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State of Minnesota

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HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1961

- 02/25/2014 Authored by Halverson, Laine, Winkler, Simon, Wagenius and others
The bill was read for the first time and referred to the Committee on Elections
- 03/03/2014 Adoption of Report: Amended and re-referred to the Committee on Government Operations
- 03/17/2014 Adoption of Report: Re-referred to the Committee on Civil Law
- 03/26/2014 Adoption of Report: Amended and Placed on the General Register
Read Second Time
- 04/25/2014 Calendar for the Day, Amended
Read Third Time as Amended
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act
 1.2 relating to ethics in government; modifying duties of board; expanding
 1.3 requirements relating to economic disclosure and conflicts of interest;
 1.4 amending Minnesota Statutes 2012, sections 10A.09, subdivision 5, by adding
 1.5 a subdivision; 13.607, subdivision 5; Minnesota Statutes 2013 Supplement,
 1.6 sections 10A.02, subdivision 10; 10A.07, subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2013 Supplement, section 10A.02, subdivision 10,
 1.9 is amended to read:

1.10 Subd. 10. **Audits and investigations.** Within limits of available resources, the
 1.11 board may must make audits and investigations; with respect to the requirements of this
 1.12 chapter. A final audit report completed under this chapter must contain the name of the
 1.13 primary board employee responsible for conducting the audit. The board may impose
 1.14 statutory civil penalties, and issue orders for compliance with respect to the requirements
 1.15 of this chapter and provisions under the board's jurisdiction pursuant to subdivision 11. In
 1.16 all matters relating to its official duties, the board has the power to require testimony under
 1.17 oath, to permit written statements to be given under oath, and to issue subpoenas and cause
 1.18 them to be served. If a person does not comply with a subpoena, the board may apply to
 1.19 the District Court of Ramsey County for issuance of an order compelling obedience to the
 1.20 subpoena. A person failing to obey the order is punishable by the court as for contempt.

1.21 Sec. 2. Minnesota Statutes 2013 Supplement, section 10A.07, subdivision 1, is
 1.22 amended to read:

1.23 Subdivision 1. **Disclosure of potential conflicts.** A public official or a local official
 1.24 elected to or appointed by a metropolitan governmental unit who in the discharge of official

2.1 duties would be required to take an action or make a decision that would substantially
2.2 affect the official's financial interests, the financial interests of the official's spouse, or ~~those~~
2.3 the financial interests of an associated business of the official or the official's spouse, unless
2.4 the effect on the official or spouse is no greater than on other members of the official's or
2.5 spouse's business classification, profession, or occupation, must take the following actions:

2.6 (1) prepare a written statement describing the matter requiring action or decision and
2.7 the nature of the potential conflict of interest;

2.8 (2) deliver copies of the statement to the official's immediate superior, if any; and

2.9 (3) if a member of the legislature or of the governing body of a metropolitan
2.10 governmental unit, deliver a copy of the statement to the presiding officer of the body
2.11 of service.

2.12 If a potential conflict of interest presents itself and there is insufficient time to
2.13 comply with clauses (1) to (3), the public or local official must orally inform the superior
2.14 or the official body of service or committee of the body of the potential conflict.

2.15 Sec. 3. Minnesota Statutes 2012, section 10A.09, subdivision 5, is amended to read:

2.16 Subd. 5. **Form.** (a) A statement of economic interest required by this section must
2.17 be on a form prescribed by the board. The individual filing must provide the following
2.18 information:

2.19 (1) name, address, occupation, and principal place of business;

2.20 (2) the name of each associated business and the nature of that association;

2.21 (3) a listing of all real property within the state, excluding homestead property, in
2.22 which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer
2.23 or seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of
2.24 \$2,500; or (ii) an option to buy, if the property has a fair market value of \$50,000 or more;

2.25 (4) a listing of all real property within the state in which a partnership of which the
2.26 individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as
2.27 buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of
2.28 the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property
2.29 has a fair market value of \$50,000 or more. A listing under clause (3) or (4) must indicate
2.30 the street address and the municipality or the section, township, range and approximate
2.31 acreage, whichever applies, and the county in which the property is located; ~~and~~

2.32 (5) a listing of any investments, ownership, or interests in property connected with
2.33 pari-mutuel horse racing in the United States and Canada, including a racehorse, in which
2.34 the individual directly or indirectly holds a partial or full interest or an immediate family
2.35 member holds a partial or full interest;

3.1 (6) a listing of the principal business or professional activity category of each
3.2 business from which the individual receives more than \$50 in any month as an employee,
3.3 if the individual has an ownership interest of 25 percent or more in the business; and

3.4 (7) a listing of each principal business or professional activity category from which
3.5 the individual received compensation of more than \$2,500 in the past 12 months as an
3.6 independent contractor.

3.7 (b) The business or professional categories for purposes of paragraph (a), clauses (6)
3.8 and (7) must be the general topic headings used by the federal Internal Revenue Service
3.9 for purposes of reporting self-employment income on Schedule C. This paragraph does
3.10 not require an individual to report any specific code number from that schedule. Any
3.11 additional principal business or professional activity category may only be adopted if
3.12 the category is enacted by law.

3.13 **EFFECTIVE DATE.** This section is effective the day following final enactment for
3.14 a person who becomes a public official on or after that date, and for a person who files an
3.15 affidavit of candidacy or a petition to appear on a ballot that is subject to section 10A.09.
3.16 For a person who is a public official before the effective date of this section, this section is
3.17 effective for supplementary statements due April 15, 2015.

3.18 Sec. 4. Minnesota Statutes 2012, section 10A.09, is amended by adding a subdivision
3.19 to read:

3.20 Subd. 10. **Board audits; data classification.** (a) In conducting an audit of data
3.21 reported under this section, the board may require an individual to disclose the underlying
3.22 data on which the statement is based.

3.23 (b) All data related to an audit, including the existence of the audit, are classified
3.24 as confidential data, as defined in section 13.02, subdivision 3. A member, employee, or
3.25 agent of the board must not disclose information obtained by the member, employee, or
3.26 agent concerning the audit except as required to carry out the audit or take action in the
3.27 matter. Upon completion of the audit, the board's final audit report is public. The final
3.28 audit report must contain the name of the individual subject to the audit, a description of
3.29 any audit findings, a description of any responses provided by the individual who was
3.30 subject to the audit, and a description of the manner in which any findings were resolved.

3.31 Sec. 5. Minnesota Statutes 2012, section 13.607, subdivision 5, is amended to read:

3.32 Subd. 5. **Statements of economic interest.** (a) Disclosure of statements of
3.33 economic interest filed by local officials is governed by section 10A.09, subdivision 6a.

- 4.1 (b) Data related to audits of statements of economic interest are governed by section
- 4.2 10A.09, subdivision 10.