

1.1 Scott from the Committee on Judiciary Finance and Civil Law to which was referred:

1.2 H. F. No. 1, A bill for an act relating to state government; establishing an Office of  
1.3 Inspector General; providing powers and duties; providing enhanced grant oversight;  
1.4 prohibiting retaliation; transferring or repealing existing executive Offices of Inspector  
1.5 General; providing detection and prevention of fraud; making conforming changes; requiring  
1.6 reports; appropriating money; amending Minnesota Statutes 2024, sections 3.855, subdivision  
1.7 3; 3.97, subdivision 1, by adding subdivisions; 3.971, subdivisions 1, 9; 16B.97, subdivisions  
1.8 2, 4; 16B.98, subdivisions 4, 8, 14; 16B.991, subdivision 1; 142B.53; 245A.24; 268.19,  
1.9 subdivision 1; 268B.30; 609.456, subdivision 2; proposing coding for new law in Minnesota  
1.10 Statutes, chapters 3; 15; repealing Minnesota Statutes 2024, sections 13.321, subdivision  
1.11 12; 127A.21.

1.12 Reported the same back with the following amendments:

1.13 Page 2, delete lines 26 to 32 and insert:

1.14 "Subd. 3. **Fraud.** "Fraud" means an intentional or deceptive act, or failure to act, to gain  
1.15 an unlawful benefit."

1.16 Page 3, after line 4, insert:

1.17 "Subd. 6. **Misuse.** "Misuse" means the improper use of authority or position for personal  
1.18 gain or to cause harm to others, including the improper use of public resources or programs  
1.19 contrary to their intended purpose."

1.20 Page 3, after line 5, insert:

1.21 "Subd. 8. **Personal gain.** "Personal gain" means a benefit to a person; a person's spouse,  
1.22 parent, child, or other legal dependent; or an in-law of the person or the person's child."

1.23 Renumber the subdivisions in sequence

1.24 Page 3, line 7, before "funded" insert "fully or partially"

1.25 Page 3, line 22, delete "in the unclassified service"

1.26 Page 4, line 3, delete "disclosure" and insert "interest"

2.1 Page 4, delete line 19 and insert:

2.2 "(d) The inspector general, deputy inspector general, and their administrative support  
 2.3 specialists serve in the unclassified service. All other employees of the office serve in the  
 2.4 classified service."

2.5 Page 4, line 26, before "embed" insert "physically"

2.6 Page 5, line 12, after "exercise" insert "the powers under section 3.993 and"

2.7 Page 5, delete lines 21 to 29

2.8 Page 5, line 31, delete "clauses (1) and (2)" and insert "section 3.997"

2.9 Page 5, line 32, before the semicolon, insert "for purposes of an investigation"

2.10 Page 6, delete lines 18 to 19

2.11 Renumber the clauses in sequence

2.12 Page 6, line 23, before "embedded" insert "physically"

2.13 Page 7, line 23, delete "13.39" and insert "13.392"

2.14 Page 8, line 3, before "fraud" insert "suspected"

2.15 Page 8, delete section 13 and insert:

2.16 "Sec. 13. **[3.997] DUTY TO AID INSPECTOR GENERAL; PENALTIES.**

2.17 Subdivision 1. **Duty to aid.** All public officials and their deputies and employees, and  
 2.18 all corporations, firms, and individuals having business involving the receipt, disbursement,  
 2.19 or custody of public funds must at all times:

2.20 (1) afford reasonable facilities for examination by the inspector general;

2.21 (2) provide returns and reports required by the inspector general;

2.22 (3) attend and answer under oath the inspector general's lawful inquiries;

2.23 (4) produce and exhibit all books, accounts, documents, data of any classification, and  
 2.24 property that the inspector general requests to inspect; and

2.25 (5) in all things cooperate with the inspector general.

2.26 Subd. 2. **Penalties.** (a) If a person refuses or neglects to obey any lawful direction of  
 2.27 the inspector general or withholds any information, data, book, record, paper, or other  
 2.28 document called for by the inspector general for the purpose of examination, after having  
 2.29 been lawfully required by order or subpoena, upon application by the inspector general, a

3.1 judge of the district court in the county where the order or subpoena was made returnable  
 3.2 must compel obedience or punish disobedience as for contempt, as in the case of a similar  
 3.3 order or subpoena issued by the court.

3.4 (b) A person who swears falsely to the inspector general concerning any matter stated  
 3.5 under oath is guilty of a gross misdemeanor."

3.6 Page 8, line 9, before "When" insert "(a)"

3.7 Page 8, after line 14, insert:

3.8 "(b) By December 1, 2026, and by each December 1 thereafter, the inspector general  
 3.9 must submit a report to the Legislative Audit Commission summarizing its activities for  
 3.10 the past calendar year. The report must include but is not limited to:

3.11 (1) summary data, as defined in section 13.02, subdivision 19, for all reports or tips  
 3.12 received, disaggregated by type of allegation, agency or program at issue, and disposition;

3.13 (2) the number of investigations conducted during the past calendar year; and

3.14 (3) for all investigations closed during the past calendar year, a list of the state agencies  
 3.15 and programs investigated and summary information regarding each investigation's findings,  
 3.16 actions taken by the inspector general as a result of those findings, and known outcomes."

3.17 Page 13, line 28, reinstate the stricken language and delete the new language

3.18 Page 13, line 29, before the period, insert ", and the Office of the Inspector General for  
 3.19 the purposes of an investigation conducted under section 3.991"

3.20 Page 14, line 25, reinstate the stricken language and delete the second comma

3.21 Page 14, line 26, reinstate the stricken language

3.22 Page 15, line 27, strike "and"

3.23 Page 15, line 29, strike the period and insert "; and"

3.24 Page 15, after line 29, insert:

3.25 "(20) the Office of the Inspector General for the purposes of an investigation conducted  
 3.26 under section 3.991."

3.27 Page 17, line 1, reinstate the stricken language and delete the second comma

3.28 Page 17, line 2, reinstate the stricken language

3.29 Page 17, line 11, strike "and"

3.30 Page 17, line 13, strike the period and insert "; and"

4.1 Page 17, after line 13, insert:

4.2 "(16) the Office of the Inspector General for the purposes of an investigation conducted  
4.3 under section 3.991."

4.4 Page 17, line 24, delete the second "Duties" and insert "Except as provided in subdivision  
4.5 3, duties"

4.6 Page 18, after line 2, insert:

4.7 "Subd. 3. **Exceptions.** (a) Positions in the following divisions and teams in the  
4.8 Department of Human Services do not transfer to the Office of the Inspector General:

4.9 (1) the background studies division;

4.10 (2) the licensing division;

4.11 (3) the enterprise operations and policy division;

4.12 (4) the background studies legal team;

4.13 (5) the licensing legal team;

4.14 (6) the Medicaid program integrity team within program integrity oversight division;

4.15 and

4.16 (7) the Medicaid provider audits and investigations team within program integrity  
4.17 oversight division.

4.18 (b) No employees or positions in the Department of Corrections are transferred under  
4.19 this section.

4.20 (c) No employees or positions in the student maltreatment program of the Department  
4.21 of Education or other Department of Education employees or positions dedicated to student  
4.22 maltreatment investigations under Minnesota Statutes, chapter 260E, are transferred under  
4.23 this section."

4.24 Renumber the sections in sequence

4.25 Amend the title as follows:

4.26 Page 1, line 5, after the first semicolon, insert "providing penalties;"

4.27 With the recommendation that when so amended the bill be re-referred to the Committee  
4.28 on Children and Families Finance and Policy.

5.1 This Committee action taken February 27, 2025

5.2 ..... Chair