance, with the approval of the Governor and after consulting with the [Legislative Advisory Commission](#), to reduce unspent allotments if a deficit would otherwise occur (M.S. 16A.152, Subd. 4). The commissioner may do so only after the [Budget Reserve](#) is used to balance expenditures and revenues.

Veto - The State Constitution allows the Governor to veto a bill or to veto one or more items of appropriation in a bill while approving the rest of the bill (line-item veto). If the Governor signs a bill that contains vetoed provisions, a statement of the items vetoed must be attached to the signed bill. If the Legislature is in session, the Governor must transmit the bill to the house where it originated and repassage of the vetoed items may be reconsidered separately.

Zero Based Budgeting – A budget building process that starts from the assumption that an appropriation is zero rather than from a base of a previous appropriation.

Capital Investment

Arbitrage - The financial gain that can be garnered by selling tax-exempt bonds and reinvesting the bond proceeds at a higher, taxable, interest rate. **ex.:** If the principal of an 8 percent bond is invested at 10 percent, the 2 percent profit that results is the arbitrage gain. Arbitrage is regulated and limited by federal tax law.

Bond - A written promise to pay a specific sum of money (the principal) at a date or dates in the future (the maturity) together with periodic interest at a specified rate.

Bond Rating - Rating for bonds to be issued that primarily reflects the ability of the issuer to repay the bonds, in essence, the bond issuer's credit rating. Better bond ratings result in lower interest rates for the bonds issued. Current bond rates for the State are AAA by Fitch and Standard and Poor's and Aa1 by Moody's.

Bond Sale Expenses – Funds appropriated to the Department of Finance for expenses associated with selling general obligation bonds; approximately one-tenth of one percent of the total general obligation bonds authorized less any cancellations.

Call Option - A stipulation in a bond contract that allows the issuer the option to buy back the bonds at a specified date. A call option gives the issuer flexibility to lower costs if interest rates drop. Call options typically are set at ten years on Minnesota's 20 year bonds.

Cancellation Report – Required notification from the Commissioner of Finance to the chairs of the Senate Finance Committee, House Ways and Means Committee, and House and Senate Capital Investment Committees by January 1 of each odd numbered year highlighting general fund and bond financed projects authorized more than four years

before January 1; these projects will cancel on July 1 unless action is taken by the Legislature.

Capital Iceberg - See *deferred maintenance*.

Capital Budget - Includes funding for tangible, public assets rather than programmatic-related activities. Funding for this budget comes from a variety of sources, including general obligation bonds, user-financed bonds, revenue bonds, and general fund cash. Typically, the capital budget is larger in the even-numbered years and smaller in the odd-numbered years.

CAPRA - Capital Asset Preservation and Renewal Account - Bond funds appropriated to the Department of Administration for the purpose of restoring or maintaining state agency buildings and other items of a capital nature. (See also, [HEAPR](#).)

Construction - The phase of a building project following [predesign](#) and [design](#). It usually accounts for more than 91 percent of the spending on a project, and is the implementation of the predesign and design stage decisions.

Debt Management Guidelines - Guidelines that the State imposes on itself to control its capital investment. Following the guidelines will generally result in a better bond rating for the state, and thus, lower interest rates for state borrowing. The guidelines include: (1) the general fund annual appropriation for debt service cannot exceed 3 percent of non-dedicated general fund revenues; (2) total general obligation debt cannot exceed 2.5 percent of total State personal income; (3) State agency debt cannot exceed 3.5 percent of State personal income; (4) general obligation debt, moral obligation debt, bond guarantees, equipment capital leases, and real estate leases cannot exceed 5 percent of State personal income; and (5) 40 percent of general obligation debt must be retired within five years and 70 percent within 10 years.

Debt Capacity - The ability of the state to sell additional bonds to pay for bonding projects. Debt capacity is based on the amount of money available to pay off the bonds, which is based on a limit of approximately 3 percent of the state's General Fund expenditures.

Debt Service - Dollars required to pay the interest and principal on the money borrowed by the state for its capital projects.

Defeasance - To set aside money in an escrow account that is sufficient to retire outstanding bonds. By setting aside funds to retire debt before the call date on the bonds, the bonds are in effect taken off the books.

Deferred Maintenance - Backlog or catch-up maintenance of state buildings. The Department of Administration estimated in 2007 that the state has \$594.0 million in deferred maintenance needs.

Design - The second phase of a project, before construction, after predesign. Design usually is less than 8 percent of the total budget of a project, and consists of 3 phases: schematic design, design development and construction documents. The bulk of the spending during a project during the design phase is for architectural and engineering programming.

Design-Build - A way to build capital projects that may offer cost and/or time savings over traditional design-bid-build methods on some projects. This method allows simultaneous design and construction to take place, and potential cost and/or time savings over the traditional method in certain cases.

General Obligation Bonds, "GO Bonds" - Bonds that the state stands behind with its full taxing powers, including general fund-supported bonds, trunk highway bonds, and user-financed bonds. Differs from revenue bonds where a particular revenue stream is dedicated to repayment of bonds.

HEAPR - Higher Education Asset Preservation and Renewal Account. Bond funds allocated to the higher education systems for the purpose of restoring or maintaining buildings and other items of a capital nature.

Planned Maintenance - Preventative maintenance of a corrective and planned nature to repair and prevent building problems.

Predesign - First stage of a building project. Usually accounts for less than 1 percent of total project spending. This stage is intended to determine a project's feasibility, define the essential aspects of the project and prepare instructions for the design phase. The predesign documents should include the rationale for the project, its use components, costs and scheduled cash flow. In addition, predesign should address possible operating budget implications of the project.

Revenue Bonds - Bonds for which the debt service is paid by a specific revenue stream and not out of the General Fund. The most common example of how these bonds are used is by the state's higher education institutions; they use revenue bonds for the purpose of building a parking lot or dorm and pay the debt service of those bonds with revenue from parking fees or dormitory rents.

Economic Development

Brownfields - Parcels of land that were used for industrial or manufacturing purposes in the past, but now are underutilized or have been abandoned. In many cases, soils under brownfields have been contaminated with pollutants. Redevelopment of brownfields is often difficult, because of the costs associated with cleaning up the pollutants although all brownfields are not necessarily contaminated.

CILS - Acronym for Centers for Independent Living.

Commerce - Often used short reference for the Department of Commerce.

DEED - Acronym for the Department of Employment and Economic Development. DEED is the state's principal economic and workforce development agency, with programs promoting business recruitment, expansion and retention, workforce development, international trade, and community development. DEED also administers Minnesota's unemployment insurance program. DEED is the successor agency to the former Departments of Trade & Economic Development and Economic Security.

Dislocated Worker Program - The federal and state dislocated worker programs serve those dislocated from long held jobs because of factors such as technological changes, investment decisions, and changes in consumption and competition. Services provided to clients fit into three broad categories: readjustment, retraining and supportive services. This program is funded by an employer tax, which is deposited into the Workforce Development Fund, and is administered by the Department of Employment and Economic Development.

EDA - Acronym for Economic Development Authority.

Explore Minnesota Tourism (EMT) - The lead state agency in promoting the tourism sector of the state's economy. EMT markets Minnesota as a travel destination, and leads tourism policy and product development. In addition to its main St. Paul office, EMT serves the tourism industry through its regional offices.

HRA - Acronym for Housing and Redevelopment Authority.

IRRR - Acronym for the Iron Range Resources and Rehabilitation (commonly called the "I 'triple' RB"). The IRRR is charged with strengthening and diversifying the economy of northeastern Minnesota. The IRRR is funded predominately from taconite production taxes that are levied against mining companies in lieu of property taxes.

JOBZ - Acronym for the Minnesota's Job Opportunity Building Zones program. JOBZ is an initiative to stimulate economic development activity by providing local and state tax exemptions to new and expanding businesses. The program, allows qualifying businesses to receive corporate, sales and use, and property tax exemptions for up to 12 years. The businesses can also receive tax credits for creating higher paying jobs.

MEDA - Acronym for Metropolitan Economic Development Association.

MHS - Acronym for the Minnesota Historical Society.

Minnesota Investment Fund - The purpose of the Minnesota Investment Fund is to create and retain jobs with a focus on industrial manufacturing and technology related industries. The Department of Employment and Economic Development awards

grants to local units of government that, in turn, make loans to assist new or expanding businesses. Loans to businesses can be for land, buildings, equipment and training. Funds may also be used for infrastructure improvements necessary to support businesses located or intending to locate in Minnesota.

Minnesota Jobs Skills Partnership Program (JSP) - A training program operated by the Department of Employment and Economic Development. JSP provides training for new jobs or provides skills training in order to retain existing employees.

Minnesota Workforce Center System - A service delivery system that provides a full array of employment and training services in one location. This coordinated systems approach to service delivery avoids duplication of services and presents a structure for assuring a better match between workers and jobs. The system is a state and local partnership comprised of the Minnesota Department of Employment and Economic Development and seventeen Workforce Service Areas, which together operate 53 Workforce Centers throughout the state. Primary partners include Job Service/Reemployment Insurance and Veterans programs, Rehabilitation Services, State Services for the Blind, local Workforce Councils/Private Industry Councils and local elected officials who work with the Job Training Partnership Act, Dislocated Worker and Older Worker Programs. This multi-partnered system also includes county governments, post-secondary and secondary education, county social service agencies, community action agencies, Displaced Homemaker programs and other locally based service providers.

PUC - Acronym for the Public Utilities Commission. The PUC creates and maintains a regulatory environment that ensures safe, reliable and efficient electric, natural gas and telephone services as a quasi-judicial/quasi-legislative board.

RDC - Acronym for Regional Development Commission.

SSB - Acronym for State Services for the Blind.

UI - Acronym for Unemployment Insurance. UI is a short-term program administered by the Department of Employment and Economic Development that provides temporary income to individuals looking for new jobs or awaiting recall to their regular jobs. The benefits for this program come from taxes employers pay into the Unemployment Insurance Fund. No deductions are taken from any worker's wages to pay for these benefits. (See Taxes, *FUTA*.)

WCRA, Workers' Compensation Reinsurance Association - A nonprofit association of all insurance carriers that carry workers' compensation insurance. WCRA is responsible for: establishing procedures under which claims are made and for reviewing claims; collecting data regarding liabilities against the insurers; and calculating and charging members premiums sufficient to cover expected liabilities that members will incur.

Workforce Development Fund (WDF) - Fund is used to finance employment and training programs, with the largest component being the Dislocated Workers Program. WDF is funded with an special assessment paid by employers. The assessment is levied against each employer's taxable wages subject to the Unemployment Insurance Tax.

Workers' Compensation Special Fund - Fund is used to finance Minnesota's workers' compensation system, including administrative costs for the Department of Labor and Industry, the Office of Administrative Hearings and the Workers' Compensation Court of Appeals. The

fund also provides benefits to injured workers whose employers do not have mandatory workers' compensations coverage and enforces mandatory workers' compensation insurance coverage. The fund consists of assessments made against workers' compensation insurers and self-insured employers on the basis of their payments to injured workers for wages lost as a result of injuries.

Housing Terms and Acronyms

Amortization - Repayment of a mortgage loan by installments. Repayment installments include both the principal and interest of the loan.

ARIF, Affordable Rental Investment Program (Preservation) - A Minnesota Housing Finance Agency (MHFA) program that seeks to preserve the stock of federally assisted rental housing that is in danger of being lost due to opt-outs for market reasons and/or physical deterioration.

Bridges Program – Often used short reference the Rent Assistance for Persons with Mental Illness Program. The program that provides temporary rental housing payment assistance on behalf of income-eligible households in which at least on adult member has a serious and persistent mental illness. The assistance is intended to stabilize the household until a Section 8 certificate voucher becomes available.

CDBG, **Community Development Block Grant** - A federal entitlement program first authorized in 1974 and administered by the Department of Housing and Urban Development (HUD). Local governments automatically receive a portion of these funds and participate in either the entitlement program or the states and small cities program. Grant amounts are determined by a formula based on the community's populations, population growth lag, the number of persons in poverty, the extent of overcrowded housing and the amount of housing built prior to 1940. These

funds are for improving communities by providing decent housing and suitable living environment, and expanding economic opportunities, principally for persons with low and moderate incomes.

Challenge Program – Often used short reference for the Economic Development and Housing Challenge Program. The program funds a wide array of development and redevelopment activities, including construction, acquisition, and rehabilitation of both rental housing and homes for ownership. Assistance is provided in the form of no-interest, deferred loans and grants to local governments, and for-profit and non-profit developers.

Equity - The difference between the fair market value of the property and the amount still owed on its mortgage.

Equity Take-Out Loans - Minnesota Housing Finance Agency (MHFA) loans offered as an incentive to keep owners of federal assisted properties from prepaying their mortgage and discontinuing participation in federal affordable housing program. Equity take-out loans are frequently used for rehabilitation of rental housing property. The agency may make equity take-out loans on all federally assisted properties including properties where the agency does not hold the first mortgage.

FMR, **Fair Market Rent** - An amount determined by HUD to be a fair amount on which to base its subsidy contribution. The amount determined by HUD to be fair is derived from a survey of privately owned, safe, non-luxury rental units to find out what it costs to rent in the area. The FMR is set as a percentile of rents reported in the survey. This percentile is used to figure out how much to reimburse private property owners who rent to families or individuals with Section 8.

Fannie Mae - A congressionally chartered, shareholder-owned corporation that supplies mortgage funds to homebuyers and investors.

FHA mortgage - A mortgage that is insured by the Federal Housing Administration (FHA).

FHA - Acronym for Federal Housing Administration.

Gap Financing - The difference between the cost of producing or rehabilitating a building and the building's appraised value upon completion. When the cost of producing or rehabilitating a building is higher than the appraised value upon completion, gap-financing assistance is provided in the form of grants or loans to help mitigate the difference.

Housing Development Fund - A revolving fund under the control and jurisdiction of the Minnesota Housing Finance Agency (MHFA). Moneys deposited into the revolving fund include: (1) moneys appropriated and made available by the state for the purposes of the fund, (2) moneys which MHFA receives in repayment of advances made from the fund, (3) other moneys which may be made available to MHFA for purposes of the fund from any other source or sources, (4) all fees and charges collected by MHFA, and (4) all interest income or other income not required by the provisions of a resolution or indenture securing notes or bonds to be paid into another special fund.

Housing Trust Fund Program – The largest of MHFA's supportive housing programs, this program provides 0 percent interest deferred loans for financing affordable permanent and supportive rental housing and limited equity cooperative housing for very low-income household. The program also provides operating grants and loans.

HRA - Acronym for the Housing and Redevelopment Authority.

HUD - Acronym for the Department of Housing and Urban Development.

MHFA - Acronym for Minnesota Housing Finance Agency.

Neighborhood Land Trust - A neighborhood land trust must have as one of its purposes the holding of land and the leasing of land for the purpose of preserving the affordability of housing on that land for persons and families of low and moderate income. Minnesota Statutes, Section 462A.31.

PHA, Public Housing Agency - Cities with public housing will have a public housing agency to manage and operate the building. Public housing is usually federally built and locally owned

RHS, Rural Housing Service - An agency within the U.S. Department of Agriculture, which operates under the Consolidated Farm and Rural Development Act of 1921 and Title V of the Housing Act of 1949, that provides financing to farmers and other qualified borrowers buying property in rural areas who are unable to obtain loans elsewhere.

Section 8 - A federal rental assistance program that allows participants to pay 30 percent of their income for rent. The Section 8 program subsidizes the remaining rent.

K-12 Education Finance Terms

ADM, Average Daily Membership - The unweighted headcount of pupils being served in a school district.

Alternative Compensation Revenue (also commonly called “Q-Comp Revenue”) – Provided to school districts which adopt alternative pay structures and implement professional development programs for teachers. Eligible districts receive \$260 per unweighted pupil of revenue. Alternative compensation revenue is a combination of aid and equalized levy.

AMCPU, Adjusted Marginal Cost Pupil Units - The most commonly used measure of pupils in the education funding formulas. AMCPU is calculated based on the weighted count of pupils, and adjusts the count upward in school districts with declining enrollment. In school districts with declining student enrollment from one year to the next, the district's Adjusted Marginal Cost Pupil Unit count is 77 percent of its current year weighted count of pupils served in the district, plus 23 percent of its prior year weighted count of pupils served in the district.

ANTC, Adjusted Net Tax Capacity - The property value used for assessing most school taxes. ANTC adjusts for differences in assessment practices and reflects the application of property tax classification rates to the market value of property.

AP/IB, Advanced Placement/International Baccalaureate - Programs that require more rigorous student achievement than regular programs and often will count for college credit.

Categorical Revenue – Any revenue type outside of the General Education Program that is designated for a specific purpose, such as Special

Education Revenue, School Lunch Aid or Debt Service Equalization Aid.

Compensatory Revenue - A portion of general education revenue based on the concentration of students in a school building that qualify for free and reduced-price lunches.

Educational Excess & Deficiency Transfer - At the end of a fiscal year, any excess general fund appropriations to the Department of Education for an aid or grant program specified in Minnesota Statutes, Section 124.14 (Subd. 7-7a or Subd. 9) may be transferred to programs for which the appropriation is insufficient to fully fund the formula for the program. Excesses in K-12 programs (Subd. 7-7a) can only be applied to deficiencies in K-12 programs, and excesses in Early Childhood and Family Education Programs (Subd. 9) can only be applied to deficiencies in Early Childhood and Family Education programs.

Enrollment Options “Open Enrollment” - The program that allows students to attend a school district other than the one in which they reside.

Entitlement – The amount of school district revenue resulting from a specified formula. Entitlement differs from appropriation, which is the amount of state funding needed for a given fiscal year to fund the formula in question. The appropriation for a program is calculated as 90 percent of the current year entitlement, plus 10 percent of the prior year entitlement. This adjustment is made to account for variables such as pupil counts and tax base in the formulas, and has varied based on the financial condition of the State.

Equalization - The method by which the State uses state aid to prevent variations in property tax wealth between districts from influencing how much revenue a district can raise. Equalizing factors can be fixed so that the State guarantees

that a certain tax rate will generate a certain amount of revenue for a school district, regardless of the district's property value.

Formula Allowance - Usually refers to the basic general education formula allowance. For example, the basic general education formula allowance is \$5,124 per pupil unit in 2008-09.

General Education Program - The funding for school districts which is the primary source of revenue for their general fund. The General Education Program includes the General Education Formula Allowance, but also includes other types of formula-generated revenue: Basic Skills (Compensatory and Limited English Proficiency), Extended Time, Gifted and Talented, Secondary and Elementary Sparsity, Operating Capital, Training and Experience, Transportation Sparsity, Equity, Alternative Compensation, Transition and Referendum.

GRAD Test, Graduation Required Assessments for Diploma (also known as the MCA-II Grad test) writing (9th grade) - Reading (10th grade) and math (11th grade) tests taken to determine readiness for graduation. All students who entered 8th grade in the 2005-06 school year or later are required to pass the GRAD Test to graduate.

HSGI, High School Graduation Incentives - A group of alternative education programs designed to encourage students to complete graduation requirements.

IEP, Individual Education Plan - The learning plan required to be developed for each student with a disability.

LEI, Location Equity Index - A proposed adjustment to basic revenue that provides

additional revenue to districts located in areas with high wages and high housing costs.

LEP, Limited English Proficient - The term applied to students who have limited English speaking ability.

Market Value - The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

MARRS, Minnesota Automated Reporting Student System - An automated process for school districts to report pupil data to the state. This data is used for funding calculations and other purposes.

MCA-II, Minnesota Comprehensive Assessments - Reading, math and science tests taken each year between third and eleventh grade, (in the case of science, the test is offered once in each group of grades 3-5, 6-9 and 10-12) intended to help school districts evaluate student progress toward making adequate yearly progress toward proficiency in reading and math by the 2013-14 school year. The science test is used to measure progress toward meeting state science standards.

MDE - The Minnesota Department of Education (formerly the Department of Children, Families and Learning or DCFL).

Operating Referendum - Revenue raised by a school district through a ballot measure requiring voter approval, which allows the district to raise revenue via property tax assessments on property in the district. Operating Referendum is a mix of local levy, and in some cases, State Aid if equalization is necessary. Operating Referendum is capped for most districts at 26 percent of the basic formula allowance. Operating Referendum levies are one of few school taxes which are levied against referendum market value.

PSEO, Post Secondary Enrollment Options -

A program that allows high school juniors and seniors to enroll in college courses at eligible postsecondary institutions with the state paying the student's tuition expenses. In addition, college courses may be taught at the high school by college instructors at state expense.

Pupil Units - A weighted count of pupils used to determine revenue in many formulas:

One Kindergarten Pupil	=	.612 pupil units
One Elementary Pupil (grade 1-3)	=	1.115 pupil units
One Elementary Pupil (grade 4-6)	=	1.06 pupil units
One Secondary Pupil (grade 7-12)	=	1.3 pupil units

Q-comp Revenue – Quality Compensation Revenue, see Alternative Compensation Revenue.

Referendum Market Value - Similar to Market Value, in that the property value is based on the value assigned by the assessor. However, referendum market value is used in the Referendum, Equity and Transition revenue programs, and excludes cabins, agricultural land and some post-secondary housing from inclusion as taxable property.

Review & Comment - A process by which the commissioner of Education reviews and comments on the feasibility and practicality of school district building projects.

Sparsity revenue - The portion of the general education formula that provides additional revenue to school districts for schools that have relatively small enrollments and are relatively far from other school buildings.

Staff Development revenue - An amount equal to two percent of the basic formula revenue in each

districts must be spent for staff development, unless the district's licensed teachers and school board agree to waive the requirement.

T&E, Training and Experience revenue - A portion of the general education formula that compensates school district for a portion of the training or education levels and experience (number of years of service) levels of school district staff. This revenue began phasing out in the 1998-99 school year.

Tax Capacity Rate - The rate of taxation for a specific program. Tax capacity rates are expressed as a percent of the adjusted net tax capacity. Many tax capacity rates are set in law.

UFARS, Uniform Financial Accounting and Reporting Standards - A statewide accounting procedure that must be used by school districts to record financial transactions and report financial information to the State Department of Education.

Family & Early Childhood Terms

Note: Additional terms and acronyms relevant to family and early childhood may be found in the Health and Human Services, Housing and Taxes sections.

ABE - Adult Basic Education. ABE services include workforce and literacy programs for adults ages 16 and older that are not attending elementary or secondary education. Since FY 2000, state aid and some federal aid have supported ABE activities. ABE state aid is distributed using the factors of basic population, contact hours and limited language proficiency.

Basic Population Aid - A funding component of the Adult Basic Education state aid formula. For each School district, basic population aid is equal to \$1.73 multiplied by the greater of 1) the

population of the school district according to the most recent census estimate or; 2) 3,844.

ECFE – Early Childhood Family Education – ECFE programs are intended for families with children between birth and kindergarten. School districts are directed to establish fees based on a sliding fee scale.

ECFE Home Visiting – This portion of the ECFE program provides educational and social services to parents. The intent is to reach isolated or at-risk families, and it is funded by a local levy.

GED Test Reimbursement - Provides 60 percent reimbursement to eligible individuals for completing the full battery of General Education Development tests, but not more than \$40 per individual.

Health and Developmental Screening - Minnesota school districts are required to offer health and developmental screening for children prior to kindergarten. The state provides \$75 per child as reimbursement for health and developmental screening for children screened at age 3; \$50 for children screened at age 4; and \$40 for children screened at age 5 or 6.

School Age Care - Districts with a community education program may offer a School Age Care program for children in kindergarten through grade 6 for the purposes of expanding learning opportunities. Districts are eligible for school age care revenue for the additional cost of providing services to children with disabilities or to children experiencing family or related problems of a temporary nature.

Higher Education Terms

Achieve – Grant program which pays college students up to \$1,200 for having taken a “rigorous” program of courses in high school. To qualify students must be from families with income of \$75,000 or less, take courses outlined by a similar federal program (basically the state high school graduation requirements plus a language) and have a C average or better.

Allocation Model – MnSCU system methodology for distribution of state appropriations to campuses.

Board of Trustees of the Minnesota State Colleges and Universities - Also known as *the Merger Board*. Board that has governance authority over the State Universities, Community Colleges and Technical Colleges after the formal merging of these three systems on July 1, 1995. Members of the Board of Trustees are appointed by the governor.

Board of Regents - Board that has governance authority over the University of Minnesota. Both houses of the legislature meeting in joint convention elect the members of the Board of Regents.

Campus Compact – Organization that promotes service learning opportunities for college students.

College in the Schools – K-12 students taking college courses in secondary settings. Typically, K-12 instructors teach the classes and are given curriculum training under contract from a college or university.

Concurrent Enrollment – Umbrella term for programs where secondary student take courses for both secondary and post-secondary credit. (See College in the Schools and PSEO.)

Design for Shared Responsibility - Defines how state financial aid is allocated to Minnesota undergraduate students. This policy distributes the responsibility for paying the cost of attending college among the student, the student’s family, and the state and federal governments. Shared Responsibility expects the student to finance 46 percent of the cost; the family is expected to pay the other portion. In general, grant aid from the federal and/or state government applies to the family share and loans or work study applies to the student share.

EFC Expected Family Contribution – Amount which students and their families are expected to be able to contribute to the cost of higher education as calculated by the Federal Needs Analysis. The “neediest” students in the analysis have zero EFC.

FAFSA, Free Application For Federal Financial Aid - Federal form that provides financial information to complete the Federal Needs Analysis (see below) when applying for financial aid. Submitting this completed form with a copy of current tax information is a prerequisite for all state and federal need based aid.

Federal Needs Analysis - Federal methodology used to assess a student’s eligibility for both state and federal need based financial aid programs. Financial information about the student and/or family and the student cost of attendance are used to determine the student’s financial need.

FYE - Full Year Equivalentents A measure of enrollment equating total credit based enrollment (including full and part time students) to the equivalent number of full time students. Calculated by taking total credit hours generated and dividing by 45.

Headcount - Total number of students regardless of their enrollment status (number of individuals).

HEFA *Higher Education Facilities Authority* - Statutory entity that assists (primarily private) colleges with financing of capital projects. The Authority is empowered to issue revenue bonds which in aggregate do not exceed \$650 million. The Authority does not receive any funding from the state.

ICAP *Intervention for College Attendance Program* – Program that educates students and families in secondary schools about the importance of the academic preparation and financial planning needed for college attendance.

LME *Living and Miscellaneous Expense Allowance* – Figure set in law which is added to tuition to determine the maximum amount a student can receive from the State Grant Program. As the name implies, this figure is meant to represent the non-tuition related costs of a college education.

Minnesota College Savings Program – 529-college savings program enacted by the 1997 Legislature. Allows families to set up state managed, tax deferred, savings accounts for educational expenses. Contributions are matched by the state up to a maximum \$300 annual benefit. Families with incomes under \$50,000 receive a 15% match; families with incomes between \$50,000 and \$80,000 receive a 5% match. The program is still in the set-up phase and accounts will not be available until 2001.

OHE - *Office of Higher Education, (formerly the Higher Education Services Office)* - State agency that is responsible for administering state financial aid programs and collecting statewide data on enrollments and aid distribution.

PELL Grant Program - Main federal need based financial aid program. Grants range from \$400 to \$4,731 annually and apply to undergraduate studies only.

Perkins Loan - Major supplemental federal loan program. Provides long term, low interest loans to undergraduate and graduate students. Students must show need (see Federal Needs Analysis). Undergraduates may borrow \$3,000 annually up to \$15,000 in total; graduates may borrow \$5,000 annually up to \$30,000 in total.

PSEO (*Postsecondary Enrollment Options*) - State program that allows high school juniors and seniors to enroll in postsecondary courses. These students are accepted on a space available basis.

Reciprocity - Agreements that Minnesota has with other states and provinces that allow students to attend colleges in those areas at lower than nonresident cost and vice versa. The agreements vary by state as to scope and cost, but most include a provision for equalization payments between states based on enrollment volume.

SELF-Loan, *Student Educational Loan Fund* - State run revolving loan fund. Loans are not need based but require a credit worthy co-signer (usually a parent). Interest on SELF-loans is not deferred but must be paid quarterly while the student is in school. Undergraduates may borrow \$4,500 annually for the first two years and \$6,000 annually thereafter up to \$25,000 in total. Graduates may borrow \$9,000 annually up to \$40,000 total.

Series EE U.S. Savings Bonds - Federally issued savings bonds. Bonds are available in small denominations and purchase methods such as payroll deduction are available. Interest on EE bonds is state and federal tax exempt when used for educational purposes.

Stafford Loan Program - Federal loan program that includes both need based, subsidized loans and

non-need based, unsubsidized loans for undergraduate, graduate and professional students. Both programs are traditional college loan programs handled through private lenders, however, since 1994; both programs are also available at certain schools as Federal Direct Student Loans where the U.S. Department of Education is the lender. Annual loan amounts and aggregate limits vary by year in school and dependency status.

State Higher Education Spending - Equals appropriations plus tuition. Tuition money is not directly appropriated. Higher education systems set tuition rates and collect and retain the revenue based on either Statutory or Constitutional authority.

State Grant Program - Main state need based financial aid program. This program works in conjunction with the federal PELL program to provide grants to students with assessed need (see [Federal Needs Analysis](#) and [Design for Shared Responsibility](#)). After the amount of total grant aid that a student is eligible for is determined any PELL grant which a student will receive is deducted and the remainder is the amount of the State Grant.

Tuition Maximum – Limit established in law to set the maximum amount of tuition which can be recognized in the State Grant Program. There are separate maximums established for two-year programs and four-year programs.

Work-study - Need based financial aid program which subsidizes the wages of student workers.

This page intentionally left blank

Environment, Natural Resources, Agriculture and Veterans

ACCRA or Agricultural Chemical Response and Reimbursement Account – An account within the agricultural fund for agricultural chemical spill remediation.

Agricultural Fund or Ag Fund – A fund in the state treasury that includes many of the Agriculture Department’s fee based programs.

AURI - Acronym for the Agricultural Utilization Research Institute. AURI’s mission is to identify and expand exiting markets and develop new uses for the state’s agricultural commodities.

BAH – Acronym for the Board of Animal Health. The board’s mission is to protect, maintain and improve the health of the state’s domestic animals.

BOWSR - Acronym for Board of Water and Soil Resources. The board is responsible for aiding and over site of state soil and rural water conservation efforts.

Clean Water Legacy – The name given to MN Statutes 114D. It governs the state efforts to protect, restore and preserve the quality of surface waters of the state in accordance with the federal clean water act.

Closed Landfill Investment Fund – A fund established in the state treasury to be used for future state liability to clean landfills.

Con-Con or Consolidated Conservation Lands - State-owned lands that Minnesota received in exchange for paying off ditch bonds issued by seven Minnesota counties in the early 1930s. Action by the 2002 legislature designated the remaining Con-

Con lands as WMA lands to be managed by the DNR.

CREP or Conservation Reserve Enhancement Program - The CREP program allows Minnesota to match federal dollars to put conservation easements on up to 100,000 acres in the Minnesota River valley.

DNR - Acronym for the Minnesota Department of Natural Resources. The agencies stated mission is to “work with citizens to conserve and manage the state’s natural resources.”

DVA – Acronym for the Minnesota Department of Veterans Affairs. The agencies mission is to aid Minnesota veterans in securing all benefits and services afforded to them by federal or state law.

Ecosystem-Based Management (DNR) - The Minnesota DNR defines Ecosystem-based Management as the collaborative process of sustaining the integrity of ecosystems through partnerships and interdisciplinary teamwork. The long-term goal is sustainability of Minnesota's ecosystems, the people who live in them, and the economies founded on them.

Environmental Fund - A fund in the state treasury that accounts for activities to monitor and control environmental problems using taxes and fees from activities and industries contributing to environmental problems.

Environment and Natural Resources Trust Fund - A constitutionally established fund in the state treasury that receives the investment earnings and a portion of the net lottery proceeds. Annually up to 5½ percent of the market value of the fund may be expended for natural resources purposes.

Ethanol Producer Payments - Payments made to ethanol producers in the state based on a per gallon amount. The current per gallon amount is twenty cents.

Game and Fish Fund - Fund in the state treasury that receives revenues from license fees and fines related to hunting and fishing that are spent for related purposes.

Heritage Enhancement Account – An account in the game and fish fund, which receives a portion of the revenue collected under section 297A.65 (lottery-in-lieu). Money in the account may be spent only on activities that improve, enhance, or protect fish and wildlife resources.

Impaired Waters-Surface water which do not meet water quality standards and pose risks to people and aquatic life. The Federal Clean Water Act requires that the PCA take steps to address impaired waters.

Integrated Pest Management (IPM) Program-MDA - The IPM Program develops and implements statewide strategies for the increased use of IPM on private and state managed lands.

Lessard Outdoor Heritage Council – Statutorily created council with the responsibility of making recommendations to the legislature on expenditures from the outdoor heritage fund.

LCCMR or Legislative-Citizen Commission on Minnesota Resources - The commission consists of 17 members; seven appointed citizens, five senators and five House of Representative members. The commission recommends an annual budget plan for the expenditure of the Environment and Natural Resources Trust Fund dollars.

Lottery-In-Lieu-of Tax - DNR – The dollars from the in-lieu of sales tax collected on lottery tickets that is directed to natural resources programs. Deposit of funds is designated in Minnesota Statutes, Section 297A.94.

MDA - Acronym for the Minnesota Department of Agriculture. The Department’s mission includes working toward profitable and environmental sound agricultural industry, safe food and orderly commerce in agricultural products.

Minnesota Environmental Response and Liability Act (MERLA)-Law that established the programs used by the state to cleanup polluted sites. Often referred to as the Superfund law.

Natural Resources Fund - A fund in the state treasury that receives taxes from fuel used in recreational vehicles, fees and donations that are used to fund management of the related natural resource programs.

Outdoor Heritage Fund. A fund is established as an account in the state treasury. At least 99 percent of the money appropriated from the fund must be expended to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.

Outdoor Recreation System – The system of parks, trails, recreation areas, and additional statutorily designated state lands established to provide for the outdoor recreational needs of Minnesota’s citizens. The system is created in Minnesota Statutes, Section 86A.

PCA - Acronym for the Minnesota Pollution Control Agency.

Petroleum Tank Cleanup Fund - A fund in the state treasury that receives funding from a fee

imposed on petroleum distributors for the purpose of reimbursing responsible parties for most of their costs to cleanup environmental contamination from petroleum tanks.

Remediation Fund - A fund in the state treasury of monies from certain fees and the proceeds of bond sales. The fund is used for costs associated with the superfund and closed landfill cleanup programs or other costs as appropriated by law

RIM or Reinvest In Minnesota - RIM is Minnesota's premier conservation program, designed to protect, restore and improve the natural resource habitat.

RFA or Rural Finance Authority - The Department of Agriculture's division that manages a variety of agriculture related loan programs.

SNA or Scientific and Natural Area - DNR preserves natural features and rare resources of exceptional scientific and educational value through land acquisition. These areas are open to the public for nature observation and education.

Select Committee on Recycling and the Environment (SCORE) - In 1989, the Minnesota Legislature adopted comprehensive waste reduction and recycling legislation based on the recommendations of the SCORE. This set of laws, commonly referred to as SCORE, is a part of Minnesota's Waste Management Act (WMA). The SCORE legislation has provided counties with a

funding source to develop effective waste reduction, recycling and solid waste management programs. The SCORE Report is an annual examination of Minnesota programs and data.

Superfund – The state program that implements the efforts to prevent land pollution, and to conduct emergency cleanup and restorations of polluted lands.

Sustainable Forest Resources Act – The state statutes, Minnesota Statutes, Section 89A, that established the requirements and programs with the goal of maintaining the state forested areas.

TMDL or Total Maximum Daily Loads- PCA- The federal Clean Water Act requires states to adopt water quality standards (TMDL) to protect the nation's waters. TMDLs define how much of a pollutant can be in a surface and/or ground water while still allowing it to meet its designated uses.

USDA – Acronym for the United States Department of Agriculture.

Wildlife Management Area (WMA) - DNR owns and operates public wildlife areas, which provide recreation for hundreds of thousands of upland, waterfowl, and deer hunters each year. 1.1 million acres of habitat provide for most of Minnesota's game and nongame wildlife species.

This page intentionally left blank

Health & Human Services Terms

1115 Medicaid Waiver - This notation refers to section 1115 of the Social Security Act that grants the U.S. Department Health and Human Services the authority to waive certain Medicaid laws to allow states flexibility in designing their Medicaid programs; these waivers are also known as research and demonstration waivers, including the new Health Insurance Flexibility and Accountability (HIFA) waiver. Minnesota pursued and received a waiver as part of the MinnesotaCare program, allowing the state to reduce expenditure growth, include both short- and long-term care in managed care delivery systems, eliminate barriers to health care access, and coordinate and integrate the delivery of services to those with special needs.

1915 (c) Waivers - Section 1915 (c) of the Social Security Act refers to authority that allows the Centers for Medicare and Medicaid Services (CMS) to waive federal Medicaid requirements to allow states to experiment with providing health care services in home and community-based settings as opposed to institutional settings (e.g., hospitals, nursing homes). These waiver services, often referred to as home and community-based waivers, include day treatment, habilitation, supported employment, respite care, semi-independent living services, and adaptive equipment. Waivers may also allow reimbursement for services not usually covered by Medicaid but are provided to help an individual stay out of an institution.

Home and community-based waiver categories are:

- < CAC, Community Alternative for Children/Community Alternative Care - This waiver pays for health care of individuals who requires the level of care of a hospital due to chronic illness.
- < CADI, Community Alternatives for Disabled Individuals - CADI pays for health care of individuals who require the level of care of a nursing facility.
- < DD, Developmental Disabilities (see also MR/RC (Mental Retardation or Related Conditions) - The DD waiver pays for health care for individuals requiring 24-

hour plan of care and need the level of services provided in an ICF/MR.

- < EW, Elderly Waiver - The EW program provides a customized package of health care for individuals over 65 years of age who need the level of services provided by nursing facilities.
- < MR/RC, Mental Retardation or Related Conditions (see DD above).
- < TBIW, Traumatic Brain Injury Waiver - The TBI waiver pays for health care for persons diagnosed with Traumatic Brain Injuries who need nursing or facility or neuro-behavioral hospital level of care.

60-month time-limit - The number of months that an individual may receive assistance from the federal TANF block grant in a lifetime.

Area Agencies on Aging (Triple A's) - Administer the federal Older Americans Act and state Aging Grants (though the Minnesota Board on Aging) that fund core services for elderly individuals that live at home including meals, chore services, medication management, transportation, caregiver support and legal services. The Triple A's also provide information and assistance to elderly individuals through the Senior Linkage Line.

AC, Alternative Care - A general fund program that pays for home and community-based services for elderly individuals who qualify for nursing home placement, cannot afford 135 days of nursing home care, choose to be served in the community, and no resources exist to pay for the community services.

ADL, Activities of Daily Living - A reference to an index measuring a patient's degree of independence in bathing, dressing, using the toilet, cooking, eating, and moving about. The index is used to determine the level of care needed in a nursing home or other residential facility. Payment rates for some services are based on ADL's.

Adolescent Parenting – Created in 1997 to help combat the high dropout rate for adolescent parents, grants are awarded to programs that seek to prevent teen pregnancy, keep teen parents in school and link them with community resources. Beginning in FY 2002, this program is funded from within the Children’s Trust Fund budget.

Adoption Assistance - This program, operated by the Department of Human Services, provides cash assistance to families who adopt children with special needs (as defined by the state) who are under state guardianship.

AFDC, Aid to Families with Dependent Children - The predecessor of the [Temporary Assistance to Needy Families](#) (TANF) block grant program, that provided cash grants to very low income families when one parent was absent, incapacitated, or unemployed. The federal government ended the program in 1996. Minnesota’s TANF program is called [MFIP](#).

At-Home Infant Care (AHIC) - A family eligible to receive assistance under the Basic Sliding Fee child care program may also be eligible for At Home Infant Care Assistance. A family in which a parent provides care for the family’s infant child may receive a subsidy in lieu of assistance if the family is eligible for, or receiving assistance under the basic sliding fee program. A family is limited to 12 months of assistance. The maximum reimbursement rate to the participating AHIC family is equal to 75 percent of the rate established in the applicant’s county of residence.

AWP, Average Wholesale Price – The cost factor used in determining reimbursement rates for pharmacy claims.

Basic Sliding Fee (BSF) Child Care - A state subsidized child care assistance program for low-income families not enrolled in MFIP or Transition Year Child Care Assistance. Funding for this program is allocated to counties on a calendar year cycle. Counties are required to contribute a fixed

minimum direct service match and in many cases choose to contribute additional county funds.

Basic Sliding Fee (BSF) Transition Year Child Care - Funds designated to provide uninterrupted child care assistance for families completing their transition year from the MFIP program. These funds assure that families completing their transition year will have a slot on the Basic Sliding Fee Child Care program and will not encounter a waiting list.

CAA, Community Action Agency - A community action agency is a political subdivision of the state, a combination of political subdivisions, a public agency, or a private non-profit agency that receives funds to support local programs that are designed to combat the effects of poverty.

CADI, Community Alternative for Disabled Individuals - A federally matched, community-based MA waiver program that covers non-institutional services for people with disabilities who are at risk of placement in a nursing facility.

CAP, Community Action Program - A community action program is a community based and operated program that provides a range of services and activities having a major impact on the causes of poverty in the community. Operated by community action agencies, community action programs are also designed to achieve increased self-sufficiency and greater participation in the affairs of the community.

CCDF, Child Care Development Fund - federal block grant for child care. The CCDF has three components: discretionary, mandatory, and matching funds. Each component has separate requirements and Minnesota must comply with each component annually in order to leverage available federal block grant funding.

CDCS, Consumer-Directed Community Services – An option for persons eligible for home and community based waivers (1915 (c) waivers) that allow the waiver recipient to have more direct

control over the supports they receive and how those services are secured and purchased.

Capitation - A method of payment for health services in which an individual or institutional provider is paid a fixed amount for each person served, without regard to the actual number or nature of services provided in a set period of time. HMOs characteristically use this payment method.

Carve Out - An arrangement whereby specific services are eliminated from health insurance coverage under a capped rate. The carved-out services may then be obtained on a fee-for-service basis.

Case Management - The planning, referral, monitoring, and coordination of services provided to clients with complex needs and services.

CCDTF, Consolidated Chemical Dependency Treatment Fund – An account in the special revenue fund that combines revenues from MA, General Assistance (GA), Regional Treatment Centers (RTC), and state and federal grants into one account that pays for CD treatment. Counties are given an allocation from which to pay for CD treatment of their residents.

CD, Chemical Dependency - a condition related to frequent or repetitive use of alcohol or other drugs which adversely affects the health, interpersonal relationships, employment, or safety of the user or others.

CHB, Community Health Board - A local board of health established for better coordination of local health needs. CHBs must have jurisdiction over a minimum population and geographical area.

Child Care Regional Resource & Referral Agencies - Regional organizations that work with existing community based committees such as the interagency early intervention committees or neighborhood groups to advocate for child care needs in the community.

Child Care Wraparound - A full day of child care using a combination of state and federal Head Start and child care assistance funding.

Child Care Fund - Funds designated to help low income families pay for child care so that parents may pursue employment or education and training leading to employment. The Child Care Fund is composed of appropriations from the State General Fund, the Child Support Special Revenue fund, and two federal funding sources--the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families (TANF) block grant.

Children's Trust Fund – A resource for community-based child abuse and neglect prevention programs. The trust fund receives both state and federal appropriations, which are then granted to nonprofit and public agencies.

CHIPS, Children in Need of Protective Services - a minor child whom a court has found to be in need of protection or services because the child has been abandoned, abused, neglected or who meets one of the other criteria specified in Minnesota Statutes, Section 260.015, Subd. 2a.

CHS, Community Health Services Act - legislation passed in 1976 to provide state subsidies to local government to perform core public health functions.

CISN, Community Integrated Service Network - a formal arrangement of physicians, hospitals, and other health care providers that provide a continuum of prepaid health services to a defined population of no more than 50,000 enrollees, including residents of other states.

CMS, Centers for Medicare and Medicaid Services (formerly HCFA) – The agency within the U.S. Department of Health and Human Services that administers the federal Medicaid and Medicare programs.

Community Rating - A method of calculating health plan premiums using the average cost of actual or anticipated health services for all enrollees

within a specific area. Variances for different group characteristics such as age or sex are not allowed.

Community Services Block Grant (CSBG) - A federal block grant, under P.L. 97-35, that supports the infrastructure of community action agencies. Community action agency programs were established to help fight poverty by providing low-income Minnesota citizens with self-sufficiency skills and training.

County-Based Purchasing - An administrative option of the Prepaid Medical Assistance Program (PMAP) that allows counties to assume the responsibility for purchasing health services for eligible PMAP recipients.

CPI-U, Consumer Price Index-All Items (United States City Average) - An inflation adjustment index often used in rate-setting for human services programs.

CSE - acronym for Child Support Enforcement.

CSSA, Community Social Services Act - *M.S.* 256E specifies a planning process for the provision of social services administered by the boards of county commissioners under the supervision of the Commissioner of Human Services. The Legislature also provides a block grant to counties to assist in carrying out these services; this block grant is combined with the federal social services block grant (Title XX) to provide an important source of funding for counties.

CTC, Child and Teen Check-ups - Minnesota's version of the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, which is mandated by federal Medicaid laws. CTC is a comprehensive health program for infants and children under age 21. The program is designed to identify potentially handicapping conditions, diagnose and treat specific medical conditions, and encourage the development of good health habits.

DAC, a dated reference for Development Achievement Centers, which are now called Day Training and Habilitation (DT&H) Centers.

DD or Developmentally Disabled Individuals - People diagnosed with mental retardation or a related condition (MR/RC) who have substantial functional limitations or deficits in adaptive behavior and who manifest these conditions before their twenty-second birthday.

DHS - acronym for the Minnesota Department of Human Services.

DME, Durable Medical Equipment - Prescribed medical equipment (e.g., wheelchair, hospital bed, respirator) that can be used for an extended period of time.

Disease Management – A general term used for a range of medical case management services that assist clients with chronic conditions to make choices regarding their health care.

DRG, Diagnosis-Related Group – a classification of procedures used to sort hospital patients by discharge diagnosis into categories that are medically similar and have approximately equivalent lengths of stay. DRGs are used in determining MA and GAMC payment levels.

DT&H, Day Training and Habilitation (formerly known as DACs) - Out-of-home, non-residential program services provided for six or more developmentally disabled individuals for part of a 24-hour day.

Dual Eligibles- Persons who are eligible to receive benefits from both Medicare and Medicaid.

EA, Emergency Assistance - A program that provides cash assistance to help families respond to a crisis that could result in risking the health and safety of the children if immediate aid is not provided. This assistance is available once a year. This program was formerly known as AFDC-EA.

Earned Income Disregard - The percentage of an MFIP recipient's monthly income that is excluded for purposes of calculating the recipient's grant amount.

EBT, Electronic Benefits Transfer - An automated system that permits public assistance recipients to access cash benefits and food stamps through the use of a card similar to an ATM or debit card.

EGA, Emergency General Assistance - Money provided to eligible persons with a crisis situation that could result in severe hardship except for the provision of Emergency Assistance. Applicants must be eligible for GA.

ENABL, Education Now and Babies Later - A program designed to reduce adolescent pregnancy (targeted to teens aged 12-14) through prevention, community health promotion approach to educating, and supporting adolescents in the decision to postpone sexual involvement. State funding for this program was eliminated in the 2008 legislative session.

Enhanced PMAP - A term used to describe the greater or enhanced role of county boards in the transition to Prepaid Medical Assistance Program (PMAP) in their respective counties.

EPSDT, Early and Periodic Screening, Diagnosis, and Treatment, see [CTC, Child and Teen Checkups](#).

ERISA, Employee Retirement Income Security Act - A 1974 federal law that preempts state regulation of self-funded health benefit plans.

ESL, English as a Second Language - Training services to help non-English speaking persons communicate in English.

Experience Rating - A method of adjusting health plan premiums based on their historical utilization data and the distinguishing characteristics of a specific subscriber group.

F_{AE}, Fetal Alcohol Effect - A controversial term used to describe a child who has been affected by alcohol but may not have all of the characteristics of FAS.

FAIM, Family Assets for Independence - A subsidized savings program designed to help working individuals with incomes at or below 200% of the federal poverty level to build assets and to develop positive financial management habits and skills in order to achieve long-term economic self-sufficiency.

FAS, Fetal Alcohol Syndrome - A medical diagnosis describing children who have been exposed to alcohol during fetal growth, characterized by a) decreased height and weight, b) unique facial features, and c) damage to the brain and nervous system.

Family Service Collaborative (FSC) - The five-year Family Service Collaborative program assisted local communities to work with children and families, by creating a client-centered, integrated, local service delivery system for children and their families. Each collaborative consisted of at least one school district, one county, one public health entity, and one community action agency.

Fee-For-Service, FFS - A method of purchasing health care services by which a physician or other practitioner charges separately for each patient encounter or service rendered, as opposed to the capitated method of payment.

FFP, Federal Financial Participation - Federal monies, matched by state and sometimes local monies, that are used to provide services to eligible individuals in federally authorized programs (e.g., *AFDC* and *MA*).

FMAP, Federal Medical Assistance Participation - The federal share of payments for eligible *MA* services. The share is also applied to *MFIP* and foster care maintenance reimbursements. The *FMAP* rate is based on a formula driven by each

state's per capita income. Minnesota's FMAP share is generally around 50 percent.

FPG, Federal Poverty Guidelines, or **FPL**, Federal Poverty Limit - An index of poverty in the United States that is updated annually; the measure forms the basis of eligibility for a number of means-tested programs.

Food Stamps - Benefits issued through paper coupons or electronic means that are used to purchase food and food products in approved stores. The food stamp program is administered by the U.S. Department of Agriculture (USDA) at the federal level and by county social services agencies at the local level.

FSET, Food Stamp Employment and Training Program - A federally-mandated program that provides employment and training services for able-bodied food stamp recipients between the ages of 18 and 55.

FQHC's – Federally Qualified Health Centers are private area clinics that are qualified to receive special subsidies due to a high proportion of underserved populations such as in poor, migrant or tribal areas.

GA, General Assistance - A state-funded program providing financial assistance to eligible people who are unable to provide for themselves.

GAMC, General Assistance Medical Care - A state-funded health care program that primarily serves low-income Minnesotans aged 21 to 64 who are ineligible for other state and federal health care programs.

Gatekeeper - The primary care doctor in a managed-care system who determines whether a patient needs to see a specialist or needs other non-routine services. The goal is to guide the patient to appropriate services while avoiding unnecessary and costly referrals to specialists.

GHO, acronym for General Assistance Medical Care-Hospital Only.

GRH, Group Residential Housing - An income assistance program that pays the room and board expenses for low-income people who are aged, blind, or otherwise categorically eligible for GA, and who reside in a group residential housing setting.

HCAF, Health Care Access Fund - A special revenue fund that receives provider taxes, premium taxes, enrollee premiums and other revenue. This fund is the source of payments to providers of Minnesota Care services, administration of the MinnesotaCare programs, and activities related to health care access.

HCFA, the former Health Care Financing Administration – See CMS.

HHS, the U.S. Department of Health and Human Services.

HIFA, Health Insurance Flexibility and Accountability. A 1115 Medicaid waiver that uses a tiered strategy to allow Medicaid coverage for ineligible populations, provided that states increase their cost sharing and cap their enrollment.

HMO, Health Maintenance Organization - An organization that provides an agreed upon set of basic and supplemental health maintenance and treatment services to enrolled group members in a geographic area for a predetermined fixed price.

HSA, Health Savings Account – A tax-advantaged savings account that can be used to pay for medical and retiree health expenses incurred by individuals under age 65 and their families. Medicare beneficiaries (persons age 65 or older) are eligible to enroll in a similar product, known as a Medical Savings Account, through the Medicare program.

HWS, Housing with Services - A facility that provides sleeping accommodations for one or more adult residents (primarily over 55 years of age), and that offers regularly scheduled health-related

or supportive services for a fee. This designation does not include nursing facilities, hospitals, boarding care homes, supervised living facilities, battered women's shelters, family foster homes, and setting licensed under DHS rules 34, 35, 36, or 18.

HUD, the U.S. Department of Housing and Urban Development.

ICF/MR, Intermediate Care Facility [for the Mentally Retarded]. A facility licensed by the Department of Human Services to provide health or rehabilitative services for mentally retarded individuals or persons with related conditions who require active treatment but not the level of services provided in a hospital or nursing home.

IDA, Individual Development Accounts - A federal initiative that enables low-income families to build assets and save money for economic self-sufficiency. Use of savings accrued in IDA's is limited to post secondary education related expenses and training, business development and home ownership. In Minnesota, the family assets for independence program ([FAIM](#)) is modeled after that the federal IDA initiative.

IHP, Individual Habilitation Plan - A detailed plan developed at the county level for persons receiving services for mental retardation or a related condition. Using the information from the client's Individual Program Plan (IPP), an IHP identifies short-term objectives related to a client's long-term goals and the methods for achieving the objectives.

IMD, Institutions for Mental Diseases - A hospital, nursing facility, or other institution of more than 16 beds, that is primarily engaged in providing diagnosis, treatment, or care of persons aged 18-65 years with mental diseases, including medical attention, nursing care, and other services. IMD's are not eligible for MA funding.

Indemnity - Health insurance benefits provided in the form of cash payments rather than services. An indemnity insurance contract usually defines the maximum amounts that will be paid for covered

services.

IPP, Individual Program Plan - A detailed plan developed at the county level for persons receiving services for mental retardation or a related condition. An IPP precedes an individual habilitation plan (IHP) and includes assessments, diagnosis, needed services and annual, long-term goals.

ITP, Individual Treatment Plan - A plan of intervention, treatment, and services for a person with mental illness developed by a service provider under the clinical supervision of mental health professional on the basis of a diagnostic assessment. The plan identifies goals and objectives of treatment, treatment strategy, a schedule for accomplishing the goals and the individual responsible for providing treatment to the person.

LTC, Long Term Care - A term that generally refers to facilities for persons who are elderly, physically handicapped, or developmentally disabled and expected to need care for an extensive period of time. The facilities provide a range of medical and supportive services, most of which are paid for by MA.

MA, Medical Assistance - MA is a federal/state-funded, state-operated and administered program that provides medical benefits for certain low-income individuals. MA is Minnesota's version of the federal Medicaid program.

MAXIS - A computer system that tracks and makes payments for public assistance benefits for Minnesota Family Investment Program (MFIP), Medical Assistance (MA), General Assistance (GA), Food Stamps, and Minnesota Supplemental Aid (MSA) programs.

MCHA, Minnesota Comprehensive Health Association - A state operated insurance program for high risk individuals whose health coverage was either denied or terminated because of severe or

chronic illness. It is funded by an assessment on all non-ERISA (fully-insured) insurance plans.

MDH - Acronym for Minnesota Department of Health.

MEE, Medical Education Endowment – A fund created in the state treasury by the 1999 Legislature to fund the Academic Health Center at the University of Minnesota and certain Department of Health grants for clinical training of medical professionals.

MEOG, Minnesota Economic Opportunity Grants – A program serving economically disadvantaged households with a variety of services provided locally and designed to combat the effects of poverty. MEOG funds plus federal Community Services Block Grant (CSBG) funds support Minnesota's network of 40 Community Action Agencies (CAAs).

MERC, Medical Education and Research Costs - A pool of funds used to supplement medical education and research activities supported by diminishing patient care revenues in an increasingly competitive health care market.

METO, Minnesota Extended Treatment Options - A program that provides secure treatment beds for people with mental retardation who exhibit severe behaviors that present a risk to public safety. The program provides specialized residential services and an array of community support services statewide.

MFIP, Minnesota Family Investment Program - A program that redesigned public assistance by consolidating benefits (former AFDC, former Family General Assistance, and Food Stamps) by streamlining requirements and providing incentives for recipients to work, remain employed, and move off public assistance. The program took effect on January 1, 1998.

MI, Mental Illness - All forms of illness in which psychological, emotional, or behavioral disturbances are the dominating feature. MI often

seriously limits a person's capacity to function in primary aspects of daily living such as relationships, living arrangements, work, and recreation. The term is relative and variable in different cultures, schools of thought, and definitions.

MMIS II, Medicaid Management Information System - The information system used by the medical assistance program that processes provider invoices, edits for recipient and service eligibility, pays allowed charges, and provides recipient's payment history.

MNCare, MinnesotaCare – A state program that provides subsidized health care coverage to low and moderate-income families and individuals.

MOE, Maintenance of effort - A specified amount of money the state (or county) is required to spend in order to continue receiving funding from the federal (or state) government. It is designed to assure that the state (or county) does not reduce its level of commitment to a program when additional funds become available from other sources.

MR, Mentally Retarded (see [*Developmentally Disabled \(DD\)*](#)).

MSA, Medical Savings Account – An option for eligible Medicare recipients whereby the beneficiary chooses a health insurance policy with a high deductible, Medicare pays the premium for the policy and makes a deposit into a savings account that is established by the beneficiary. The beneficiary uses the money in the account to pay for services provided before the deductible is met and for other services not covered by the MSA Plan.

MSA, Minnesota Supplemental Aid - A state program that provides financial assistance to elderly, blind, and disabled recipients of SSI. In some cases, the assistance is a supplemental cash grant; in others, it is in the form of payment to a provider of residential services where the recipient lives.

MnDHO, Minnesota Disability Health Options –

A demonstration project within PMAP that integrates the purchase of health care for people with physical disabilities, ages 16-64 who are eligible for Medicare and MA. It facilitates the integration of primary, acute, and long-term care services for people with physical disabilities.

MSHO, Minnesota Senior Health Options - A demonstration project within PMAP that integrates the purchase of health care for seniors age 65 or older who are eligible for Medicare and MA. Enrollees are eligible to receive services under PMAP and Parts A and B of the Medicare program.

MSOP, Minnesota Sex Offenders Program – A series of forensic treatment services provided to people who have been committed by the Minnesota court system as sexually dangerous persons (SDP) or sexual psychopathic personalities (SPP). These services are the responsibility of State-Operated Services, a division of the Department of Human Services.

NF, Nursing Facility or Skilled Nursing Facility (SNF) - A nursing home, certified by the State Department of Health, which must meet MA and Medicare provider requirements related to service, staffing, and safety.

PA, Prior Authorization - The review and authorization of MA and GAMC payment for certain restricted health care services, prior to the services being provided.

PAS, Pre-admission Screening - A program that screens all applicants to Medicaid-certified nursing facilities and boarding care facilities prior to admission. The program is designed to reduce or delay nursing facility placements by assessing the health care needs of applicants and residents of nursing facilities and offering cost-effective, community-based alternatives appropriate for the person's needs.

PCA, Personal Care Assistant - A person who

assists sick or disabled individuals in their home with tasks of daily living including cooking, bathing, and shopping.

PDP, see Prescription Drug Program.

PMAP, Prepaid Medical Assistance Program - An alternative to the fee-for-service (see [FFS](#)) method of purchasing health care for public assistance clients (families and children, elderly public assistance); prepayment to the health plans contracting with the state to provide all the health care services required by law for eligible persons.

PPO, Preferred Provider Organization - A formally organized entity usually consisting of hospitals and physician providers. PPOs provide health care services to purchasers usually based on discounted rates in return for expedited claims processing and a predictable volume of the health care market.

PPS, Prospective Payment System - A payment system, usually associated with Medicare, in which payments are paid under a fixed fee schedule and are not retroactively settled based on actual costs incurred.

Premium Tax - A one percent tax is imposed on the gross premium receipts of non-profit health plan companies and a two-percent tax is imposed on for-profit insurance companies. The revenue generated from the one-percent tax on non-profit companies is deposited into the Health Care Access Fund (HCAF) and the revenue generated from the two-percent tax on for-profit companies is deposited into the general fund.

Prescription Drug Program, (PDP) - A state-funded program that provides prescription drug coverage for low-income seniors age 65 or older with limited assets. Changes in this program are anticipated with the advent of the federal Medicare Discount Drug Card (June 2004 to December 2005) and the federal Medicare Part D Prescription Drug Benefit (beginning January 2006).

PRISM, Providing Resources to Improve Support

in Minnesota - The automated statewide child support system.

Proration - To distribute funding proportionately based on the amount of funding available. For example, when an appropriation is insufficient to pay for the eligible service costs of a program, all providers would receive a set portion (perhaps 98.6 percent) of the amount they would be entitled to under the funding formula.

Provider tax - A 2.0 percent tax imposed on the providers of health care services for payments received for such services. All revenue generated by the provider tax is deposited into the Health Care Access Fund (HCAF). The provider tax is the primary source of funding for the MinnesotaCare program.

PRWORA, Personal Responsibility and Work Opportunity Reconciliation Act - the federal *Welfare Reform Act of 1996*, Public Law Number 104-193.

QI, Qualified Individual - An elderly person entitled to Medicare Part A (Hospital Insurance), whose income is greater than 120% of FPG but less than 175% of FPG, and whose assets are below two times the SSI asset limit. Subject to available funding, this new eligibility category will pay all of the Part B (Medical Insurance) premiums for Medicare recipients whose income is greater than 120% of FPG but less than 135% of FPG and/or part of the Part B premiums if income is greater than 135% of FPG but less than 175% of FPG.

QMB, Qualified Medicare Beneficiary - An elderly person entitled to Medicare Part A, whose income is at or below 100% of FPG, and whose assets are below two times the SSI asset limit. This category of eligibility allows MA to pay the out-of-pocket Medicare costs of a recipient (e.g., coinsurance, deductibles) and the monthly Part B premiums for Medicare recipients. QMBs, SLMBs, and QIs are often referred to as dual-eligibles since they are eligible for both MA and Medicare.

RTC, Regional Treatment Center - State residential institutions that provide 24-hour care and treatment for people with mental illnesses, chemical dependencies, traumatic brain injuries, sexual psychopathic personalities, and behavioral problems who are elderly. Formerly known as *state hospitals*.

Rule 50 - The cost-based, rate-setting payment system used to reimburse nursing facilities for MA. The other rate-setting methodology is the Alternative Payment System (APS).

Safety Net - Term used to describe the nation's system of providing health care to low-income and other vulnerable populations, including the uninsured and Medicaid recipients. Many providers have either a legal mandate or an explicit policy to provide services regardless of a patient's ability to pay. See also uncompensated care.

SCHIP - State Children's Health Insurance Program. See Social Security Act, Title XXI.

SCHSAC, State Community Health Services Advisory Committee - This entity is responsible for providing advice and counsel to the Commissioner of Health on issues related to the development, funding and evaluation of community health services.

Senior Drug Program - see Prescription Drug Program.

Senior Linkage Line - A toll free number (1-800 333-2433) that seniors may call to find all the services available to them in Minnesota.

SILS, Semi-Independent Living Services - Services provided to adults with developmental disabilities that are designed to allow the individuals served to maintain and improve their capability to live in the community. Services include training and assistance in managing money,

preparing meals, shopping, and maintaining personal care.

Sliding Fee Scale - A family's monthly parent fee for basic sliding fee child care services. Parent fees are established in rule and must provide for graduated movement to full payment.

SLMB, Specified Low-income Medicare Beneficiary - An elderly person entitled to Medicare Part A, whose income is greater than 100% of FPG but less than 120% of FPG, and whose assets are below two times the SSI asset limit. This category of eligibility allows MA to pay the monthly Part B premiums for Medicare recipients.

Social Security Act – The federal act that provides a variety of funding and program Titles:

- **Title I** - Grants to States for Old-Age Assistance for the Aged.
- **Title IV - A** - Temporary Assistance for Needy Families (TANF) block grant.
- **Title IV - B** - Child welfare services and funding in the form of a block grant.
- **Title IV - D** - Child Support.
- **Title IV - E** - Foster care, training, and related case management requirements and funding. Also pays for out-of-home placement costs for eligible children.
- **Title V** - Maternal and Child Health Services Block Grant.
- **Title X** - Grants to States for Aid to the Blind.
- **Title XI** - Demonstration Grants - used to fund demonstration projects to prove the feasibility of a social services program or service before it is fully funded.
- **Title XIV** - Grants to States for Aid to the Permanently and Totally Disabled.
- **Title XVI-A** - Grants to States for to the Aged, Blind, or Disabled.
- **Title XVI-B** - Supplemental Security Income for the Aged, Blind, and Disabled.
- **Title XVIII** - Medicare, provides payment of needed medical care for persons age 65 and older.
- **Title XIX** Medical Assistance Program.

- **Title XX** - Grants to States for Social Services. Also referred to as the Social Services Block Grant or SSBG.

- **Title XXI** - State Children's Health Insurance Program (SCHIP) provides enhanced federal funding to states that expand health insurance coverage for children.

SOCS, State Operated Community-based Services - Program services to persons with developmental disabilities who reside in ICF/MR facilities with fewer than six beds. These services include but are not limited to community group homes, foster care, supportive living services, day training and habilitation, respite care, and crisis services.

Spend down - A process by which individuals with high levels of out-of-pocket medical expenses and income that exceeds the Medical Assistance income standard can qualify for medical benefits. In essence, individuals "spend down" their income to the MA eligibility standard. An individual's spend down amount is the difference between the individual's income and the income level for the program.

SSI, Supplemental Security Income - A federal cash assistance program that provides monthly payments to eligible aged, blind, and disabled individuals with limited income and assets. Most SSI recipients are also eligible for food stamps and medical assistance.

SSIS, Social Services Information System - A personal computer-based information system in development that will provide uniform access to data and social services information.

Supplantation - The act of using federal dollars in place of general fund monies to pay for programs historically funded with general fund dollars.

TANF, Temporary Assistance for Needy Families - The federal welfare program (formerly known as AFDC) that provides assistance for eligible low-income families and individuals. Minnesota's TANF program is known as MFIP. It is funded

jointly with federal TANF block grant monies and state general fund monies. County dollars are also used to fund the TANF program.

TANF/ Minnesota Family Investment Program (MFIP) Child Care - TANF/MFIP Child Care helps cash assistance families and families moving off of cash assistance (Transition Year Families) pay for child care while participating in authorized activities. Families who are employed or pursuing employment, or are participating in employment and training activities authorized in an approved employment service plan, or employed families who are in their transition year are eligible to receive cash assistance. MFIP Child Care is available as a forecasted program without an allocation ceiling. Counties are reimbursed, from state and federal funds, for 100% of their expenditures

TANF Reserve Account - An account in the U.S. Treasury that contains unobligated federal funds that are to be used for MFIP-S or related initiatives.

TBI, Traumatic Brain Injury - Individuals with deficits in adaptive behavior or substantial functional limitations caused by injury to the brain. The TBI waiver is a federally matched, community-based waiver to the Medical Assistance program that covers services for people with traumatic brain injury who are at risk of placement in a nursing facility or neurobehavioral hospital.

TEFRA, Tax Equity and Fiscal Responsibility Act The 1982 federal law that authorized MA eligibility for children with disabilities, regardless of their parents' income, to enable them to receive services in their own homes, instead of having to be institutionalized.

TPR, Termination of Parental Rights - The process under Minnesota Statutes, Section 260.221 by which a parent's rights to his or her child are legally ended. Parental rights must be terminated, before a child is available for adoption.

Tobacco Settlement (Annual Payments) - Ongoing payments that are deposited into the

state's general fund as a result of the tobacco settlement agreement reached in 1998. Estimated annual revenues to the general fund are about \$180.0 million.

Tobacco Use Prevention and Local Public Health Endowment Fund - A fund created in the state treasury by the 1999 legislature to fund statewide tobacco prevention activities, local tobacco prevention efforts, and local public health. It is currently inactive as the balance in the fund was transferred to the general fund in FY 2004.

Transitional standard - The basic level of assistance for a family on MFIP-S with no earned income. The amount of assistance, which is made up of cash and food assistance, varies by family size.

Uncompensated Care - Health care provided without payment from a patient or third-party payer. Includes charity care and care for people who are unwilling or unable to pay their bills.

UPL, Upper Payment Limit - The maximum amount of Medicaid paid to a nursing home for services, which is governed by the rate charged by Medicare.

USCIS, United States Citizenship and Immigration Services (formerly Immigration and Naturalization Services, INS).

USDA, U.S. Department of Agriculture - The federal agency responsible for the food stamp and WIC programs.

WIC, Women, Infants and Children - A program that provides supplemental foods, nutritional counseling, and health screening for low-income, high-risk pregnant, breast-feeding, and post-partum women, infants, and children under the age of five.

Public Safety Terms

American Correctional Association (ACA) – This association sets standards and accredits correctional institutions. All of the Department of Correction facilities are accredited.

Bed Impact - Change in the number of prison beds based on proposed legislation. This term is mainly found in fiscal notes.

Bureau of Criminal Apprehension (BCA) - This division of the Department of Public Safety provides investigative assistance, forensic science services, statewide criminal justice information, and training.

Byrne Memorial Grants – Federal grants for programs with a high probability of improving the functioning of the criminal justice system and enhancing drug control efforts. The Department of Public Safety’s Office of Drug Policy administers this program.

Challenge Incarceration Program (CIP) - This is a Department of Corrections program that offers an intensive, highly structured, and disciplined program for non-violent, chemically dependent offenders.

Chemical Dependency Assessment Charge – A surcharge for individuals convicted of a DWI offense. The charge is \$125 and if this is a second violation within five years an extra \$5 is assessed. The \$25 and the \$5 surcharge if any is credited to the state’s general fund. The county keeps the \$100.

Civil Legal Services – This program provides legal assistance to individuals with incomes that fall below the federal poverty level with respect to their most critical civil needs. The state appropriation provides about 35 percent of their funding.

Combined DNA Index System – A DNA database that is maintained by the Bureau of Criminal Apprehension and contains over 17,000 offender DNA profiles.

Community Corrections Act (CCA) - Thirty-two counties participate in the CCA. These counties receive a subsidy from the state and are responsible for developing, implementing and evaluating both traditional and non-traditional local corrections programs. Each jurisdiction adopts an annual plan and submits it to the Department of Corrections.

Community Court – This type of court connects the community with the judiciary. The offenses deal with quality of life crimes in the neighborhood, and sanctions usually entail an obligation to better the community, such as work squads and graffiti removal squads. Their current state funding is \$250,000 per year for two courts that are located in Hennepin and Ramsey counties.

County Probation Officer Counties (CPO Counties) - Twenty-seven counties are under this designation. In these counties the juvenile and misdemeanor probation officers are employees of the county. Each of these counties receives a subsidy from the state that pays up to one half of the salaries for these officers. Probation officers employed by the state handle felony probation and supervised release cases in these counties.

Court of Appeals – The state’s intermediate appellate court that provides for a review of final decisions of the trial courts, state agencies and local governments.

Court Services Tracking System (CSTS) – A software program used by several counties for probation tracking.

CRIMNET - This state criminal justice information system is an ongoing initiative to integrate local, state, and federal criminal justice

information, so that this information is available to all appropriate criminal justice personnel.

Crime Victims Fund - This fund was authorized by the federal Victims of Crime Act. The money comes from criminal fines, forfeited bail bonds, penalty fees, and special assessments collected by the U.S. Attorneys Offices, the U.S. Courts, and the Bureau of Prisons. The money is distributed to states to fund victim assistance and compensation programs.

Criminal Gang Strike Force – A program funded by the legislature that is used to identify, investigate, arrest, and prosecute gang members engaged in crimes.

District Courts – These courts are also known as trial courts. They have statewide jurisdiction in all civil and criminal actions within district boundaries (ten judicial districts).

Division of Emergency Management (DEM) - A program in the Department of Public Safety.

DOC - Acronym for Department of Corrections. This agency consists of adult institutions, juvenile services, and community services.

DPS - Acronym for Minnesota Department of Public Safety.

DWI - Acronym for driving while intoxicated.

Drug Court – The goal of this type of court is to improve chemical health and reduce crime by changing a defendant’s behavior. This court employs a coordinated approach aimed at enhancing public safety and restoring community health by reducing substance abuse and the cycle of related criminal activity.

EJJ - Extended Juvenile Jurisdiction. The extended jurisdiction juvenile category applies to juveniles’ accused of committing a felony-level offense after becoming 14 years of age. The

juvenile court imposes both a juvenile disposition and a stayed adult criminal sentence. If a juvenile violates the conditions of the stayed sentence or has committed a new offense, the court may revoke the stayed sentence and have the adult sentence executed.

Electronic Monitoring – A radio frequency transmitter unit that is worn by a defendant and is connected electronically to a radio transmitter. If the individual goes outside of the effective monitoring radius of the transmitter an alarm is sounded at a central control monitoring point and the local probation agency is notified.

Family Violence Prevention Services Grant – These federal grant funds are for emergency shelter and related assistance for battered women and their children.

Fine – The monetary penalty assessed against a defendant.

Felony - The most serious category of criminal offenses. A sentence of imprisonment for more than one year may be imposed.

Good Time – The time an individual spends in a jail or workhouse may be reduced by one-third if the individual has not violated any rules.

Gross Misdemeanor - A crime with penalties of imprisonment from 91 days to one year or a fine of not more than \$3,000 or both.

Hazardous Materials Chemical Assessment Teams (HAZMAT) – These are the initial response teams for hazardous material emergencies. They assist local authorities when requested by providing technical advice to local incident commanders, and recommending mitigation actions necessary to protect life, property, and the environment. There are eleven of these teams throughout the state and they currently consist of from 3 to 4 members.

Hazardous Materials Emergency Response Teams – These are the advanced mitigation teams consisting of nine members. They assist local authorities in preventing the release, mitigating the effects of a release, and stabilizing the emergency situation. There are 4 teams and they also serve as chemical assessment teams.

Human Rights Department – This department is responsible for reducing illegal discrimination and furthering equal opportunity through a coordinated program of law enforcement, prevention education, and outreach.

Intensive Supervised Release (ISR) - Special supervision for those offenders who have completed their prison terms and are on supervised release and are identified as the most dangerous.

Institution Community Work Crew (ICWC) – This program provides supervised community work crews for select minimum-security inmates at the end of their institutional stay.

Jail – A secure detention facility used to confine sentenced inmates for a time not to exceed one year per conviction and adult pretrial and sentenced detainees.

Judicial Standards Board – This Board investigates and acts on complaints alleging judicial misconduct or disability for the entire judicial branch of government.

Juvenile Accountability Incentive Block Grant - A federal grant that is used to reduce juvenile crime by encouraging accountability-based reform. These grants can be used for 12 program purpose areas. The Juvenile Justice Advisory Committee (JJAC) distributes the grant.

Juvenile Residential Treatment Grants – These grants are awarded to counties to help them defray residential treatment costs.

Law Library Fee - Fee on petty misdemeanor cases and criminal convictions that is set by the county law library board of trustees with the approval of the board of commissioners. This fee varies by county and is used to support the county law library.

Local Correctional Fee – This is also known as a probation fee. A person convicted of a crime and placed on supervision may be charged a correctional fee.

Minnesota Association of Community Correction Act Counties (MACCAC) – Association of counties who operate corrections programming within communities under the provisions of the Minnesota Community Corrections Act.

Minnesota Association of County Probation Officers (MACPO) – This association exists as a non-profit organization committed to the improvement of probation and parole practices at all levels. It includes probation and parole practitioners serving county, state, community corrections and federal agents.

MCCCA - Acronym for Minnesota Council of Child Caring Agencies.

MINNCOR – The semi-autonomous division of the Department of Corrections that was created to manage the industry programs of the Department of Corrections.

Minnesota Court Information Systems (MNCIS) - This system will integrate with [CRIMNET](#) and it will support core court functions related to case management, record keeping, scheduling, financial management, reporting, and sharing of trial and appellate court data.

Misdemeanor – A crime for which a sentence of not more than 90 days or a fine of not more than \$1,000, or both may be imposed.

Part 1 Crimes – Are made up of seven offenses - homicide, burglary, robbery, rape, vehicle theft, aggravated assault, and larceny. The FBI tabulates the total number of Part One Crimes committed per city to calculate the Crime Index for cities in the United States and these statistics are published in their Uniform Crime Report (UCR).

Per Diem - As the term is used in corrections, it means the daily cost of housing an inmate.

Petty Misdemeanor – An offense which is prohibited by statute, but does not constitute a crime and for which a sentence of a fine of not more than \$300 may be imposed.

Police State Aid – See [Taxes](#) Section

POST Board- Peace Officer Standards and Training Board. This board regulates the practice of law enforcement in Minnesota.

Probation - A court-ordered sanction placing certain conditions on a convicted offender, which could include some local jail or workhouse time, but allowing the offender to remain in the community under the supervision of a probation officer.

PSI - Presentence Investigation. The procedure after conviction during which the defendant's criminal history is investigated.

Public Defense Board – Provides criminal defense services to indigent defendants through the public defender system.

Restitution – Payment of compensation by the offender to the victim or victim's family that helps restore the victim to his or her condition before the crime. This also includes payment to a government entity that incurs loss as a direct result of a crime.

Restorative Justice – This program promotes the use of criminal justice practices and programs that focus on repairing the harm of crime and strengthening communities. The DOC has two positions devoted to this activity.

Sentence - The time to be served in a prison or jail; also includes fine, probation, restitution and community service.

Sentencing to Serve (STS) - This program provides a very specific sentencing option to the court for non-dangerous offenders to be used in lieu of or in conjunction with jail, as an alternative to paying a fine, or as a condition of probation. STS is a work crew activity.

Sentencing Guidelines Commission – This commission develops a set of sentencing standards for the courts, evaluates sentencing policy and practices, modifies the sentencing standards, determines the impact of policy on correctional resources, and provides training, implementation, and information services to the criminal justice community and the public.

State Agencies Focused on Effectiveness Coordinating Council (S.A.F.E) – This council is to create a strategic plan for Minnesota's criminal justice system, and to coordinate the state's crime, violence and drug abuse prevention efforts.

State Contract Counties - In the 27 counties that are not [CCA](#) or [CPO](#) counties, the juvenile and misdemeanor probation officers are employees of the State Department of Corrections. The funding is just the reverse of CPO Counties in that the counties pay the state for up to one-half of the salaries of the officers.

State Criminal Alien Assistance Program - This is a federal program that assists states in funding incarceration costs of inmates determined to be illegal aliens by the U. S. Immigration and Naturalization Service.

Status Offense – Conduct which is illegal for a minor, but not for an adult; for example – truancy, curfew, etc.

Supreme Court – This is the court of last resort and it has jurisdiction in remedial cases as prescribed by law, appellate jurisdiction over all cases and supervisory jurisdiction over all courts in the state.

Surcharge On Fines – This is the surcharge on criminal and traffic offenders and is a charge of \$75 on every person convicted of any felony, gross misdemeanor, misdemeanor, or petty misdemeanor offense, other a parking violation. The first \$25 is disbursed as follows:

- One percent goes to the game and fish fund;
 - 39 percent goes to the peace officers training account in the special revenue fund; and
 - 60 percent goes to the general fund.
- The other \$50 also goes to the general fund.

Tax Court – A specialized trial court in the executive branch. It hears and determines all matters arising out of Minnesota’s tax laws.

TCIS - Total Court Information System

Title IV-E - A federal program that pays 50 percent of the costs for foster care, training, and related case management requirements and funding. It also pays for part of the out-of-home placement costs for eligible children.

Uniform Laws Commission – This commission works with the National Conference of Commissioners on Uniform State Laws to draft legislation that will improve state statutes and make them more uniform throughout the nation.

Victims of Crime Grant (VOCA) - A federal grant with two parts (compensation and assistance). The compensation funds are used to reimburse crime victims and their families for financial losses

incurred due to a crime involving personal injury or death. The assistance funds are distributed to victim services programs for direct services such as crisis intervention, counseling, transportation and advocacy.

Violence Against Women Grant (VAWA) - A federal grant for projects to improve law enforcement and prosecution strategies and victim services, in cases involving violence against women.

Violent Offender Incarceration Truth in Sentencing Program - Federal program to help state and local governments expand their capacity to house violent offenders.

Weed and Seed – A federal program to assist neighborhoods in reducing (weeding out) crime in communities and improving (seeding) community livability and vitality.

Workhouse – A correctional institution operated by a county or a group of counties for the incarceration of persons convicted for offenses to which the court has sentenced them for up to one year. The difference between a jail and a workhouse is that the workhouse holds only sentenced offenders.

This page intentionally left blank

State Government Terms

AGO - acronym for the Attorney General's Office.

AMPERS - Association of Minnesota Public Educational Radio Stations. AMPERS represents independently licensed, noncommercial radio stations that are not part of the Minnesota Public Radio (MPR) network. AMPERS stations receive some state grant funds through the department of Administration.

CAAPB, Capitol Area Architectural Planning Board - responsible for architecture and comprehensive land use planning in the Capitol area of St. Paul. CAAPB exercises zoning authority and controls redevelopment of the north Capitol area.

Campaign Finance and Public Disclosure Board Administers the requirements of the Ethics in Government Act ([M.S. 10A](#)). The Board's four major programs are campaign finance registration and disclosure, public subsidy administration, lobbyist registration and disclosure, and economic interest disclosure by public officials. The Board has six members, appointed by the Governor on a bi-partisan basis for staggered four-year terms.

Contingent Accounts - Contingent accounts are appropriations made from several state funds to provide supplemental funding for emergencies and other legally authorized purposes. The release and expenditure of this funding requires the approval of the governor after consultation with the Legislative Advisory Commission (LAC).

DOER - acronym for former **Department of Employee Relations**. DOER was abolished in July 2008, and most of its functions transferred to the Department of Finance (now called Minnesota Management & Budget). DOER directed and coordinated personnel management and labor relations programs for state agencies.

EAP, Employee Assistance Program - provides training, diagnostic, and referral services for state employees and their dependents. EAP is part of the State Employee Group Insurance program.

EGS, Electronic Government Services - term used to describe efforts to allow citizens to conduct government business electronically. Examples include on-line license applications, and electronic payments.

Enterprise Technology Revolving Fund - the internal service fund managed by the Office of Enterprise Technology. The ETRF provides the core computer operations organization for state agencies, including mainframe operations and telecommunications.

EQB, Environmental Quality Board - consists of five citizens and the heads of nine state agencies that play a key role in Minnesota's environment. The board develops policy, creates long-range plans and reviews proposed projects that would significantly influence Minnesota's environment. The EQB is housed in the Department of Administration.

Finance, Department of - (See **Minnesota Management & Budget**). The agency with broad powers to administer the financial affairs of the state, among them the responsibility to develop and present the Governor's budget, produce forecasts of state revenues, expenditures, and debt capacity, to prepare and oversee fiscal notes, and to manage the state's capital indebtedness and capital bonding. The Commissioner of Finance is designated in statute as the state's chief accounting officer, principal financial officer and the state controller.

Gambling Control Board - state agency that regulates lawful gambling in Minnesota.

IA Warehouse - Information Access

Warehouse. A statewide data warehouse operated by the Department of Finance. The IA warehouse integrates data from MAPS (the accounting and procurement system) and SEMA-4 (the payroll and human resources system). Authorized users (including legislative staff) may access the warehouse to compile data and generate reports.

In-Lieu-of-Rent - direct appropriation to the Department of Administration for space costs not covered by lease agreements with state agencies. The in-lieu-of-rent appropriation covers ceremonial space in the Capitol, and space occupied in the Capitol and SOB by the legislative branch and chartered veterans service organizations.

Internal Service Funds - Funds internal to the operation of state government that provide a variety of services to state agencies, such as telecommunications and computer services, plant management, office supplies and surplus services. The funds must recover the full costs of services provided through billing back state agencies.

LAC, Legislative Advisory Commission - *see [General Terms](#) section.*

LCC, Legislative Coordinating Commission - The LCC serves as the umbrella organization for legislative commissions, joint agencies, and other boards. All joint agency budgets are reviewed and approved by the commission. Six House members and six Senate members sit on the LCC.

LCPR, Legislative Commission on Pensions and Retirement (*usually referred to as the Pension Commission*) - provides legislative oversight for Minnesota's system of public employee pension plans by reviewing proposed public pension legislation, conducting research on pension policy issues and assessing the sufficiency of current public pension plan funding. Five House members and five Senate members sit on the LCPR.

LMIC, Land Management Information Center, an office within the Department of Administration. LMIC assists local and state governments with geographic information technology and data development.

MAD, Management Analysis Division - a fee for service management consulting group within the Department of Finance.

MAPS, Minnesota Accounting and Procurement System - information system used by all state agencies to enter and track accounting and procurement transactions. MAPS is supported by the Department of Finance, and is used in the preparation of statewide financial statements.

MASC - acronym for the Minnesota Amateur Sports Commission.

Master Lease - a lease-purchase financing option for equipment purchases, available only through the Department of Administration.

Materials Management – division in the Dept. of Administration responsible for purchasing, contracts, professional/technical services, and all other aspects of buying goods and services for state agencies.

Minnesota Advantage – name of the health insurance plan for state employees. Minnesota Advantage is the largest component of the State Employees Insurance Program (SEGIP).

Minnesota Milestones – a set of state-wide performance goals and indicators established through a citizen-based planning process in the 1990's. The last update on these Milestones was in 2002.

MMB, Minnesota Management & Budget – proposed new name for the merged departments of Finance and Employee Relations.

MNET – Minnesota's Network for Enterprise Technology. Administered by the Office of

Enterprise Technology, MNET is the state's primary network that connects public entities throughout the state by transporting voice, data, video, and Internet transmissions over a shared infrastructure.

Northstar - the state's central web portal and on-line information center, located on at www.state.mn.us.

OAH - acronym for the Office of Administrative Hearings. OAH is an independent state agency charged with providing a fair, prompt and impartial hearing process for citizens who disagree with actions taken by government. OAH judges hear cases in four areas: Administrative Procedure Act state agency contested cases; rulemaking hearings; local government licensing and personnel cases; and Workers Compensation benefit hearings.

OET, Minnesota Office of Enterprise Technology - OET is charged with providing statewide leadership and direction for information and communication technology policy. OET is also responsible for managing the state's information and telecommunications systems. The OET director serves as the state's Chief Information Officer.

OLA, Office of the Legislative Auditor – the nonpartisan audit and evaluation office within the legislative branch of Minnesota state government. The office focuses primarily on state agencies and programs, but also audits three metropolitan agencies and selectively reviews programs that are administered locally. Financial audits of local units of government are the responsibility of the [State Auditor](#).

Pension Systems:

- < DTRFA - Duluth Teachers Retirement Fund Association.
- < IRAP - Individual Retirement Account Plan, defined contribution plan primarily covering many recently hired state

university, community college, and technical college personnel.

- < MERF - Minneapolis Employees Retirement Fund, only applies to employees hired before July 1, 1978.
- < MSRS - Minnesota State Retirement System, administers various pension plans that cover state employees. Includes the MSRS General Plan for most executive branch employees, the MSRS Unclassified Plan for legislative staff and unclassified executive branch employees, the Correctional Plan for employees in state correctional institutions that have sufficient inmate contact, the State Patrol Plan for state peace officers, and legislators' and constitutional officers' plans.
- < MTRFA - Minneapolis Teachers Retirement Fund Association. MTRFA was merged with the statewide Teachers Retirement Association on July 1, 2006.
- < PERA - Public Employees Retirement Association, administers pension plans that covers local, county, and school district non-teaching employees.
- < PERA Police and Fire - provides coverage for many local police officers and paid firefighters.
- < StPTRFA - St. Paul Teachers Retirement Fund Association.
- < TRA - Teachers Retirement Association, provides coverage for public school teachers throughout the state, except for teachers in St. Paul and Duluth, and some teachers in community colleges, state universities, and technical colleges.

Pension Terms:

- < Actuary - professional trained in mathematics, statistics and economic techniques that allow them to put a financial value on future events. The actuarial work for most Minnesota defined benefit plans is prepared by a consulting actuarial firm retained jointly by the seven largest retirement systems.

- < Actuarial Report - a study performed annually by the actuary to examine whether the contributions made to a defined benefit plan are likely to be adequate, given the benefits offered, the mortality and other demographic factors of the membership and pension fund investment performance.
- < Contribution Sufficiency / Deficiency - a comparison of required contributions to statutory contributions indicating that current contribution rates are / are not sufficient to cover expenses, normal cost, and necessary payments to retire the unfunded accrued liability by the full funding date.
- < Defined Benefit Plan - system providing an eventual pension benefit determined by a formula based on age, service credit and final salary. Most Minnesota public pension plans are defined benefit plans.
- < Defined Contribution Plan - system providing a pension benefit equal to the combined employee and employer benefits plus investment earnings. No particular level of benefit is guaranteed. The MSRS unclassified plan is an example of a defined contribution plan.
- < Full Funding Date - the target date established for paying off a plan's unfunded accrued liability, usually June 30, 2020 for Minnesota public pension plans.
- < Normal Cost - the amount of money that must be contributed each year to pay for the benefits that members have earned that year. Normal cost is usually expressed as a percentage of payroll.
- < Post Fund: The fund which receives the fully funded actuarial reserves for a new retiree's pension benefit at the time of retirement from the plan's active fund, and which generates the funding for and pays post-retirement adjustments.
- < Required Contributions - the level of contributions, usually expressed as a percentage of covered salary, determined by the actuary to be necessary to fully fund a pension plan by the full funding date.

- < Statutory Contributions - contributions to be paid to a defined benefit plan, generally specified in statute.
- < Unfunded Accrued Liability - amount by which a fund's estimated benefit obligations exceed the assets projected to be available to pay those benefits.

Police State Aid - See [Taxes](#) section.

P/T Contracts, Professional and Technical Contracts - state contracts for professional or technical services that are intellectual in character, including consultation, analysis, evaluation, and planning, and result in the production of a report or the completion of a task. P/T contracts do not include the provision of supplies or materials except by the approval of the commissioner (of administration) or except as incidental to the provision of professional or technical services. ([M.S. 16C.08, Subd 1](#)).

Racing Commission - a regulatory agency created in 1983 to supervise and regulate the pari-mutuel horse racing industry in Minnesota.

Statewide Administrative Systems (formerly called Statewide Systems Project) - the executive branch's statewide computerized business systems. The system is comprised of MAPS (the state's accounting and procurement system) and SEMA4 (the human resources management system). Reporting capabilities are provided through the Information Access Warehouse. The systems are administered by the Department of Finance.

SBI, State Board of Investment - constitutionally established to invest all state funds. Invests pension fund assets of TRA, MSRS, and PERA. Members include the governor, the state auditor, the secretary of state, and the attorney general.

SEGIP, State Employees Group Insurance Program - provides Minnesota state employees (as well as people employed by some quasi-state organizations) with employee/dependent group

medical, dental and life insurance. Administered by the Department of Finance.

SEMA4, Statewide Employee Management System - the state's human resources and payroll processing system.

State Lottery Fund - fund containing all gross revenues of the lottery, except those deposited in the State Lottery Prize Fund (see below). Lottery operating costs are paid from this fund, but may not exceed nine percent of gross revenues.

State Lottery Net Proceeds - the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, and the remaining 60 percent must be credited to the General Fund.

State Lottery Prize Fund - separate prize account funded by lottery receipts. The lottery director must deposit an amount sufficient to pay lottery prizes. After one year, unclaimed prize funds are transferred to the general fund.

Statewide Indirect Costs - all General Fund expenditures made by a state agency to provide general support services to any other state agency. Agencies must allocate these costs to programs supported by non-General Fund sources (usually federal or fee-based programs), and reimburse the General Fund with the recoveries. Indirect cost recoveries ensure that general tax revenues do not pay a disproportionate share of administrative costs.

Surplus Services – program in the Department of Administration responsible for the acquisition, distribution and disposal of surplus property (other than real estate).

This page intentionally left blank

Tax Terms & Acronyms

Active Military Credit – A refundable income tax credit for Minnesota taxpayers who were in active military service in a designated area after September 11, 2001. Active military service includes the United States Armed Forces, the National Guard or reserves. A surviving spouse or dependent child of a Minnesota resident killed while in active military service in a designated area may claim the credit. The credit is equal to \$59 for each month that taxpayer served. Effective for TY 2009, the credit amount is equal to the \$120 for each month the taxpayer served.

Ad valorem Tax - A tax that is measured by value; that is, calculated based on the value of the asset, good or transaction; for example the *ad valorem* property tax, the mortgage registration tax. Other types of taxes include those based on consumption (*e.g.*, sales), volume (*e.g.*, gas) and ability to pay (*e.g.*, income).

AGI, Adjusted Gross Income - An intermediate figure in the computation of individual income tax between gross income and taxable income. The starting point on the federal individual tax return for computing deductions that are based on, or limited by, a percentage of income. Includes the sum of wages and salaries, tips, interest, dividends, rents, royalties, self-employment income, capital gains, unemployment compensation, alimony and the taxable portions of pension, annuity, and social security income *minus* selected deductions. (Those deductions include those for qualifying IRA contributions, self-employed retirement plans, college tuition, student loan interest, self-employed health insurance, health savings accounts, and educator expenses.) Also referred to as [FAGI](#), Federal Adjusted Gross Income.

Agricultural Homestead Market Value Credit – See Market Value Credit.

AMT, Alternative Minimum Tax - The tax laws give special treatment to some kinds of income and allow special deductions and credits for some

kinds of expenses. Taxpayers who benefit from these laws may have to pay at least a minimum amount of tax through an additional tax called the *alternative minimum tax* (both federal and Minnesota).

Apportionment of Income - A method by which individuals or businesses with income from multiple states allocate that income between or among those states. For state corporate taxes, apportionment is generally based on a weighted average of the shares of payroll, property, and sales that occur in the state. For tax year 2008, the Minnesota weights are 9.5 percent for property, 9.5 percent for payroll, and 81 percent for sales. By tax year 2014, the Minnesota weights for sales or the single sales factor weighting of 100 percent will be fully phased-in.

Assess - (1) Establish a value. (2) Impose a tax, charge, fee, fine, interest or penalty.

Assessment - (1) Appraisal or estimation of value, specifically the arms-length market value of taxable real or personal property. (2) The amount of tax imposed, particularly a tax for improvements that directly benefit the property as in special assessment.

Audit - Examination of tax returns, accounts or financial records to verify their correctness.

Basis - A taxpayer's investment or interest in a property, used to determine the capital gain or loss for tax purposes from the sale or other disposition of the property.

Biotechnology Zone – Similar to [Job Opportunity Building Zones](#) in providing tax benefits to businesses in the zone, but: (1) only one biotech zone, which includes noncontiguous subzones near the University of Minnesota and the Mayo Clinic; (2) total tax breaks limited to a total of \$1 million and funded only for one biennium (FY 2004-05) rather than being open-ended like JOBZ; and (3)

tax breaks include a special tax credit for research and development (not part of JOBZ) but no general exemption from income taxes or motor vehicle sales tax.

Bonus Depreciation – Federal law (The Economic Stimulus Act of 2008) allows taxpayers added depreciation for most business property placed in service in tax year 2008.

< Minnesota did not fully conform to this federal law change. Rather than getting all of the bonus depreciation in the first year (as on the federal return), the taxpayer receives 20 percent of the bonus in year one and 16 percent in each of the next five years. Minnesota's also partially conformed to the federal bonus depreciation provisions in 2002 or 2003.

Bovine Tuberculosis Testing Credit – A refundable income tax credit to owners of cattle in Minnesota for one-half the expenses incurred to conduct tuberculosis testing for both income and corporate filers. Effective for tax years 2008-2009, the amount of expenses that qualify for the credit is reduced from 50 percent to 25 percent for corporate filers only.

Business Activity Tax (BAT) – (a) Tax collected from businesses (corporate and non-corporate) based on their value added. Minnesota does not have such a tax. The BAT can take several forms:

- < *Addition-style consumption BAT* calculates the tax base as the *sum* of profits, wages, interest paid, and dividends paid minus the total amount invested during the year in new buildings or capital equipment.
- < *Addition-style income BAT* is the same except it only subtracts depreciation rather than total investment.
- < *Subtraction-style BAT* calculates the tax base as total receipts minus total purchases of intermediate goods from other businesses.

A multi-state business must apportion the tax base among the states where it does business.

(b) Sometimes used more generically to include corporate income and franchise taxes as well as the value-added taxes described above.

C Corporations – [See S Corporations.](#)

Capital Equipment - For Minnesota Sales and Use tax, machinery and equipment used in this state by the purchaser or lessee primarily for manufacturing, fabricating, mining or refining tangible personal property for sale at retail, if that machinery and equipment is essential to the integrated production process. (For a full statutory definition, see *M.S. 297A.68*, subd. 5.)

Capital Gain or Loss - Net amount of income realized or lost from the sale or exchange of property defined by law as a capital asset. Capital gains are generally included in Adjusted Gross Income (AGI). Minnesota taxes capital gains at the same rate as other forms of income. The federal income tax generally taxes long-term capital gains (held over 1 year) at special (lower) rates. Note that capital gains from sale of a home (up to \$250,000 single or \$500,000 couple) are generally excluded from AGI and not taxed.

Categorical aid – Aid given to a local government for a designated purpose.

Certificate of Real Estate Value (CRV) - A form that is required to be filed (*M.S. 272.115*) with the county auditor whenever real estate is sold for more than \$1,000. The certificate must show the property class and full price paid (or to be paid), including any liens assumed and other information (such as the value of personal property conveyed with real property) that is necessary to determine the fair market value of the property. Information from CRVs is used in the state [sales ratio study](#) for purposes of property [equalization](#) for the state school aid formula and property tax [assessment](#).

Charitable Contribution Deduction for Non-Itemizers (Minnesota) - For income tax, allows those not claiming itemized deductions to deduct

half of all charitable deductions in excess of \$500. Enacted in 1999.

Child and Dependent Care Credit - An income tax credit for expenses paid for care of a taxpayer's child under age 13 (or a spouse or dependent who is not capable of self-care) to enable the taxpayer to work or look for work. Maximum eligible expenses are \$3,000 per child for up to two children.

< The federal credit rate falls from 35% or eligible expenses (under \$15,000 of income) to 20% of eligible expenses (over \$43,000). The maximum federal credit is \$1,050 for one child and \$2,100 for 2 or more children. The federal credit is not refundable, but has no income limit on eligibility.

< The Minnesota credit is similar to the federal credit except that: (1) the Minnesota credit is capped at \$720 per child for up to two children; (2) the Minnesota credit is a [refundable credit](#); and (3) the Minnesota credit is available only to those with total income ([MAGICC](#)) less than \$36,030 in 2008. See also [Young Child Credit](#).

Child Tax Credit (Federal) - Income tax credit of \$1,000 per dependent child age 16 or younger. For tax year 2008, the credit is partially [refundable](#) if earnings exceed \$8,500. Credit phases out at higher incomes (phase-out range starting at \$110,000 married, \$75,000 single).

Circuit Breaker - Direct state property tax relief to owners of residential and farm homestead property on the basis of local property tax burden relative to household income, in the manner that an electrical circuit breaker relieves an overburden on a circuit. (See [Property Tax Refund](#).)

Class, or Property Classification - The Minnesota property tax system imposes different property tax burdens on different types, or classifications, of property. For example, residential property, commercial industrial property, rental property, and seasonal recreational

property are separate classifications that are treated differently under the Minnesota property tax system. The *Minnesota State Constitution* provides in Article X, Sec. 1 that, "Taxes shall be uniform upon the same class of subjects...." For property equalization purposes, equal assessment is measured among properties in the same class.

Class Rate - A state-determined, percent of market value rate that establishes the relative property tax burdens among different classes of property.

Class Rate Compression - A narrowing of the difference between state-determined class rates, thereby reducing the property tax burden for properties with higher class rates relative to those with lower class rates.

Combined Receipts Tax - See [Gambling Taxes](#).

Controlled Substances Tax - An excise tax on marijuana and illegal controlled substances held, transported, possessed, transferred, sold or offered for sale in Minnesota.

Corporation Franchise Tax - State tax on corporations and financial institutions doing business in Minnesota. Tax equals 9.8 percent of net income, plus a minimum fee (up to \$5,000) based on size. Tax does not apply to partnerships, S-corporations or Limited Liability Corporations ([LLCs](#)). (See [apportionment of income](#))

Contamination Tax - A local property tax on the contamination value of taxable real property (up to the estimated cost of a response plan), applicable to market value reductions in effect during the taxable year.

County Program Aid - A state aid paid to counties primarily to help pay for county administrative costs associated with property tax collection and to equalize [tax capacity](#). The County Program Aid formula consists of a need aid portion, a tax base equalization aid portion and for certain counties, an additional transition aid factor.

Coverdell Education Savings Account – See [Education Savings Account](#).

Deduction - Any sum or amount subtracted, or allowed by law to be subtracted, from otherwise taxable income. Includes amounts subtracted from adjusted gross income for documented, specific uses of money (such as [itemized deductions](#)), as well as fixed amounts varying by filing status that filers may subtract in lieu of itemized deductions ([standard deduction](#)).

Deed Transfer Tax - A tax paid at the time of transfer to the county treasurer by a person who grants, assigns, transfers or conveys real estate. Proceeds go to the general fund (97%) and county revenue fund (3%).

Dependent - A member of a taxpayer's household (other than a spouse), whom the taxpayer supported and who is a U.S. citizen or resident during the calendar year.

Depreciation - Tax purposes: Recovery through an income tax deduction, spread over several years, of the cost of property used to produce income (such as rental property or an automobile). Financial reporting: The amount of expense charged against earnings by a company to write off the cost of a plant or machine over its useful life, giving consideration to wear and tear, obsolescence, and salvage value.

< Straight line (SL) depreciation: Expense is assumed to be incurred in equal amounts in each business period over the life of the asset.

< Accelerated depreciation: Expense is assumed to be incurred in decreasing amounts in each business period over the life of the asset. Two commonly used variations of accelerated depreciation are the sum-of-years digits (SYD) and the double-declining balance (DDB) methods.

Businesses commonly use accelerated depreciation for tax purposes and straight line depreciation for financial reporting. (Also see [expensing](#) and [bonus depreciation](#).)

Disparity Reduction Credit (Border Cities) - A state-paid property tax credit in certain border cities that reduces by roughly one-third the effective property tax rate of commercial-industrial and rental property.

DOR or MDOR - Minnesota Department of Revenue. The agency that administers the state tax system and state aids to local governments and oversees local property tax assessment practices.

Education Tax Credit & Deduction

(Minnesota) - A refundable income tax credit and an itemized deduction for eligible education expenses of a dependent child enrolled in a public or private school, grades K-12. Amounts paid for instruction as part of the regular school day ("private school tuition") only qualify for the deduction. Expenses qualifying for both the credit and deduction include: fees for tutoring, enrichment programs, or academic summer camps; amounts paid to others to transport a student to and from school during the normal school day; nonreligious textbooks and instruction materials for use during the regular school day; drivers education classes taken as part of the school curriculum; and home personal computer hardware and educational software up to \$200 per family annually.

< The credit equals 75% of eligible expenses. The maximum credit is \$1,000 per eligible child. The credit is [refundable](#). If household income is \$33,500 or less, the maximum family credit is limited to \$1,000 times the number of qualifying children in grades K-12. If household income is more than \$33,500, the size of the credit will be reduced. The household income limit increases by \$2,000 for each additional qualifying child.

< The deduction is limited to \$1,625 per child in grades K-6 and \$2,500 per child in grades 7-12. The deduction has no income limit.

Education Credits (Federal) - There are two federal income tax credits for higher education tuition and fees. For tax year 2008,

- < The HOPE Scholarship Credit of up to \$1,800 per eligible student in each of the first two years of college.
- < The Lifetime Learning Credit of up to \$2,000 for qualified eligible expenses for all students enrolled in eligible educational institutions.

Credits are not refundable, and are limited to those with incomes under \$114,000 married (\$57,000 single or head of household). See also [Tuition and Fees Deduction](#).

Education Interest Deduction - See [Student Loan Interest Deduction](#).

Education Savings Accounts (Coverdell ESAs) - A savings account vehicle similar to a “back-loaded” individual retirement account ([IRA](#)). Contributions limited to \$2,000 per year. Earnings may be withdrawn tax-free for specified educational expenses (elementary, secondary, and post-secondary). Eligibility limited to those with incomes below \$110,000 (single) or \$220,000 (joint).

EITC, Earned Income Tax Credit - A [refundable](#) federal income tax credit for low-income persons who work. Maximum credit for tax year 2008 is \$4,824 (2 children), \$2,917 (1 child), \$438 (no children). The credit phases out at higher incomes, with married filers receiving no credit if income exceeds \$41,646 (2 children), \$36,995 (1 child) or \$15,880 (no children, taxpayer age 25 to 64). The income limits for single or head of household returns are \$1000 lower. Minnesota’s companion credit is called the [Working Family Credit](#).

Elasticity - A measure of how responsive consumer purchases are to changes in the price of a product or to changes in income.

- < *Price elasticity* measures the percent decline in amount purchased in response to each one percent rise in price. Products have inelastic prices if

the price can be increased with little effect on the quantity purchased (e.g. cigarettes).

- < *Income elasticity* measures the percent change in amount purchased in response to each one percent rise in income.

Elderly Subtraction (Minnesota) - A mechanism in the Minnesota income tax that allows eligible taxpayers age 65 and older (and permanently and totally disabled taxpayers of any age) to reduce their taxable income if they have low income and that income is primarily from taxable sources (taxable pensions rather than social security). Also referred to as the [senior subtraction](#).

Entertainment Tax – A special local tax applied to admission fees to athletic events and admissions to places where entertainment is provided such as theater, concert halls, circuses and fairs. It also applies to amusement devices and games, food, drink and merchandise sold in public places during live performances and short-term lodging within the city limits. (This tax is different from the lodging tax.) This tax is also referred to as an amusement tax. Currently, only the City of Minneapolis has an entertainment tax, which is imposed at a rate of 3%.

Enterprise Zone Credits - Business tax credits to qualifying businesses within a targeted zone in participating communities. The credits act as an incentive to create investment, development and job creation or retention in areas where there is a high percentage of substandard housing, at least twenty percent of the households are below the poverty level, commercial and industrial property values are falling, or the area’s unemployment rate is above the statewide average. An area is designated an enterprise zone for seven years. The Department of Trade and Economic Development administers this program.

Equalization - The process of: (1) reducing tax rate or tax base disparities among different taxing jurisdictions; or (2) reducing net tax disparities among different properties within the same class in

a given taxing jurisdiction. (See [State Board of Equalization](#) and [State Board Order](#).)

- < Tax Rate or Tax Base Equalization - Two different taxing jurisdictions with similar spending needs but vastly disparate tax bases would be required to set local tax rates at substantially different levels in order to raise the same total revenue. Tax Rate or Tax Base Equalization is the process of providing additional state aid to the taxing jurisdiction with the lesser taxable base.
- < Equalization (of property values) - A property's assessed value represents the baseline for determination of the payable property tax. Since local property assessors determine property values, the system does not guarantee that values will be interpreted consistently across the state. *Equalization* is the term that is used to describe the process of ensuring that *all* taxable property is assessed at or near its actual market value as required by state law.

Estate - The entire group of assets owned by an individual at the time of his or her death. Includes all personal effects, interests in business enterprises, real and personal property, stocks, bonds, mortgages, and notes receivable, etc.

Estate Tax - A tax levied on the transfer of property from the deceased to his or her heirs.

- < The federal estate tax applies to estates exceeding \$2 million in tax year 2006 through tax year 2008. (rising incrementally to \$3.5 million in tax year 2009). Federal legislation has reduced estate tax rates in future years, with full repeal in 2010 – but only for one year.
- < The Minnesota estate tax applies to estates exceeding \$1,000,000 in tax year 2006. Until 2002, the Minnesota estate tax was a “pick-up tax.” It had no net cost to taxpayers because each dollar paid to Minnesota reduced federal estate tax by a full dollar. Federal legislation has eliminated this option.

This tax is sometimes referred to as the *death tax*.

EMV, Estimated Market Value - The amount that a local assessor determines to be the value of a parcel of real estate in an open market in an arms-length transaction, less any deductions or adjustments provided by law. This value is multiplied by the appropriate [class rate](#) to arrive at the [tax capacity](#) of the property.

Estimated Tax - The method used to calculate and pay income tax on income that is not subject to withholding.

Excise Tax - A per-unit or per-volume tax on the sale or manufacture of a good or service. Excise taxes are often collected at the wholesale level, which reduces administrative costs. Examples include gasoline, cigarette, and alcohol taxes.

Exemption - (1) The exclusion from a taxpayer's taxable income of a specified amount for that person and each of his/her dependents (\$3400 per person in 2007). (2) More generally, the term may apply to something that is not subject to tax (e.g. sales tax exemption or property tax exemption).

Expensing - For income tax, immediate deduction for the full cost of property used to produce income, rather than claiming depreciation over the life of the asset. For example, in tax year 2008 “Section 179” of the IRS Code permits small businesses to expense up to \$1,000 of tangible personal property. See also [bonus depreciation](#).

FAGI, Federal Adjusted Gross Income - See [AGI](#).

Federal Update – Refers to changes in state tax provisions (income tax and corporate franchise tax) to conform to changes in federal tax law. Such conformity generally reduces complexity for Minnesota taxpayers.

FTI, Federal Taxable Income - Federal Adjusted Gross Income *minus* exemptions (personal and

dependents) and deductions (either itemized deductions or the standard deduction).

Fire State Aid – State general fund aid paid to municipal and independent non-profit firefighters’ relief association. The amount of state general fund aid is measured by the amount of fire, lightning, or sprinkler insurance gross premium coverage. Fire relief associations must use the aid for retirement benefits.

Fiscal Disparities (FD) Program - Often referred to simply as FD, requires every taxing jurisdiction within a geographic area, *e.g.*, the seven-county metropolitan area and the taconite relief area, to contribute 40 percent of the growth (measured from a specified base year) in the commercial/industrial property taxable base to an area wide pool. This tax base is distributed among all taxing jurisdictions in the geographic area on the basis of population and taxable real property. The principle behind FD was to discourage unbalanced development, especially the concentration of new development in high property wealth but low-tax areas, and to redress the imbalance between public service needs and financial resources in certain low-wealth communities.

Flood Loss Replacement Aid - A temporary aid program (for assessment year 2003) for cities that lost significant amounts of tax base value as a result of the floods of 2002.

Franchise Tax - See [Corporation Franchise Tax](#).

FUTA, Federal Unemployment Tax Act - Imposes a federal tax on employers to finance the unemployment insurance system. This federal tax is administered by the states. See [Unemployment Insurance Tax](#).

Gambling Taxes – State taxes on lawful gambling include:

- < Lawful Gambling Tax - Paid by organizations that conduct bingo, raffles and paddle wheels. Exemptions for limited

occasional sales, small raffles and certain fairs and festivals. Applies (at 8.5% rate) to gross receipts minus actual prizes paid from these fundraising activities.

- < Pull-Tab & Tipboard Tax - Applied at a flat percentage rate (1.7%) to each “deal” (package or game) of pull tabs or tipboards sold by a distributor.
- < Combined Receipts Tax - Applies at graduated rates (from 1.7% to 5.1%) to gross receipts over \$500,000 per year from a nonprofit organization’s sales of pull tabs and tipboards.

Gas Tax (technically the [Motor Fuels Excise Tax](#)) – Levied at a rate of 25 cents per gallon on gasoline and diesel fuels used in highway vehicles, aircraft, boats, snowmobiles and all-terrain vehicles. In 2008, the gas tax increased from 20 cents to 25 cents. In addition to the gas tax, there is a debt service surcharge. The revenue from the surcharge is earmarked for the debt service on the trunk highway bonds. The table below outlines the tax rates:

Fiscal Year	Gas Tax (cents/per gallon)	Debt Service Surcharge	Total Gas Tax
2009	25	.5	25.5
2010	25	2.1	27.1
2011	25	2.5	27.5
2012	25	3.0	28.0
2013	25	3.5	28.5

The State Constitution requires that the tax on highway fuels go to the highway users fund for road construction, leaking underground storage tank clean up, and petroleum grade inspection. The tax on aviation fuels goes to the state airports fund. Estimated tax used by boaters, snowmobiles, and all-terrain vehicles are dedicated for natural resources and trail development. (Lower tax rates apply to some alternative fuels.)

General Purpose Aid – State dollars allocated to units of government to be used as discretionary funds. Examples include Local Government Aid (LGA) and County Program Aid.

Green Acres - Land that qualifies by its long-term agricultural use and zoning under the Minnesota *Metropolitan Agricultural Preserves Act (M.S. 473H)*, for reduced assessment valuation based only on agricultural factors, and deferral of property assessment. The act is designed to preserve farmland in agricultural use and open space within the 7-county metropolitan area.

Graduated Rate Schedule – A schedule that establishes a rate up to a certain threshold, then the earnings or a value that exceed a threshold pay an alternate tax rate. The amount of the threshold could be upward where the surplus amounts over the threshold pay a higher tax or it could be a downward threshold where amounts under the threshold pay a lower tax. The Minnesota Estate Tax has an upward graduated rate schedule taxing estates over a threshold pay a higher tax.

Head of household - Income tax filing status for unmarried persons who provide more than half the cost of keeping up a home for a qualifying dependent. Filing as a head-of household reduces tax liability compared to filing as either single or married-filing-separately.

Health Savings Accounts (HSAs) – Combines high-deductible health insurance with a tax-favored savings account. Requires deductible of at least \$1,100 for singles and \$2,200 for families.

An amount equal to the policy’s deductible (up to \$2,850 single and \$5,650 family for tax year 2008) may be deposited in the health savings account. Deposits are tax deductible (even if the taxpayer does not itemize deductions), interest earnings are untaxed, and money left in the account can be carried forward to future years. Money withdrawn from the account is not taxed so long as money is used to pay medical bills or the taxpayer is at least 65 years of age.

HITS – House Income Tax Simulation (HITS) is a computer program is used to estimate the tax year revenue impact of a state or federal individual

income tax proposal. This program uses data derived from a sample of 2004 federal and Minnesota income tax returns and inflates the data to the level of the tax year being simulated and computes estimated state and federal tax liabilities for each return in the sample. The results of each return are weighted to represent the entire population of tax filers.

Homestead – A residence occupied by the owner.

Homestead Market Value Credit – See Market Value Credit – Homesteads.

Impact of Taxation - The person, company or transaction on which a tax initially is levied. The person or business who has the legal responsibility to remit the tax to the government.

Incidence of Taxation - The final burden of a tax or taxes. Incidence refers to the individual, company, demographic unit or group, economic sector, or income stratum that ultimately bears the burden of a tax or total taxes. The *incidence* of a tax will differ from its *impact* if the person paying the tax can shift the burden to others, either in higher prices or lower wages.

Income - Income has different meanings depending on both the source of the data and the use of the data. Definitions used by expenditure programs often differ from one another and from those used for tax purposes. Selected definitions of income are described below. (See also [AGI](#), [MTI](#), [MAGICC](#), and [net income](#).)

< Income before taxes (“*pretax income*”) - In the *Consumer Expenditure Survey* this includes: wages and salaries; self-employment income including losses; Social Security, private and government retirement income; interest, dividends, rental income and other property income; unemployment and workers’ compensation; veterans’ benefits; public assistance, supplemental security income, food stamps; regular contributions for support including alimony and child support, foster care payments; cash

scholarships, fellowships, stipends; meals and rent as pay.

- < Personal Income - In national income accounts, personal income is the income received by individuals, owners of unincorporated businesses (including partnerships), non-profit institutions, private trust funds, and private non-insured welfare funds. Personal income is the sum of wage and salary disbursements, other labor income, proprietors' income, rental income of persons, dividends, and personal interest income and transfer payments, less personal contributions for social insurance. It does not include capital gains income.
- < Disposable Personal Income - Personal income less personal tax and non-tax payments, a measure that represents the portion of personal income available to persons for consumption and saving.
- < Self - Employment Income - Net income received by persons from an unincorporated business, profession, or from the operation of a farm as an owner or tenant.

Income Tax - A tax levied on *taxable income* of individuals and businesses. (*Taxable income* is defined by law).

Income Tax Reciprocity – See [Reciprocity](#).

Indexing - A mechanism for periodic adjustment of tax thresholds, tax brackets, or tax rates to keep taxes constant in real terms (*e.g.*, after inflation). Income tax indexing prevents automatic tax increases due to “bracket creep”. In Minnesota, property tax refunds and certain tax credits are also indexed for inflation.

IPD, Implicit Price Deflator - See [GDP](#) in the “General Terms and Acronyms” section of the glossary.

IRA, Individual Retirement Account - [Tax preference](#) to encourage long-term saving for retirement and educational expenses.

- < “Regular” IRA: Contributions may be tax deductible and the return on investment is tax-deferred until proceeds are withdrawn, usually after retirement. Contributions are fully [deductible](#) if the taxpayer (and spouse if married) have no pension coverage. Those with pension coverage can deduct regular IRA contributions in 2008 only if incomes are more than \$85,000 (single) but less than \$105,000 (joint returns).
- < “Back-loaded” IRA (Roth IRA): No deduction for contributions, but investment earnings may be withdrawn tax-free for specified purposes (usually after retirement).

Total regular plus back-loaded IRA contributions are limited to \$5,000 in 2008. For taxpayers age 50 or older, back-loaded IRA contributions are limited to \$7,000 for tax year 2008. See also [Education Savings Accounts](#) (formerly called Education IRAs).

IRC - The Federal *Internal Revenue Code*.

IRS - *Internal Revenue Service*, U.S. Department of Treasury.

Itemized deductions - For federal income tax, taxpayers may deduct the larger of itemized deductions or the [standard deduction](#). Itemized deductions are the sum of (1) medical costs in excess of 7.5% of [AGI](#), (2) state and local taxes on income or property, (3) home mortgage interest, (4) charitable contributions, and (5) miscellaneous deductions. Those who itemize deductions are referred to as “itemizers.” These deductions carry through to the Minnesota income tax, except for the deduction of state and local income taxes.

Joint return - Federal and state income tax filing status that can be used by a married couple. The married couple must be married as of the last day of the tax year in order to qualify.

Job Opportunity Building Zones (JOBZ) - Ten zones located outside the Twin Cities metropolitan area, where new businesses are exempt from most

or all state and local taxes for up to 12 years.

Taxes included in the exclusion include:

- < local and state property taxes;
- < state and local sales taxes on goods and services the business uses in the zone;
- < motor vehicle sales tax on vehicles the business garages in the zone;
- < corporate tax; and
- < personal income tax on business income, rental income, or capital gains.

There is no exemption for wages earned in the zone, but qualified businesses receive a 7% refundable payroll credit on total zone wages in excess of \$30,000 times the number of employees in the zone. Enacted in 2003. See also [biotechnology zone](#).

June Accelerated Payments - Venders with annual sales and use tax liability of \$120,000 or more are required to make an early payment of 78 percent of their June liability. This payment is due two business days before June 30, rather than on July 20. This early payment shifts those payments into the earlier fiscal year. This “fiscal shift” was first enacted in 1983 (at 75%). It also applies to cigarette and alcohol excise taxes. Effective beginning with June 2009 sales tax and excise tax liabilities, the percent that must be remitted early is increased by 12 percent, from 78 percent to 90 percent.

K-12 Education Credit – See [Education Tax Credit and Deduction \(Minnesota\)](#).

Local Government Aid or LGA- A primary source of state property tax relief aid to cities distributed according to “need factors” – measured differently for small versus large cities - minus “ability to pay” measured by cities’ tax base and taconite aid. Local Government Aid is the largest general purpose state aid program to cities. Certified LGA for 2008 totals \$484.15 million.

Lawful Gambling Tax – See [Gambling Taxes](#).

Levy - (1) The total dollar amount raised in property taxes by a local unit of government. (2) A tax, fee or surcharge. (3) The imposition of such a charge.

Levy Limit(s) - A restriction, usually by statute, on the total amount to be raised by a levy (property taxes) or on the tax rate; or, restrictions on the year-to-year growth in the rate, revenue yield of a levy, or the revenue yield of a levy plus changes state aid amounts. Under current law, local property tax growth for all counties and for cities with populations over 2,500 residents is capped at 3.9 percent for tax years 2008-2010.

LLC, Limited Liability Company - A state-registered business operating form that allows the firm to be taxed like a partnership or S-corporation (taxed only at the individual level rather than being subject to corporate-level taxes), but its owners (like corporate shareholders) are not personally responsible for the entity’s debts and liabilities.

Limited Market Value - restriction on the amount of the growth in a property’s estimated market value that is subject to taxation. The growth limitation applies to residential homestead, residential seasonal recreational, timber and agricultural property but is being phased out under current law and will be eliminated by 2008. In 2006, the limitation is equal to the greater of (a) 15 percent of the difference between the current-year estimated market value and the prior-year estimated market value or (b) 33 percent of the difference between the current estimated market value and the value upon which the property was taxed in the previous year. The corresponding percentages will be 15 and 50 in 2007.

Local Impact Note - An analysis of the fiscal impact of proposed legislation or administrative rule changes on local governments and school districts. Notes are prepared by the Department of Finance at the request of the chair or ranking minority member of the House or Senate Tax Committee.

LIHC, Low Income Housing Tax Credit - A tax credit created by the federal Tax Reform Act of 1986 to encourage private sector investment in the construction and rehabilitation of housing for low- and moderate-income families. The law gives each state an annual tax credit allocation based on population. The Minnesota Housing Finance Agency administers this program in Minnesota. The LIHC are awarded on a competitive basis to nonprofit and for-profit sponsors of eligible housing projects. Awards are based on the criteria outlined in Minnesota's Allocation Plan. Project sponsors or (in the case of syndication) investors claim the tax credit on their federal income tax return.

Long Term Care (LTC) Credit (Minnesota) - Income tax credit for long term care insurance premiums. Equals the lesser of \$100 single (\$200 married couple) or 25 percent of those premiums.

Low-Income Motor Fuels Credit (Minnesota) – A refundable income tax credit equal to \$25 in tax year 2009 and succeeding years for certain filers. To qualify for this credit, a taxpayer's taxable income must fall into the lowest tax bracket for that year. In tax year 2008, income limits would be \$31,860 for married joint returns, \$ 26,830 for head of households, and \$21,800 for single persons who are not dependents and who are age 18 or older.

M1 – Minnesota income tax return form for individuals.

Military Service Credit (Minnesota) – A non refundable income tax credit limited to taxpayers that have at least 20 years in the military or have a service connected disability ratio of 100 percent for total and permanent disability. The credit phases out starting at an adjusted gross income exceeding \$30,000 and the credit is completely phased-out for taxpayers with an adjusted gross income over \$37,500.

MAGICC, Minnesota Adjusted Gross Income for Childcare Credit - Includes both taxable and nontaxable income reported for purposes of the

Minnesota income tax child and dependent care credit. Commonly used in tax research and analysis as a measure of “household income”.

Market Value – An assessor's estimate of a property's worth if sold.

Market Value Homestead Credit – A property tax credit for residential homestead property equal to 0.4 percent of the market value of the parcel up to a maximum of \$304 subject to a phase-out of the credit beginning at \$76,000 in market value. The phase-out rate is equal to .09 percent of market value above \$76,000 with no credit for homes valued at \$414,000 and above.

Market Value Homestead Agricultural Land Credit - A property tax credit for residential homestead property equal to 0.3 percent of the market value of the parcel up to a maximum of \$345 subject to a phase-back of the credit beginning at \$115,000 in market value. The phase-back rate is equal to .05 percent of market value above \$115,000 and phases the credit amount back to a maximum of \$230 for farms valued at \$345,000 and above.

Marriage Penalty Credit (Minnesota) - Income tax credit for some taxpayers filing a joint tax return. Offsets the “marriage penalty” that would otherwise occur because Minnesota tax brackets for joint returns are less than twice as wide as those for single filers. Without this credit, enacted in 1999, some married couples would pay higher taxes than two single persons with the same combined income. The credit only offsets marriage penalties due to the tax brackets, not those due to other income tax provisions (such as income tax credits). Effective for tax year 2006, Minnesota conformed to the federal standard deduction for married filers filing joint returns. Now with conformity, the larger the married standard deduction is relative to the single standard deduction, the smaller the marriage penalty and the smaller the marriage credit.

Medical Savings Account (MSA) – See [Health Savings Account \(HSA\)](#).

MinnesotaCare Taxes – Two tax sources consisting of: 1) a “provider tax” applied to hospitals, surgical centers, health care providers, prescription drugs, and some medical supplies and equipment, and 2) the gross premiums tax imposed on health maintenance organizations, community integrated service networks, and nonprofit healthcare service plan corporations. The tax rate for providers is two percent and the tax rate for payers of the gross premiums tax is one percent. Revenue is deposited in the [Health Care Access Fund](#) for the MinnesotaCare health insurance program, which provides subsidized health insurance for low- and moderate-income families without access to employer-subsidized insurance.

MTI, Minnesota Taxable Income - Federal Taxable Income plus “Minnesota additions” minus “Minnesota subtractions”. Major Minnesota additions include (1) state income taxes claimed as an itemized deduction on the federal income tax return; (2) non-Minnesota state and municipal bond interest; and (3) fines, penalties allowed as a deduction from federal income tax. Major Minnesota subtractions include (1) state income tax refunds received by itemizers; (2) U.S. Bond interest; (3) education deduction (qualifying K-12 expenses); (4) the [charitable deduction for non-itemizers](#), and (5) certain military pay.

Mortgage Registry Tax - An [ad valorem](#) tax on principal debt secured by a mortgage of real property, paid by the lender to the county treasurer at the time of registration. Proceeds go to the general fund (97%) and county revenue fund (3%).

Motor Fuels Tax – See [Gas Tax](#).

Motor Vehicle Registration Tax - Tax imposed annually, at registration, on motor vehicles using public streets and highways, evidenced by a license plate with current - year tag. The tax is in lieu of a property tax. Administered by the Department of Public Safety, revenues are

deposited in the Highway User Tax Distribution Fund.

MVST, Motor Vehicle Sales Tax – See, [Sales Tax on Motor Vehicles](#).

Nexus - Economic connections or links to a state that result in a legal liability to pay or remit taxes to that state.

Net Income - The difference between a business’ total revenues and its total expenses.

Net Operating Loss (NOL) - A net operating loss is experienced by a business when business deductions exceed business income for the tax year. For income tax purposes, a net operating loss can be “carried back” to offset income (and reduce tax) in a prior year or “carried forward” to offset income (and reduce tax) in a future year.

Net Tax Capacity – A property’s taxable market value times its class rate; also known as a property’s tax base.

Notice of Proposed Property Tax - Part of the [Truth-in-Taxation](#) process, an estimated statement of property tax for each political subdivision that levies a tax on that parcel payable in the following year under hypothetical budget and levy assumptions. Notices are distributed to property owners prior to Truth-in-Taxation hearings and the hypothetical levies on the notices establish an upper limit on local levies.

Original Issue Discount (OID) - When a long-term debt instrument is issued at a price that is lower than its stated redemption value, the difference is called *Original Issue Discount*.

Passive Activity - Trade, business or rental activities that the taxpayer does not materially participate in managing. All income and losses from passive activities are grouped together on an income tax return, and loss deductions are

generally limited or suspended until the passive activity that generated them is disposed of in its entirety.

PILT, Payment In Lieu of Tax - A payment, whether voluntary or required by law, made by an owner of tax exempt property to a local government as a contribution toward the cost of the public services provided to the property. In Minnesota, the Commissioner of Revenue administers a state program that makes payments-in-lieu of tax to local governments for land held and managed for natural resources purposes by the Department of Natural Resources.

Police State Aid – State general fund aid paid to municipalities, the Metropolitan Airport Commission and independent nonprofit police and peace officers’ relief associations. The amount of state general fund aid is determined by tax receipts from a surcharge on auto insurance gross premiums. This aid is applied to the employer’s contribution to peace officer’s pensions.

Pre-tax Account - Account established by employers that allows employees to pay for certain expenses with pre-tax dollars. Eligible expenses include (1) out-of-pocket medical expenses; (2) up to \$5000 in child care expenses; and (3) certain parking, car-pooling, and transit expenses.

Property Tax Base – A property’s taxable market value times its class rate; also known as net tax capacity.

PTR, Property Tax Refund - Property tax relief programs administered as direct payments to individuals. The “circuit breaker” refund for homeowners and the [renters credit](#) are based on net property taxes relative to income; the [Targeting Refund](#) for homeowners is based on the percentage increase in tax above a statutory dollar threshold.

Property Valuation Exclusion – A property tax benefit that reduces the value of certain real property for property tax purposes. In 2008, the new Disabled Veteran Homestead Valuation

Exclusion gives qualifying veteran homeowners a reduction in their property taxes.

Pull-Tab & Tipboard Tax – See [Gambling Taxes](#).

Reciprocity (Income Tax) – Agreement with another state to let each state’s residents file only in their home state even though they have earned income in the other state. For example, Wisconsin residents working in Minnesota have Wisconsin tax withheld from their pay and file only a Wisconsin tax return – as if that income were earned in Wisconsin. Wisconsin reimburses Minnesota each year for the net loss in Minnesota income tax revenue (plus interest).

Refundable Credit – An income tax credit that can reduce net tax below zero (a “negative” tax liability). An eligible filer with no tax liability (before credit) can receive a full credit as a refund. A filer whose credit exceeds tax liability can receive the balance as a refund. In contrast, a non-refundable credit can only reduce net tax to zero. Examples: Federal [Earned Income Tax Credit](#), Minnesota [Working Family Credit](#), Minnesota [Child and Dependent Care Credit](#), Minnesota [K-12 Education Credit](#), [Active Military Credit](#), and [Low-Income Motor Fuels Credit](#).

RDCs, Regional Development Commissions - Multi-county and multi-jurisdictional statutory commissions created in the regional development act for the purpose of intergovernmental cooperation.

Renters Credit - A property tax relief program provided to occupants of rental property, complement to the homeowner’s “circuit breaker.” The credit is based on a statutory percentage of rent deemed to constitute property taxes (19 percent) and the renter’s household income. (See [Property Tax Refund](#).)

RRTA, Rail Road Retirement Act - Tier I railroad retirement is an employer-employee tax in

lieu of the Social Security Tax (OASDI/HI), on railroad employment.

Revenue Estimate - Official fiscal analysis prepared by the Department of Revenue, forecasting the revenue loss or gain from the enactment of proposed tax legislation. The revenue estimate does not identify the costs a state agency or local government may incur to implement the proposed change; a fiscal note is required to obtain that information. Revenue estimates are available on the Department of Revenue web site at:

http://www.taxes.state.mn.us/taxes/legal_policy/revenue_analysis/revenue_analyses.shtml

S Corporation, Subchapter S Corporation – Corporation taxed at the shareholder level only (with no corporate-level tax). Must have less than 75 shareholders, only one class of stock, and satisfy other eligibility requirements. Neither federal corporate tax nor Minnesota’s [Corporation Franchise Tax](#) applies to an S-corporation. (Corporations subject to the corporate income tax are generally referred to as “C Corporations.”)

Sales Ratio - An analysis (sales ratio study) used by the Department of Revenue to measure the accuracy of local assessors’ estimates of taxable property values by comparing, for properties that have recently been sold, the ratios of the assessor’s estimated market values to the actual sale prices of the individual properties. A sales ratio of 100 percent suggests that the aggregate estimated market values of properties selling within a geographical boundary are exactly equal to the actual sales prices of those properties. When the sales ratio for a particular class of property falls below 90 percent or exceeds 105 percent, the [State Board of Equalization](#) is authorized to issue a [State Board Order](#) increasing or decreasing the taxable values of all properties in that class and assessment area by a flat percentage across the board, in order to achieve greater [equalization](#) of taxes among like properties. Sales ratios are also used to equalize

property value across jurisdictions for the purpose of distributing various state aids.

Sales and Use Tax – State or local taxes on the purchase of taxable goods and services (as defined in law) used or consumed in Minnesota. The sales tax is paid by the purchaser to the seller, who remits the tax to the state. The use tax is normally paid directly by the purchaser to the state.

Sales Tax on Motor Vehicles - Applies to purchases of motor vehicles required to be registered in Minnesota; applies at the same rate as the state sales and use tax. From FY 2008, receipts are deposited as follows: 36.25 percent to the General Fund, 38.25 percent to the Highway User Tax Distribution Fund (HUTDF), and 25.5 percent to Transit fund. By FY 2012, 100 percent of receipts will be deposited into this transportation funds (60 percent to the HUTDF and 40 percent to the Transit Fund with 30 percent going to Metro Transit and 4 percent going to Greater Minnesota Transit) This tax is also known as motor vehicle sales tax, MVST. (The tax was formerly called the Motor Vehicle Excise Tax, or *MVET*.)

Self-Employment Tax - A tax that applies to earnings from self-employment *in lieu* of the Social Security Tax (OASDI/HI). A self-employed individual pays both the employer and employee share. Included on the individual income tax return.

Severance Taxes - Taxes imposed on the removal of natural products from land or water and measured by value of quantity of products removed or sold. These may include oil, gas, minerals, gravel, timber and fish.

Simplified (or Streamlined) Sales Tax Agreement (SSTA) – A national effort to simplify state and local sales taxes. Minnesota and most other states are participating in this effort. Court rulings have raised the possibility that states might be permitted to require that out-of-state businesses collect [use tax](#) on cross-border sales to state residents if the sales tax system were sufficiently simplified.

Special Assessment - A means of collecting compulsory contributions from property owners benefited by a municipal improvement to real property (such as installation or repair of a sidewalk or sewer) where the assessment is proportional to benefit. The property owner has the option to spread the charges over multiple years and to pay the bill with real property taxes.

Special Service District - An area within a city where special services are provided and the cost of providing these services is funded from revenues generated from special service charges imposed upon the district. Property included in a special service district is usually classified as commercial, industrial or public utility. Examples of special services are: maintenance of sidewalks, streets or special street lighting, or provision of security personnel.

Special Taxing Districts - Usually created by special legislation, or by citizen or local government initiative under general statutory authority, areas within which a levy is imposed or collected for the delivery of a specified service such as a rural ambulance district, a fire-protection district, or a town subordinate service district.

Special Taxes - Taxes on cigarettes, tobacco, beer, wine, liquor, and gambling products, hazardous and solid waste, insurance taxes, and certain compulsory fees.

Standard Deduction - For federal income tax, taxpayer may deduct the larger of [itemized deductions](#) or the standard deduction, which varies with filing status. In 2008, the standard deduction is \$10,900 for a [joint return](#), \$5,450 for a single filer, and \$8,000 for a [head of household](#). The standard deduction carries through to the Minnesota income tax.

State Board of Equalization - A board of review led by the Commissioner of Revenue, which oversees property assessment practices around the state. The Board uses a [sales ratio](#) study to evaluate and - when necessary - adjust taxable

market values for a specific class within a specific geographical boundary where market values are found to be inconsistent with actual sales prices.

State Board Order - An order issued by the [State Board of Equalization](#) requiring that assessed values for a given class within a given geographical boundary be adjusted - usually upward - to reflect the true estimated market value of the class of property in question, based on actual sales prices and other information from the [Certificate of Real Estate Value \(CRV\)](#).

Statewide Property Tax or State General Property Tax - Created in 2001 as a part of the property tax reform initiative, this tax is levied on seasonal-recreational, commercial-industrial and public utility property. Each property's tax is determined by multiplying its net tax capacity by the state tax rate; the only exception is for noncommercial seasonal-recreational property valued under \$76,000, for which the tax rate is levied at forty percent of the full rate. Revenues are deposited to the state general fund. In FY 2007, these tax receipts totaled just under \$666 million.

Student Loan Interest Deduction - Federal income tax deduction for up to \$2500 of interest paid on qualifying student loans for post-secondary education. The credit is limited to married filing joint taxpayers with modified adjusted gross income below \$140,000 (\$70,000 single of head of household). This federal deduction carries over to the Minnesota state income tax return.

Targeting Refund - A state property tax relief program that “refunds” part of the local property tax bill to the owners of residential homestead property, when there is a relatively large one-year increase in property taxes. (See [PTR](#).)

Tax Amnesty - Allows those who have underpaid taxes to avoid criminal penalties if they pay past-due tax within a specified time period. May apply to those who failed to file a tax return, underreported their tax liability, or have

outstanding balances. Usually waives tax penalties and some or all interest charges as well. May apply to one tax or to all taxes.

Tax Capacity - A term used to describe the “property taxable base” of either a taxing jurisdiction or of a single parcel of property. The tax capacity of an individual property is defined as the estimated market value ([EMV](#)) of the parcel of property multiplied by the appropriate class rate. The tax capacity of a county, for example, is the sum of the tax capacity of all parcels of property in that county. (Also see [ANTC](#), Education section.)

Total Tax Capacity – The sum of the tax capacities of all parcels at property within a given area, plus adjustments for fiscal disparities, tax increment financing districts and power line properties.

Tax Court - The three-judge court created in *M.S. Ch. 271* as an independent agency of the executive branch of government, with statewide jurisdiction for hearings and determinations of law arising under the tax laws of the state. Members are appointed by the Governor with the advice and consent of the Senate.

Tax Expenditure - Revenue losses attributable to [tax preferences](#) such as exemptions, deductions, reduced rates, credits and deferrals of liability. As a means to promote a public policy goal, a tax expenditure is an alternative to a direct expenditures or a mandate. Unlike direct appropriations, tax expenditures are not usually time-limited and need not be re-enacted. The Department of Revenue calls a provision a *tax expenditure* if it meets *all* of these criteria: (1) it has an impact on a tax that is applied statewide; (2) it confers preferential treatment; (3) it results in reduced tax revenue in the applicable fiscal years; (4) it is not an appropriation; (5) it is included in the defined tax base; (6) it is not subject to an alternative tax; and (7) it can be amended or repealed by a change in state law alone. The revenue impact of Minnesota tax expenditures can be found in the *Minnesota Tax Expenditure Study*, published by the Department of Revenue every two years).

Tax Gap – A term used to describe the difference between the amount of taxes paid to Minnesota by businesses and individuals and the amount that should have been paid. In a Minnesota Sales Tax Gap Study commissioned in 2002 by the Minnesota Department of Revenue, the estimated size of the sales tax gap in 2002 was \$500 million. In another research study conducted by the Minnesota Department of Revenue, the size of Minnesota’s total income tax gap is estimated to have been almost \$604 million in 1999.

Tax Preference - Non-taxability of an otherwise-taxable item of income, consumption or expenditure.

Tax Rate - Percentage or proportional application of a tax.

- < ETR, *Effective Tax Rate* - Total tax payments as a percent of income (normally, gross income). May apply to a given tax, such as the individual income tax, or to the total tax burden for an individual, couple, family, household, income group or, an economic sector.
- < Local Tax Rate - The rate of tax determined by dividing the amount of a local government’s property tax [levy](#) by the total [tax capacity](#) of all taxable properties within that local government’s taxing jurisdiction.
- < Total Local Tax Rate - The sum of *local tax rates* levied on a parcel of property. A property located in a county with a 50 percent tax rate, a city with a 25 percent tax rate, a school district with a 25 percent tax rate, and special taxing district with a 5 percent tax rate is said to have a total local tax rate of 105 percent.
- < Marginal Tax Rate - The rate of tax on an incremental unit of income (*e.g.*, the last taxable dollar or the next dollar earned).

This Old House - For property tax purposes, delayed and phased-in recognition of taxable market value increases resulting from improvements made by the owner to a qualifying

residential homestead. Under current law, valuation deferral will no longer be available for improvements completed after January 1, 2003. Improvements completed before that time will continue to receive the deferral until the property is transferred or the value is added to tax rolls as per current law requirements.

TIF, Tax Increment Financing - A development tool used by city governments and qualifying development authorities that allows the additional property taxes generated by a new or improved development (known as the tax increment) to be used to pay for the costs of the development if the city or authority finds that the development would not occur without such assistance. Thus, the added property taxes generated from a development pay for the cost of acquiring the land, preparing the site, or other development costs instead of paying for the cost of general government provided by all units of government in which the development is located.

- < Tax Increment - The difference between the “base amount” of property tax revenue generated by the parcel(s) located in a tax increment district - generally defined as the amount of tax revenue that was being generated prior to the designation of a tax increment district - and the amount of property revenue generated after the development in the district has occurred.
- < Tax Increment District - The geographic area that includes the parcels of property expected to directly benefit from tax increment financing and from which tax increment will be captured. The duration of a tax increment district is statutorily limited depending on the type of district and when it was established. Only after a tax increment district has expired is the additional property tax revenue generated by a development distributed to all local taxing jurisdictions in the same proportion as are other property tax revenues.

Transit Pass Credit (Minnesota) - Income tax credit for employers who subsidize employee

purchases of transit passes. Enacted in 2000, this credit equals 30 percent of employer costs.

Truth-in-Taxation, “T-in-T” - A process designed to involve citizens in local government before those governments make budget and tax decisions. Each December, notices are sent to homeowners and published in local newspapers informing citizens of proposed property tax increases. Citizens are invited to attend a public hearing with local elected officials to voice their opinion about proposed levies and budgets, or other concerns.

Tuition and Fees Deduction (Federal) – Income tax deduction for higher education expenses. In 2007, maximum deduction is \$4000 for taxpayers with incomes under \$65,000 (single) or \$130,000 (joint), and \$2,000 for those with somewhat higher incomes – up to \$80,000 (single) or \$160,000 (joint). Those with incomes above that level are not eligible. Taxpayers may not claim both this deduction and HOPE credit or Lifetime Learning Credit in the same year. See [Education Credits \(Federal\)](#).

Unemployment Insurance Tax (technically, the *reemployment insurance tax*) - An employer tax, deposited in the Minnesota Unemployment Compensation Fund to pay benefits to eligible unemployed workers. Administered by the Department of Economic Security under federal law. (See [FUTA](#).)

UBIT, Unrelated Business Income Tax - A federal and state tax paid by tax-exempt organizations on income attributable to activities unrelated to their exempt purposes.

Use Tax - Companion to the sales tax, this tax applies to use or consumption in Minnesota by individuals and businesses who buy or lease taxable goods and services out of state or from out-of-state firms. The tax is meant to prevent evasion of the sales tax, equalize the tax burden on in-state and out-of-state purchases, and provide a level playing field for competing sellers. An individual

may purchase up to \$770 worth of otherwise-taxable items in a calendar year exempt from the use tax, under the *de minimis* exemption. Local sales taxes also have companion use taxes. (Also see [Sales and Use Tax](#).)

UTJ, Unique Taxing Jurisdiction - A geographical region with a unique total local tax rate, meaning that the sum of the county, city or township, school district, and any special taxing district is unique. In other words, any two properties located in the same county, city or township, school district, and all special taxing districts are said to be in the same UTJ.

Young Child Credit (Minnesota) - A [refundable](#) income tax credit for married parents of infants less than one year of age. Under Minnesota's [Child and Dependent Care Credit](#), these parents are deemed to have \$3000 of eligible child care expenses even if (a) only one spouse had earned income and (b) they paid less than \$3000 (or nothing) for child care. The credit may be claimed in the child's birth year only. In 2008, the maximum credit is \$720 per child (up to two children), and no credit is available if total income exceeds \$36,060.

Withholding - Taking out part of an employee's wage or salary, through payroll deduction, as a deposit for future tax liability. (Withholding also applies to some forms of non-wage income.)

WFC, Working Family Credit (Minnesota) - A [refundable](#) Minnesota tax credit for low-income wage earners and the self-employed. All eligible for the federal [EITC \(Earned Income Tax Credit\)](#) are eligible for this credit, but the WFC amount is no longer a straight percentage of the EITC amount. Maximum WFC in 2008 is \$1,686 (2 children), \$874 (1 child), and \$110 (no children, taxpayer age 25 to 64). The credit phases out at higher incomes, with no credit for married couples if income exceeds \$41,646 (2 children), \$36,995 (1 child) or \$15,880 (no children, taxpayer age 25 to 64).

Transportation Finance Terms

800 MHz- A technology that allows digital signal benefits over older analog systems. The frequency is reserved for public safety purposes by the FCC.

BAP Program , Bond Accelerated Program - an acronym used by MnDOT to refer to a past bond financing program. The BAP projects were financed with Trunk Highway bonds and required principal and interest payments to be made over a twenty year period.

BRT , Bus Rapid Transit - The term used for dedicated transitways that allow for transit vehicles to move on roadway reserved specifically for transit use. BRT offers the advantage of lower capital cost of a fixed guideway system but can move fewer people in high transit demand areas than a rail system.

CMAQ, Congestion Mitigation and Air Quality, These flexible federal funds can be used for highway projects or for mass transit needs with a goal of reducing congestion and improving air quality. The funds are awarded to competing projects by the Metropolitan Council. In the most recent grant solicitation for 2011-12, CMAQ funds totaled about \$58 million, which will cover 80 percent of the project costs.

Central Corridor- A transit corridor that will run from the Union Depot in downtown St. Paul to the Multimodal station in Minneapolis. The project currently has a \$914.8 million budget, and heavy construction is anticipated to begin in 2010. Passenger service is expected to begin in 2014.

Commuter Rail- A fixed guideway mass transit system that uses existing freight rail lines to transport commuters. Systems typically operate during peak hours as capacity on the rail lines is leased from the railroad company. The Northstar Commuter Rail Line will be the first commuter rail line in Minnesota and will begin passenger service

in late 2009 from Big Lake to downtown Minneapolis.

Congestion Pricing - A term used for describing a type of tolling in which motorists are charged a fee to use a roadway, bridge, or tunnel during certain times of the day. Fees are based on the traffic flow in the corridor and are set to decrease congestion. The MnPASS Express Lanes on I-394 between Minneapolis and the western suburbs use congestion pricing.

CSAH, County State Aid Highway Fund - a fund established by the state constitution for distribution of a portion of the Highway User Tax Distribution Fund for construction and maintenance of county roads. Further distribution of funds amount the counties is prescribed in state statute.

E-85 - a motor fuel comprised of 85% ethanol and 15% gasoline. The special fuel may be used in certain flex fuel vehicles made by several different manufacturers.

Five-Percent Set-Aside - The Constitution mandates that five percent of the net funds within the Highway User Tax Distribution Fund be set-aside for highway purposes outlined in law. These funds are currently split between three accounts: Flexible Highway Account (53.5%), Town Road Account (30.5%), and Town Bridge Account (16%).

Flexible Funds- Funds that are not dedicated to a specific purpose but may be used for several different uses such as transit operation, highway construction, transit capital, etc.

GARVEE Bonds- Bonds issued for transportation purposes with a portion of the state's future federal funds pledged as the repayment source.

Highway Debt Service- Debt service paid from the Trunk Highway Fund to pay principal and interest on Trunk Highway Bonds.

HUTDF, Highway User Tax Distribution Fund - A fund established by the Minnesota Constitution to distribute motor fuels tax, vehicle registration tax, and a portion of motor vehicle sales tax revenues. Five percent of the total funds are set aside for various highway purposes (see also Five Percent Set-Aside). The remaining funds are distributed as follows: 62 percent to the Trunk Highway Fund, 29 percent to the County State-Aid Fund, and 9 percent to the Municipal State Aid Fund.

LRT, *Light Rail Transit*- A fixed guideway mass transit system, using specially designated right of way for transit only rail. This currently includes the Hiawatha line; the Central Corridor line will also be an LRT line.

MAC, *Metropolitan Airports Commission* - Governmental agency responsible for operation and maintenance of public airports within the seven county metro area.

Metropolitan Council Transit - The agency that supplies bus and rail service to the Twin Cities metro area. Operates both regular route service and Metro Mobility.

Metro Mobility - The provider of transit services for commuters with disabilities in most of the Twin Cities area.

MnDOT, Minnesota Department of Transportation - The state agency responsible for road construction and maintenance, as well as airports, waterways, and railroad regulation.

Motor Fuels Excise Tax (Gas Tax) – Levied at a rate of 25.5 cents per gallon on gasoline and diesel fuels used in highway vehicles, aircraft, boats, snowmobiles and all-terrain vehicles. In 2008, the

gas tax increased from 20 cents to 25 cents per gallon. In addition to the gas tax, there is a variable debt service surcharge currently at 0.5 cents per gallon. The revenue from the surcharge is earmarked for the debt service on the trunk highway bonds. The table below outlines the new tax rate and surcharges for each fiscal year:

Fiscal Year	Gas Tax (cents/per gallon)	Debt Service Surcharge	Total Gas Tax
2009	25	.5	25.5
2010	25	2.1	27.1
2011	25	2.5	27.5
2012	25	3.0	28.0
2013	25	3.5	28.5

The State Constitution requires that the tax on highway fuels go to the Highway User Tax Distribution Fund for road construction, leaking underground storage tank clean up, and petroleum grade inspection. The tax on aviation fuels goes to the State Airports Fund. Estimated tax used by boaters, snowmobiles, and all-terrain vehicles are dedicated for natural resources and trail development. (Lower tax rates apply to some alternative fuels.)

MVST, - Sales Tax on Motor Vehicles - Applies to purchases of motor vehicles required to be registered in Minnesota, and applies at the same rate as the state sales and use tax. This tax was constitutionally dedicated to transportation purposes during the 2006 election. From FY 2008, receipts are deposited as follows: 36.25 percent to the General Fund, 38.25 percent to the Highway User Tax Distribution Fund (HUTDF), and 25.5 percent to the Transit Assistance Fund. By FY 2012, 100 percent of receipts will be deposited into these transportation funds with 60 percent of the funds going to the HUTDF and 40 percent of the funds going to the Transit Assistance Fund (30 percent going to Metro Transit and 4 percent going to Greater Minnesota Transit). This tax is also known as motor vehicle sales tax, MVST. (The tax was formerly called the Motor Vehicle Excise Tax, or *MVET*.)

Motor Vehicle Registration Tax - Tax imposed at registration, then annually, on motor vehicles using the public streets and highways, evidenced by a license plate with current year tag. The tax is in lieu of a property tax. Administered by the Department of Public Safety, revenues are deposited in the Highway User Tax Distribution Fund.

MSAS, *Municipal State Aid Streets Fund*, a fund established by the state constitution for distribution of a portion of the Highway User Tax Distribution Fund for construction and maintenance of local roads. The funds flow to cities with populations over 5,000 for local street use.

PRT, *Personal Rapid Transit* - A model for a futuristic mass transit system in which a network of guideways would be placed throughout an area with multiple destinations. Riders would occupy individual cars, select their destination and the computer controlled vehicles would deliver them directly to the selected location, bypassing all other stops

SAFETEA-LU, *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* - The name for the current federal transportation act that sets formulas for distribution of federal transportation funds and appropriates them to the states.. This act is up for reauthorization in 2009.

State Airports Fund – Major revenue sources for this fund include the flight property tax, aviation fuel tax, and aircraft registration tax. Appropriations are made from this fund to the Department of Transportation to provide financial and technical assistance to Minnesota airports.

Transit Assistance Fund – A fund established during the 2007 Legislative Session that replaced the Greater Minnesota Transit Fund and Metropolitan Area Transit Fund. It includes two

accounts (Greater Minnesota Transit Account and the Metropolitan Area Transit Account) and funds dedicated to transit from the sales tax on motor vehicles are deposited in this fund (See also MVST).

TRLF, *Transportation Revolving Loan Fund* - A revolving fund set up to advance road construction and transit projects. Seed money is used to leverage an issuance of bonds through the Public Facilities Authority. Proceeds are loaned to local governments, MnDOT and the Met Council at a low rate of interest to speed up projects that do not fit within current budgets. The loan fund is generally used when it is financially beneficial, when inflation of a given project is greater than the available interest rate.

Trunk Highway Bond- General obligation (GO) bonds issued to pay for construction projects on the trunk highway system. Trunk Highway projects may not be funded by GO bonds backed by the General Fund as required by the State Constitution Art XIV Section 11. Trunk Highway Bonds must be repaid from highway related revenues.

Trunk Highway Fund - A fund established by Article XIV, Section 6 of the State Constitution to pay for the Minnesota Trunk Highway System. The Trunk Highway Fund receives a portion of state transportation revenue from the Highway User Tax Distribution Fund. (See also [HUTDF](#).)