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State of Minnesota HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. **2786**

03/26/2025 Authored by Bennett, Kresha, Scott, Bakeberg, Schwartz and others
The bill was read for the first time and referred to the Committee on Education Finance

- 1.1 A bill for an act
- 1.2 relating to education; modifying requirements for grants from the Department of
- 1.3 Education; proposing coding for new law in Minnesota Statutes, chapter 127A.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. **[127A.205] EDUCATION GRANT TERMINATION.**
- 1.6 (a) The commissioner of education must not enter into a grant agreement, or must
- 1.7 terminate a grant agreement, if any of the following conditions apply:
- 1.8 (1) the recipient is a nonprofit organization that is required to file a Form 990 or Form
- 1.9 990-EZ with the Internal Revenue Service, but has failed to do so. If the organization has
- 1.10 not been in existence long enough or is not required to file Form 990 or Form 990-EZ, the
- 1.11 organization must provide the department its most recent financial statements or an audit
- 1.12 approved within the previous 12 months;
- 1.13 (2) the recipient is required to file a report under section 309.53 and has not filed the
- 1.14 report;
- 1.15 (3) the recipient fails to file an annual renewal and is administratively dissolved by the
- 1.16 secretary of state;
- 1.17 (4) the recipient fails to maintain tax-exempt status under state or federal law;
- 1.18 (5) the recipient's administrative costs exceed 25 percent of its revenue;
- 1.19 (6) the salary and value of all other forms of compensation of an employee of the recipient
- 1.20 exceeds 110 percent of the compensation of the governor as established under section
- 1.21 15A.082; or

2.1 (7) the commissioner knows, or has reason to know, that the recipient is the subject of
2.2 an investigation or allegation of fraud, waste, or abuse, as defined in section 127A.21.

2.3 (b) This section does not apply to a grant to a political subdivision, including a school
2.4 district, a cooperative unit under section 123A.24, subdivision 2, or a charter school.

2.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.