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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1662

02/25/2019 Authored by Schultz, Poston, Bierman, Zerwas, Davnie and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to higher education; establishing a new measurement of economic welfare;
1.3 requiring the inclusion of the economic measure in the state budget forecast;
1.4 requiring a report; appropriating money; amending Minnesota Statutes 2018,
1.5 section 16A.103, subdivision 1; proposing coding for new law in Minnesota
1.6 Statutes, chapter 137.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2018, section 16A.103, subdivision 1, is amended to read:

1.9 Subdivision 1. State revenue and expenditures. In February and November each year,
1.10 the commissioner shall prepare a forecast of state revenue and expenditures. The November
1.11 forecast must be delivered to the legislature and governor no later than the end of the first
1.12 week of December. The February forecast must be delivered to the legislature and governor
1.13 by the end of February. Forecasts must be delivered to the legislature and governor on the
1.14 same day. If requested by the Legislative Commission on Planning and Fiscal Policy,
1.15 delivery to the legislature must include a presentation to the commission. Each forecast
1.16 document must compare the genuine progress indicator value derived under section 137.45
1.17 against other measures of state economic growth or well-being included in the forecast.

1.18 Sec. 2. [137.45] GENUINE PROGRESS INDICATOR.

1.19 Subdivision 1. Definition. For the purposes of this section, "genuine progress indicator"
1.20 means a measure of economic welfare that includes but is not limited to the following
1.21 components:

1.22 (1) household budget expenditures adjusted for income inequality;

1.23 (2) defensive and regrettable expenditures that do not contribute to welfare;

- 2.1 (3) the value of household investments;
- 2.2 (4) the costs of income inequality;
- 2.3 (5) the value of publicly provided goods and services;
- 2.4 (6) the value of services from human capital including the benefits of higher education,
2.5 manufacturing jobs, and green jobs;
- 2.6 (7) the value of services from social capital, including the value of leisure time, unpaid
2.7 labor, and Internet services;
- 2.8 (8) the value of services from built capital, including the value of transportation, water,
2.9 and household infrastructure;
- 2.10 (9) the value of services from protected natural capital;
- 2.11 (10) the costs of natural capital depletion and degradation;
- 2.12 (11) the costs of pollution;
- 2.13 (12) the social costs of economic activity, including the costs of homelessness,
2.14 underemployment, crime, commuting, and vehicle accidents; and
- 2.15 (13) other components described in current academic literature.

2.16 Subd. 2. **Calculation.** The Bureau of Business and Economic Research at the University
2.17 of Minnesota, in consultation with the Center for Sustainable Economy and other relevant
2.18 academic departments and the advisory board established in this section, shall calculate a
2.19 genuine progress indicator for the state.

2.20 Subd. 3. **Report required.** (a) By January 15 of each year, the board shall report to the
2.21 senate Finance Committee, the house of representatives Ways and Means Committee, the
2.22 house of representatives State Government Finance Committee, and the legislative
2.23 committees with jurisdiction over economic development and higher education an estimate
2.24 of a genuine progress indicator for the previous year. At a minimum, the report must describe
2.25 recent changes in the indicator, the components of the indicator that changed significantly
2.26 during the previous year, and a comparison of the indicator with other measures of state
2.27 economic growth or well-being.

2.28 (b) The board must make available on its website the report required in this subdivision
2.29 and the data used to calculate its components.

2.30 Subd. 4. **Advisory board.** The Board of Regents shall establish an advisory board to
2.31 guide the work of the Bureau of Business and Economic Research on the genuine progress

3.1 indicator. The board must include legislators, the state economist, the state demographer,
3.2 representatives of relevant executive branch agencies, and representatives of relevant
3.3 nonprofit research organizations.

3.4 Sec. 3. **APPROPRIATION; GENUINE PROGRESS INDICATOR.**

3.5 \$200,000 in fiscal year 2020 and \$200,000 in fiscal year 2021 are appropriated from the
3.6 general fund to the Board of Regents of the University of Minnesota for the Bureau of
3.7 Business and Economic Research to calculate a genuine progress indicator for the state and
3.8 report the results, as described in Minnesota Statutes, section 137.45.