

HOUSE RESEARCH

Bill Summary

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Overview

This is the State Government Finance Omnibus Appropriations Bill. For appropriation numbers, see the spreadsheet prepared by fiscal analyst Helen Roberts at <http://www.house.leg.state.mn.us/fiscal/files/states03.pdf>

Section

Article 1: Appropriations

- 1 **Summary by fund.** Summarizes appropriations in the bill.
- 2 **Legislature.** Provides that during the biennium ending June 30, 2005, the legislative coordinating commission, the office of the legislative auditor and the revisor of statutes are not subject to statutory limits on use of carry-forward funds.

Provides that during the biennium ending June 30, 2005, a legislative commission or subcommittee of the LCC may adopt per diem payment rates for members attending commission meetings that are less than payments provided by House or Senate rules.
- 3 **Governor and Lieutenant Governor.**
- 4 **Attorney General.**
- 5 **State Auditor.**
- 6 **Secretary of State.**
- 7 **Campaign Finance and Public Disclosure Board.**

- 8 **Investment Board.**
9 **Administrative Hearings.** Requires fee rates charged by the administrative law division to be reduced ten percent from fiscal year 2003 levels.
10 **Office of Strategic and Long-range Planning**
11 **Administration.**
12 **Finance.**
13 **Employee Relations.**
14 **Revenue.** Requires the department to report to the chairs of the House Ways and Means and Senate Finance Committees by March 1, 2004 and January 15, 2005 on corporations noncompliant with the corporate tax system, businesses noncompliant with the sales and use tax system, and individual noncompliant cases resolved, as well as on expenditures and staff positions related to compliance and audit activities.
15 **Military Affairs.**
16 **Veterans Affairs.**
17 **Veterans of Foreign Wars.**
18 **Military Order of the Purple Heart**
19 **Disabled American Veterans.**
20 **Gambling Control.** States that the general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding.
21 **Racing Commission.** States that the general fund appropriation in fiscal year 2004 is intended to assist with the transition to fee-based funding.
22 **Tort claims.**
23 **Minnesota State Retirement System.**
24 **Minneapolis employees retirement fund.**
25 **Amateur Sports Commission.** Provides that the appropriation may only be spent up to the amount of offsetting fee revenues.
26 **General contingent accounts.**
27 **Government efficiencies.**

Subd. 1. Telecommunication devices. Requires the commissioner of administration, in consultation with heads of other executive agencies and the MnSCU chancellor, to issue policies to reduce telecommunication device usage by executive agencies and by MnSCU.

Subd. 2. Vehicles. Requires the commissioner of administration, in consultation with heads of other executive agency and the MnSCU chancellor, to issue policies to reduce ownership and use of passenger vehicles and light-duty trucks by executive agencies and by MnSCU. Authorizes the commissioner to sell vehicles owned by the state motor pool and to order sale of passenger vehicles and light-duty trucks owned by other executive agencies. Requires net proceeds of these sales to be deposited in the general fund unless otherwise provided by the commissioner of finance.

Subd. 3. Transfers. Allows the commissioner of finance to authorize transfers to the general fund from other funds of money saved under this section.

Subd. 4. Savings. Anticipates that efficiencies and deposits in this section will result in general fund savings or revenues of at least \$10 million during the biennium ending June 30, 2005. Allows savings under this section to be applied to the savings requirement in the section dealing with purchasing. Requires the commissioner of finance to reduce general fund appropriations to executive agencies and MnSCU by the amount of estimated savings. Provides that if the commissioner estimates that general fund savings under this section will be less than \$10 million, the commissioner must report this to the legislature by January 15, 2004, along with proposed allocations

of the difference as reductions to general fund operating budgets of executive agencies and MnSCU for fiscal year 2005. Provides that these reductions will be implemented unless the 2004 legislature provides otherwise.

28 Purchasing savings.

Subd. 1. Policies and procedures. Requires the commissioner of administration to implement policies and procedures to reduce expenditures on purchases of goods and services by executive agencies and by MnSCU. These policies and procedures may include increased use of reverse auctions and other electronic purchasing initiatives (and use of a technology fund to pay initial costs associated with initiatives) and may include reductions in specified categories of purchases.

Subd. 2. Transfers. Authorizes transfer and deposit in the general fund of money saved under this section from other funds.

Subd. 2. Savings. Anticipates that actions taken under this section will result in general fund savings or revenues of at least \$4 million during the biennium ending June 30, 2005. Allows savings under this section to be applied to the savings required under the section dealing with vehicles and telecommunications devices. Requires the commissioner of finance to reduce general fund appropriations to executive agencies and MnSCU by the amount of estimated savings. Provides that if the commissioner estimates that general fund savings under this section will be less than \$4 million, the commissioner must report this to the legislature by January 15, 2004, along with proposed allocations of the difference as reductions to general fund operating budgets of executive agencies and MnSCU for fiscal year 2005. Provides that these reductions will be implemented unless the 2004 legislature provides otherwise.

29 Procurement efficiency loan fund. Appropriates \$4 million as a loan from the general fund in fiscal year 2004 to the commissioner of administration for purposes of making investments related to efficiencies in state purchasing. Provides that this appropriation is available only to the extent that sufficient money is not available in the technology enterprise fund, and if the loan can be repaid before June 30, 2005 through savings in state purchases of goods and services.

30 Insurance. Provides that the total employer contributions for state employee medical and dental insurance in each year of the biennium ending June 30, 2005 cannot exceed the total employer contributions in fiscal year 2003. Anticipates general fund savings in the executive, judicial, and legislative branches of at least \$50.5 million during the biennium ending June 30, 2005 as a result of this section. Requires the commissioner of finance to reduce general fund appropriations to executive, legislative and judicial entities and to MnSCU by a proportional amount.

31 Sale of state land. Requires the commissioner of administration to sell at least \$3.43 million worth of state land. Provides an exclusion from certain requirements associated with sale of state land. Provides for deposit of net proceeds into the general fund. States that if the total deposited in the general fund is less than \$3.43 million, the governor must allocate the reductions to general fund operating budgets of executive agencies.

32 Secretary of state appropriation. Appropriates \$369,000 to the Secretary of State for payment of legal fees awarded by the court in redistricting litigation.

33 Real estate filing surcharge. Appropriates the proceeds of a 50 cent real estate filing surcharge imposed in current law to the legislative coordinating commission for the electronic real estate recording task force.

34 Effective date. Section 26 (general contingent accounts) and 32 (legal fee appropriation) are effective immediately. Other sections are effective July 1, 2003.

Article 2: State Government Operations

- 1 1 **Leaders.** Strikes language that authorizes the Senate and House rules committees to each designate three leadership positions to receive up to 140 percent of the compensation of other members.
- 2 2 **Legislative commission on planning and fiscal policy.** Under current law, the LCC appoints 18 members of this group. Under this section, the House and Senate each would appoint 9 members.
- 3 **Legislative auditor.** Provides that the legislative auditor may, instead of must, appoint deputy auditors to supervise the financial audit and program evaluation divisions.
- 4 **Transfer of reserves.** Provides that retirement payments for legislators will be paid as the obligations become due, rather than transferring the entire amount needed to pay a person's retirement benefit to a special fund when the person retires. This does not affect the amount of benefits to be paid, which will still be adjusted in the same manner as benefits for other public employees are adjusted.
- 5 **County audits.** Provides that the State Auditor may, instead of shall, audit each county annually. Provides that if an audit is done by a private certified public accountant, the State Auditor may require specific additional information from the private accountant, and may make additional examinations.
- 6 **Cities of the first class.** Provides that the State Auditor shall, instead of may, bill cities of the first class monthly for services provided.
- 7 **Examination pursuant to petition.** Authorizes registered voters of a county to petition the State Auditor for an examination of county books. This is the same as authority that currently applies to cities and towns.
- 8 **Examination pursuant to resolution.** Authorizes a county board to employ a certified public accountant to examine its books. This is the same as authority that currently applies to cities, towns, and school districts.
- 9 **Cooperation with public accountants.** Adds counties to the existing list of political subdivisions in the law requiring cooperation between the State Auditor and public accountants.
- 10 **Procedures for auditors.** Adds counties to section providing that the State Auditor must prescribe minimum procedures and audit scope for local government audits.
- 11 **Practices of public accountants authorized.** Adds counties to the existing list of political subdivisions that public accountants may audit.
- 12 **Evidence of misconduct.** Adds counties to the existing list of political subdivisions for which a public accountant conducting an audit must report evidence pointing to misconduct.
- 13 **Request to governing body.** Adds counties to the existing list of political subdivisions for which a public accountant can request the State Auditor's assistance.
- 14 **Access to reports.** Adds counties to the existing list of political subdivisions in a law dealing with sharing of documents between the State Auditor and a public accountant.
- 15 **Scope of auditor's investigation.** Adds counties to the existing list of political subdivisions in a law dealing with limiting the scope of investigation.
- 16 **Information from local government.** Substitutes the term "forms" for "blanks" in law dealing with state auditor collection of information from local government.
- 17 **Best practices reviews.** Provides for the State Auditor to conduct best practices reviews for local government services, effective July 1, 2004.
- 18 **Local government pay equity.** Authorizes the State Auditor to adopt rules for the local government pay equity laws.
- 19 **Additional legal counsel.** Allows the Governor or the Chief Justice of the Supreme Court to

authorize employment of legal counsel other than the Attorney General. Current law provides for employment of additional legal counsel with approval of the Attorney General, Governor and the Chief Justice.

- 20 **Fees.** Requires the Board of Campaign Finance and Public Disclosure to deposit fees collected into the general fund.
- 21 **Fee changes.** Requires the Board of Campaign Finance and Public Disclosure to propose fee changes as part of its biennial budget request, in an amount sufficient to recover direct appropriations to the board.
- 22 **Lobbyist reports.** Reduces from three to two the number of reports lobbyists must file each year with the Board of Campaign Finance and Public Disclosure. The reporting dates will be January 15 and May 30.
- 23 **Lobbyist report.** Inserts reference to May 30 lobbyist report, instead of April 15 report, in conjunction with the change in the prior section.
- 24 **Electronic reports.** Provides that effective January 1, 2005, lobbyists may file reports electronically with the Board of Campaign Finance and Public Disclosure.
- 25 **Lobbyist and principal fees.** Requires each lobbyist and principal to pay a biennial fee of \$225 by January 15 each odd-numbered year. Provides that authorized unpaid volunteers of 501(c)(3) organizations are not required to pay this fee. Provides that these fees must not be more than the amount necessary to administer the lobbyist registration and regulation provisions of chapter 10A. Provides that a person who has not paid the fee may not act as a lobbyist.
- 26 **Supplementary statement of economic interest.** Provides that each person who is required to file a statement of economic interest must file a supplementary statement on April 15 each year. Strikes a provision in current law stating that the supplementary statement is required only if information has changed since the last statement.
- 27 **Statement of economic interest.** Requires a public official required to file a statement of economic interest or a supplementary statement to pay a \$60 filing fee. Exempts the legislative employees who are required to file this statement (secretary of the senate; legislative auditor; chief clerk of the house; revisor of statutes; or researcher, legislative analyst, or attorney in the office of senate counsel and research or house research) from paying the fee.
- 28 **Registration fees.** Specifies registration fees that each principal campaign committee, political committee, political fund, and party unit must pay to the Board of Campaign Finance and Public Disclosure. Prohibits these entities from accepting a contribution or making an expenditure, disbursement, or contribution unless the fee has been paid. Requires initial fee payments under this section and the section requiring lobbyist and principal registration by September 1, 2003.
- 29 **Designation.** Provides that up to \$25, instead of \$5 may be designated on individual income tax returns to be paid into the state elections campaign fund. Provides that designated amount is added to the amount of tax due or subtracted from the refund due.
- 30 **Form.** Changes in income tax forms to conform with change in previous section.
- 31 **State elections campaign fund.** Under current law, three percent of the amount designated by individuals for the state elections campaign fund is retained in the general fund for administrative costs. This section increases the amount kept in the general fund from 3 to 10 percent. Strikes a standing appropriation to the state elections campaign fund of \$1.5 million for each general election.
- 32 **Mandatory retirement.** Requires an administrative law judge and compensation judge in the office of administrative hearings to retire at age 70. Provides for permissive appointments of retired judges to hear specified matters.
- 33 **CAAPB.** Provides that the Capitol Area Architectural and Planning Board is within the Department of Administration. Provides for the Commissioner of Administration to appoint

an executive secretary and other employees. Requires the Commissioner to provide administrative support to the board.

- 34 **Political subdivision compensation limit.** Recodifies language currently contained in section 43A.17, subdivision 9 into a new section in chapter 15A. This is done in conjunction with transfer of certain administrative duties from DOER to the State Auditor. The new language allows the Auditor to charge fees to cover costs incurred in dealing with waiver requests.
- Exempts employees of a hospital, clinic, or HMO owned by a governmental unit from the political subdivision compensation limit.
- 35 **Detailed budget.** Strikes requirement that the detailed biennial budget must include information on the total number of professional or technical service contracts. Retains language requiring information on the cost of these contracts.
- 36 **Direct deposit.** Provides that the commissioner of finance may require direct deposit for all state employees paid by the state payroll system.
- 37 **Warrants and electronic fund transfers.** Under current law, the commissioner of finance may require payees receiving more than ten payments or \$10,000 per year to supply the commissioner bank routing information so that payments may be made through an electronic fund transfer. This section eliminates the ten payments or \$10,000 threshold, so that this requirement could apply to all payments from the state treasury.
- 38 **Bond report.** Changes from February 1 to January 1 the due date for a report on the degree to which entities receiving appropriations for capital projects have encumbered or spent the money.
- 39 **Bond reports.** Changes from February 1 to January 1 the due date for a report on appropriations for capital projects that remain unspent.
- 40 **Asset preservation fund.** Provides that 50 percent of the money credited to the asset preservation account must be transferred to the general fund.
- 41 **Percent for art.** Current law provides that an appropriation for construction or alteration of a state building may contain an amount up to one percent of the appropriation for acquisition of works of art for the building or other state buildings. This section limits expenditures to the lesser of \$100,000 or one percent of the appropriation. It also limits the amount available each fiscal year for administration of the program to ten percent of the total amount available for art. Provides that if the appropriation for works of art is limited by the \$100,000 cap, the appropriation for the building must be reduced to reflect that reduced amount that will be spent for art.
- 42 **State information infrastructure.** Adds public noncommercial educational television broadcast stations in list of groups eligible to participate in state information infrastructure that provides voice, data, video and other telecommunication transmission services.
- 43 **Cross-references.** Changes cross-references, due to changes made later in this bill to sections 16C.05, 16C.08, and 16C.09.
- 44 **Micrographics.** Provides that the commissioner of administration may, instead of shall, provide micrographics services and products to state agencies.
- 45 **Revolving fund.** Strikes reference to operation of a central duplication and printing service in the statute creating a revolving fund to pay for certain services provided by the commissioner of administration.
- 46 **Mailing.** Provides that the commissioner of administration may, instead of shall, operate a central mail handling unit and an interoffice mail distribution system for state agencies. Provides that outgoing mail for units in St. Paul may, instead of must, be required to deliver unstamped mail to the unit.
- 47 **Parking restrictions.** Prohibits parking on terraces adjacent to carriage entrance on the south side of the Capitol building. Requires 10 parking spaces on Aurora Avenue closest to the

main entrance of the Capitol to be reserved for physically disabled persons. Requires the remainder of the parking spaces on Aurora Avenue to be reserved for the general public during legislative session.

48 Reporting of violations. Provides that a state employee who discovers evidence of violation of laws or rules governing state contracts is encouraged to report to specified people. Requires the legislative auditor to report to the legislative coordinating commission if there are multiple complaints about the same agency. Provides that an employee making a good faith report under this section is covered by the existing whistle-blower law.

49 Validity of contracts. Provides that no agency can authorize work to be done on a contract without written approval of the commissioner of administration. Strikes a requirement that contracts be approved by the Attorney General or a delegate as to form and execution.

Requires copies of contracts, including amendments, and performance evaluations relating to the contract to be retained for at least six years.

Forbids an action by a contractor against an employee or agency who discloses information about the contractor in a performance evaluation of the contractor, unless the contractor makes specified showings by clear and convincing evidence.

50 Professional or technical contracts. For approval of a professional or technical service contract in excess of \$5,000:

- ▶ requires that the contracting agency describe the agency's plans to notify firms or individuals who may be available to perform the services;
- ▶ requires the agency to describe performance measures or other tools that will be used to monitor and evaluate contract performance;
- ▶ strikes current requirements that: an agency certify that no current state employee is able and available to perform services called for by the contract; the contractor has certified that the product of the services will be original in character; and the agency has received, reviewed and accepted a detailed work plan.
- ▶ allows the commissioner to grant exceptions to the requirement that work cannot begin before the contract is fully executed;

51 Professional or technical contracts. Strikes current provision that before approving a contract for professional or technical services, the commissioner must determine that no agency has previously performed or contracted for performance of tasks that would be substantially duplicated under the contract.

Provides that before approving a contract amendment or extension, the commissioner must determine that the tasks to be performed under the amendment or extension are substantially similar to those in the original contract, or are so closely related to the original contract that it would be impracticable for a different contract to perform the tasks.

52 Reports. Increases dollar threshold for reporting on professional or technical services contracts from \$40,000 to \$50,000. Adds requirement that the report must be accompanied by a performance evaluation, and strikes the current requirement that the report state why the contract was a cost-effective way to enable the agency to provide its products of services.

53 Performance evaluation. Provides that an agency must write a performance evaluation of work done under each professional or technical service contract, including an evaluation of the extent to which the contract was a cost-effective way to enable the agency to provide its services or products better or more efficiently. Specifies required contents, and requires that

contractors be allowed to respond.

- 54 **Service contracts.** Strikes the requirement that before approving a service contract the commissioner of administration must determine that no current state employee is able and available to perform the services called for by the contract. Strikes language defining when employees available. (A "service" contract is one that involves services that are not professional or technical in nature)
- 55 **Reverse auctions.** Authorizes use of reverse auctions for state services in addition to the current law authorizing use of this technique for purchase of goods for state agencies. Provides that notwithstanding other laws governing construction contracts, reverse auctions are competitive bids and bid responses to reverse auctions may be accepted instead of sealed bids, when the commissioner determines that a reverse auction is the appropriate purchasing process.
- 56 **Office of technology.** Provides that the office's current authority to review state agency information and communications systems extends to systems involving federal funding. Authorizes the office of technology to determine it is cost effective for agency to develop and use shared information and communications technology systems. Authorizes the commissioner of administration to establish reimbursement rates to be billed to agencies and other government users to pay for development, operating, maintenance, and administrative costs of shared systems.
- 57 **Reference.** Strikes a statutory reference to a section that is repealed later in this bill.
- 58 **Technology enterprise fund.** Allows savings generated by purchases, including rebates, refunds, discounts and other savings to be deposited in the technology enterprise fund. Allows the commissioner of administration to accept gifts and grants for deposit into the fund. Allows the commissioner to accept paid advertising for departmental publications, media productions, state Web pages, and other informational materials, and for net proceeds to be deposited in this fund. Forbids accepting paid advertising from an elected officials or candidate for public office.
- 59 **Drug purchasing program.** Requires the commissioner of employee relations, in conjunction with other state agencies, to evaluate whether participation in a multistate or multiagency drug purchasing program can reduce costs of improve operations of drug benefit programs administered by DOER and other state agencies. Requires the commissioner to enter into a contract to participate in such a program.
- 60 **Firefighter relief association.** Strikes reference to "deferred" members in the law governing determination of accrued liability for firefighter relief associations. Authorizes the state auditor to issue procedures, forms, or mathematical tables for use in performing these calculations.
- 61 **Waste management fees.** Requires political subdivisions to file with the director of environmental assistance an annual report on revenue collected from waste management fees.
- 62 **Reference.** Changes cross-reference due to a change in an earlier section of this bill.
- 63 **Reference.** Strikes statutory reference to a section that is repealed later in this bill.
- 64 **Essential employees.** Provides that state employees in the health care nonprofessional unit are "essential", meaning that they cannot legally strike, but have impasses in bargaining resolved through interest arbitration.
- 65 **Tuition reimbursement program.** A 2001 law increased the state support for the National Guard tuition and textbook reimbursement program to 80 percent, but provided that the 80 percent level was effective only until June 30, 2003. This section makes the 80 percent level permanent, and repeals a report associated with the prior sunset.
- 66 **Veterans service office grant program.** Provides that counties may become eligible to receive veterans service office grants only on a three-year rotating basis. Provides that a county that employs a newly-hired veterans service officer who is not yet certified by the

commissioner is eligible to receive a grant under this section. Unless there is a newly-hired officer, a county whose veterans service officer does not receive certification during a three-year cycle is not eligible to receive a grant during the remainder of that cycle or during the next three-year cycle. Provides that the commissioner shall determine the process for awarding grants, including a list of qualifying uses for grant expenditures. Specifies limits on grants. Strikes current law requirement that a county must submit a written plan and receive approval from the commissioner for use of the grant, and strikes other language relating to grant approval and the amount of the grants. Provides for the commissioner to recover the grant if the county does not use it for an approved purpose.

- 67 **Racing commission.** Authorizes the Racing Commission to impose fees on racing and card-playing industries sufficient to recover the Racing Commission's operating costs. Provides that notwithstanding the law requiring legislative approval of fees, when the legislature is not in session, the commissioner of finance may grant interim approval for any new fees or adjustments to existing fees until the legislature acts. Requires the Commission, as part of its biennial budget request, to propose changes to its fees sufficient to pay Commission operating costs.
- 68 **License fees.** Strikes language requiring certain racing commission license fees to be deposited in the general fund, because the next section creates a special revenue fund account for these fees.
- 69 **Racing fees account.** Provides that all revenue from license and other fees imposed by the commission must be credited to a racing and card-playing account in the special revenue fund. Provides that receipts in the account are available for operations of the commission as authorized by legislative appropriation.
- 70 **Racing commission reimbursement account.** Provides that money received by the Racing Commission as reimbursement for services provided by veterinarians must be deposited in the racing reimbursement account. Under current law this provision applies to assistant veterinarians, not all veterinarians.
- 71 **Amateur Sports Commission fees.** Authorizes the Amateur Sports Commission to impose additional fees. Requires fees charged by the Commission to be deposited in the general fund, and to be sufficient to offset the appropriations it receives from the legislature. Provides that notwithstanding the law requiring legislative approval of fees, when the legislature is not in session, the commissioner of finance may grant interim approval of the fees until the legislature acts upon the fees. Requires the Commission, as part of its biennial budget request, to propose changes to its fees sufficient to recover the direct appropriation to the Commission.
- 72 **Advertising.** Current law allows the Amateur Sports Commission to accept paid advertising in its publications. This section provides for revenue received from advertising to be deposited in the general fund, instead of being appropriated to the Commission.
- 73 **Amateur Sports Commission powers and duties.** Provides the Amateur Sports Commission may, instead of shall, engage in 14 specified activities.
- 74 **Amateur Sports Commission; sponsorship.** Provides that the Amateur Sports Commission may, instead of shall, sponsor and sanction a series of statewide amateur athletic games.
- 75 **Reference.** Changes statutory cross-reference due to a change earlier in this bill.
- 76 **Reference.** Strikes statutory reference to a section that is repealed later in this bill.
- 77 **Revenue agreement with IRS.** Provides that when the Commissioner of Revenue enters into an agreement with the Internal Revenue Service under which the IRS can levy against taxpayers who have state refunds due, the Commissioner of Revenue shall deduct from the refund a fee of \$20, before remitting the amount of the levy to the IRS. Provides that the fee proceeds must be deposited into the Department of Revenue recapture revolving fund.
- 78 **Board of Assessor fees.** Under current law, the Board of Assessors is authorized to establish fees for courses, examinations, and materials. This section strikes that language, and imposes

specified fees in law. The rule establishing the current fees is repealed in the repealer section of this article. The section is effective for assessor license terms beginning on or after July 1, 2004 and for all other fees imposed on or after that date.

79 **Fee for setoff against refund.** Under current law, a claimant agency seeking collection of a debt through setoff against a state tax refund must pay the Revenue Department a \$10 fee. This section increases the fee to \$15. Under current law, \$2.55 of each \$10 is deposited in the revenue recapture revolving fund, with the remainder going to the general fund. Under this section \$4 of the \$15 fee would be deposited in the revenue recapture revolving fund. This section is effective for refund setoffs after June 30, 2003.

80 **Tax return paper filing fee.** For tax preparers who file more than 100 returns each year, imposes a fee of \$5 for each individual income tax return that is filed in paper instead of electronically. Provides that the fee does not apply if the department of revenue requires a return to be filed in writing.

81 **Notification.** Strikes State Auditor and inserts county attorney in law dealing with county auditor discovering violations of certain laws.

82 **Bond requirement; G/HVACR contractor.** Requires a person contracting to do gas, heating, ventilation, cooling, air conditioning, fuel burning or refrigeration work to give a \$25,000 bond to the state, to be filed with the commissioner of administration. Authorizes the commissioner to charge an annual \$25 bond filing fee. Appropriates fee receipts to the commissioner.

83 **Gambling equipment distributor salesperson.** Defines a "distributor salesperson" for purposes of the new fee imposed in section 349.161, subdivision 4.

84 **Lawful purpose.** Provides that payment of state lawful gambling fees is a "lawful purpose" for expenditure of lawful gambling revenues.

85 **Gambling control board powers.** Authorizes the board to issue licenses to distributor salespersons, in addition to licenses authorized under current law. This authority also includes authority to revoke or suspend licenses and to impose civil penalties identical to those imposed on other licensees.

Provides that fees imposed by the Gambling Control Board under sections 349.16 to 349.165 must be deposited in a lawful gambling regulation account in the special revenue fund. Receipts are available as appropriated by law.

86 **Pull-tab fees.** Strikes language relating to pull-tab manufacturer fee of up to \$5,000, because a later section imposes a fee of \$9,000. Also strikes language from current law that appropriates this fee revenue to the director.

87 **Distributor salesperson.** Adds references to distributor salespersons in law dealing with license disqualification.

88 **License fees.** Strikes language specifying four types of organization license, and imposes a \$100 fee for an organization's initial license application. Specifies there is no renewal fee.

89 **Agreement to pay taxes.** Provides that a 501(c)(3) organization which is recognized by federal law as a quasi-government organization that would otherwise be exempt from taxes under chapter 297E must agree to pay all taxes under chapter 297E on lawful gambling conducted by the organization as a condition of receiving or renewing a license or premises permit.

90 **Distributor salesperson license.** Provides that a licensed distributor salesperson may not sell gambling equipment unless employed by a licensed distributor or owning a distributor license.

91 **Fees.** Provides that the annual fee for a distributor's license is \$6,000, instead of \$3,500, and that the annual fee for a distributor salesperson license is \$100. Strikes language relating to renewal licenses and fees for these licenses.

92 **Prohibition.** Adds distributor salesperson to various prohibitions relating to regulation of

lawful gambling.

- 93 **Stamp required.** Strikes fee of five cents for each registration stamp for lawful gambling equipment.
- 94 **Manufacturer license fee.** Imposes a \$9,000 annual fee for a manufacturer's license. Strikes current law imposing a \$5,000 initial fee and a \$10,000 two-year renewal fee.
- 95 **Gambling equipment fee.** Imposes a fee of \$25 for each item of gambling equipment that a manufacturer submits for approval. Imposes a \$100 fee for each sample of gambling equipment that the board tests. Authorizes the board to require samples of gambling equipment to be tested by an independent testing laboratory (at the manufacturer's expense) before submission to the board for approval. Provides that the board must approve an independent testing laboratory before equipment is submitted to the laboratory for testing.
- 96 **Bingo hall fees.** Provides an annual bingo hall license fee of \$4,000. Strikes the current initial license fee of \$2,500, and two-year renewal fees of \$5,000.
- 97 **Lawful gambling premises fees.** Strikes current lawful gambling premises permit fees, which are based on four different classes of permits. Imposes a new monthly fee of .18 percent of the organization's gross receipts from lawful gambling. Provides for these fees to be deposited in the lawful gambling regulation account of the special revenue fund.
- 98 **Raffles.** Increases from \$750 to \$1,500 per calendar year the value of raffle prizes that can be awarded by an organization without a license from the Gambling Control Board.
- 99 **Exemption fee.** Increases from \$25 to \$50 per occasion the fee that an organization that is exempt from obtaining a lawful gambling license must pay to the board in order to conduct certain forms of lawful gambling.
- 100 **85 percent payout limit.** Provides that on or after January 1, 2004, a licensed organization may not put into play a pull-tab or tipboard deal that provides for a prize payout of greater than 85 percent of the ideal gross of the deal.
- 101 **Lottery unclaimed prizes.** Provides that all lottery unclaimed prize money must be transferred to the general fund. Under current law, a dollar of unclaimed prize money is treated as follows: 30 cents is added to prize pools of subsequent lottery games; 28 cents is transferred to the environment and natural resources fund; and 42 cents is transferred to the general fund.
- 102 **Additional contribution.** Provides that the executive director of the Minnesota State Retirement System must allow a participant in the state unclassified employee plan a one-time option under which the employee contribution to the plan is ten percent of salary instead of four percent.
- 103 **Cross-reference.** Changes statutory reference to a section of law that is recodified earlier in this bill.
- 104 **Audit.** Inserts reference to the state auditor instead of the public examiner in law dealing with the Western Lake Superior Sanitary District.
- 105 **Town fiscal year.** Strikes transitional language from 1994 relating to the fiscal year of a town.
- 106 **Pay equity.** Provides for the state auditor, rather than the commissioner of employee relations, to monitor compliance with the local government pay equity laws. Authorizes the auditor to collect fees for this work. Provides that no political subdivision pay equity reports are required for 2003 and 2004, and that beginning in 2005 a political subdivision must report no more frequently than once every five years.
- 107 **Bond allocation.** Provides that fees collected by the department of finance under the bond allocation law must be deposited in the general fund (striking a reference to a separate account in the general fund). Provides for interest accruing on application deposits to be deposited in the general fund, instead of the housing trust account.
- 108 **LGA reduction.** Provides that the State Auditor shall bill the commissioner of revenue for costs of the auditor's local government best practices reviews. The amount billed is included

in the current limit of \$217,000 per year in state auditor services that are billed and subtracted from the total amount available for local government aid payments. Strikes language requiring the commissioner of employee relations to bill the commissioner of revenue \$55,000 annually for costs of administering the local government pay equity laws, and strikes the related LGA subtraction.

109 Fireworks sales. Provides that a unit of local government may impose an annual license fee for retail sale of fireworks. Specifies limits of \$350 and \$100, depending on the type of fireworks sold. Forbids: charging other fees on retail sale of fireworks; prohibiting or restricting the display of items for sale; imposing on a retail seller any financial guarantee requirements, including bonding or insurance, except as imposed on all other business licenses.

110 Workers compensation settlement division. Strikes requirement that the settlement division of the office of administrative hearings maintain an office in Detroit Lakes.

111 Transfer of pay equity duties. Transfers duties relating to the local government pay equity laws from the Department of Employee Relations to the State Auditor.

112 Unclassified plan. Allows current state employees a one-time option to choose the ten percent contribution level to the unclassified retirement plan that is offered on an ongoing basis in an earlier section of this article.

113 Salary freeze.

Subd. 1. Salary increases prohibited. Provides that a state employer must not increase the rate of salary or wages through June 30, 2005. Provides that for purposes of this section "salary or wages" does not include employer contributions toward medical or dental insurance if employee contributions are not decreased. Also provides that this section does not prohibit an increase for an employee who is promoted or transferred to a position that the employer determines has greater job responsibilities. Provides that terms of a collective bargaining agreement may not be extended past June 30, 2003 if the extension would increase salaries in a manner prohibited by this section.

Subd. 2. Future contracts. Prohibits a contract or compensation plan entered into after June 30, 2005 from providing a retroactive salary increase if the increase would be prohibited by this section.

Subd. 3. Arbitration and strikes. Provides that an employee may not legally strike due to a state employer's refusal to grant a salary increase if the refusal is required to comply with this section. Prohibits an arbitrator from issuing an award that would increase salaries in a manner prohibited in this section.

Subd. 4. Definitions. Defines state employer as an appointing authority in the executive, legislative, or judicial branch.

Subd. 5. Relation to other law. Provides that this section supersedes the Public Employment Labor Relations Act and other law to the contrary.

114 University of Minnesota. States that the legislature strongly recommends that the University of Minnesota comply with section 1 as if it were defined as a state employer.

115 Gambling control; fee transition. Requires payment of new fees to the Gambling Control Board, effective July 1, 2003. Provides for the board to provide a one-time prorated credit against these fees to organizations and individuals who paid for licenses before July 1, 2003 that were to extend beyond July 1, 2003.

116 Carryforward. Provides that funds encumbered by the judicial or executive branch for severance costs, unemployment compensation costs, and insurance continuation costs

resulting from state employee layoffs during the fiscal year ending June 30, 2003 may be carried forward and may be spent until January 1, 2004.

- 117 **Vacation limit.** Provides that a state employee who takes voluntary unpaid leave of absence during the biennium ending June 30, 2005 must be allowed to accrue a vacation leave balance up to at least 300 hours through June 30, 2005.
- 118 **Gaming study.** Requires the director of the state lottery to contract with an independent entity to perform an analysis of the economic effects of a gaming facility in the metropolitan area on existing tribal gaming facilities within 100 miles of the metropolitan area.
- 119 **LCC; leave without pay.** Provides that if the legislative coordinating commission requires employees under its jurisdiction to take temporary unpaid leave without pay during the biennium ending June 30, 2005, the first 80 hours of this leave each fiscal year are governed by this section. Under this section, specified benefits will be continued or accrued as if the employee had been employed during the time of the leave.
- 120 **Official publication study.** Requires local government representatives to meet with newspaper representatives and report to the legislature by January 15, 2004 on issues relating to legal publication requirements.
- 121 **Government training service.** Provides that during the biennium ending June 30, 2005, executive agencies must consider using services provided by the government training service before contracting with other outside vendors for similar services.
- 122 **Revisor instruction.** Revisor instruction in connection with transfer of duties from DOER to State Auditor.
- 123 **Repealer.**

- ▶ 3.305, subd. 5: Legislative GIS function
- ▶ 3.9222: Legislative Commission on the Economic Status of Women
- ▶ 3.971, subd. 8: Duty of legislative auditor to do local government best practices reviews.
- ▶ 3A.11: retired legislator participation in the post-fund, and transfer of money to this fund (replaced by new funding mechanism earlier in the bill, with no effect on benefits)
- ▶ 4A.055: administrative support for Commission on the Economic Status of Women.
- ▶ 6.77: State Auditor report on local government expenditures for legal services
- ▶ 16A.151, subd. 5: sunset of law requiring deposit of litigation proceeds in the general fund.
- ▶ Section 16A.87: Establishment of the tobacco settlement fund in the state treasury.
- ▶ 43A.04, subd. 10: DOER authority to adopt rules on local government pay equity
- ▶ 43A.17, subd. 9: local government compensation limit (replaced by similar language in new section 15A.23)
- ▶ 149A.97 subd. 8: duties of State Auditor relating to laws governing funeral providers
- ▶ 163.10: Manner of payment for claims for certain labor in Hennepin County
- ▶ 240A.08: Appropriation to Amateur Sports Commission for benefit of Target Center

- ▶ 306.97: duties of State Auditor relating to public cemeteries
- ▶ Minnesota Rule, part 1950.1070: Board of Assessor fees
- ▶ 12.221, subd. 5: Reference to a section of law that is stricken earlier in this bill
- ▶ 16B.50: Duty of commissioner of administration to maintain communications.media division
- ▶ 16C.07: State employee skills inventory; duty to post notice of contracts at state employee worksites and to make reasonable efforts to determine that no state employee is able and available to perform services.
- ▶ 43A.047: Requirement that executive agencies demonstrate they cannot use available staff before hiring consultants; encouragement to involve permanent staff in consultant contracts; requirement to give priority to reducing professional and technical contracts before laying off permanent employees.

Article 3: Linked Bingo

Allows organizations licensed to conduct lawful (charitable) gambling to participate in bingo games that are electronically linked together among organizations to provide a single prize pool. It also provides for the licensing by the gambling control board of the operators of linked bingo game systems.

- 1 **1** **Bingo definition.** Provides that the definition of "bingo" in lawful gambling law includes linked bingo.
- 2 **Gambling equipment.** Provides that the definition of "gambling equipment" includes linked bingo paper sheets.
- 3 **Linked bingo game definition.** Defines "linked bingo game" as a bingo game played at multiple locations where bingo is permitted, with a common prize pool and common selection of winning numbers and transmission of the game by satellite, telephone, or other means.
- 4 **Linked bingo game provider.** Defines "linked bingo game provider" as a person who provides the means to link bingo prizes in a linked game, provides paper sheets to participants, manages the game, and provides the game system.
- 5 **Linked bingo game system.** Defines "linked bingo game system" as equipment used by a provider to conduct, transmit, and track a linked bingo game. Requires a system to be approved by the board and to have dial-up or other capability that allows the board to monitor its operation remotely.
- 6 **Linked bingo prize pool.** Defines "linked bingo prize pool" as the total of all prize money that each organization has contributed. Prohibits organizations from contributing more than \$300 per occasion to a linked pool.
- 7 **Powers and duties of board.** Expands the powers and duties of the gambling control board to include licensing linked bingo game providers.
- 8 **Conflict of interest.** Adds references to linked bingo game providers in the law prohibiting conflict of interest by gambling board members or employees.
- 9 **Disqualifications.** Adds references to linked bingo game providers in the law setting out mandatory disqualifiers for licensing.
- 10 **Sales by manufacturer.** Allows licensed manufacturers to sell gambling equipment used exclusively in a linked bingo game directly to a provider without going through a licensed distributor.
- 11 **Linked bingo game provider license.** Requires a license from the board to (1) provide the

means to link prizes in a linked bingo game, (2) provide linked bingo game management, (3) provide a linked bingo system, or (4) provide linked bingo paper sheets to an organization. Sets a fee of \$5,000 per year. Requires a bond of \$250,000 with the license application conditioned on payment of all prizes. Prohibits a provider from participating in the conduct of other lawful gambling. Prohibits a provider from also being a bingo hall or gambling equipment distributor. Prohibits sale or lease of equipment to anyone other than a licensed organization. Prohibits purchase of equipment from anyone other than a licensed manufacturer. Allows inspection of books and records by board employees and agents of the division of alcohol and gambling enforcement.

- 12 **Excluded bingo.** Excludes linked bingo from the list of bingo games that may be played without a gambling license.
- 13 **Exempt bingo.** Excludes linked bingo from another list of bingo games that may be played without a license.
- 14 **Recruitment of gambling managers.** Adds linked bingo game providers to the list of board licensees who may not recruit gambling managers for organizations.
- 15 **Bingo winners.** Allows linked bingo prizes to be delivered within three days of the occasion where won, instead of the day of the occasion as with other bingo prizes.
- 16 **Technical.** Makes a similar change in the law governing awarding of bingo prizes as marking the completion of a game.
- 17 **Noon hour bingo.** Prohibits linked bingo games from being played as "noon hour bingo."
- 18 **Conduct of linked bingo games.** Allows licensed organizations to participate in linked bingo games. Limits organizations to \$300 in contributions to each prize awarded. Allows the board to adopt rules governing play of linked bingo games.
- 19 **Activities on leased premises.** Adds linked bingo game providers to the list of board licensees that may not conduct activities on leased premises where lawful gambling is being conducted.
- 20 **Pool account.** Requires organizations participating in linked bingo to maintain a separate account for the organization's portion of linked bingo game prize pools.
- 21 **Credit restrictions.** Prohibits linked bingo game providers from extending credit to an organization.
- 22 **Sales to delinquent organizations.** Requires linked bingo game providers to report to the board when organizations are delinquent in their accounts.
- 23 **Prize limits.** Exempts linked bingo game prizes from bingo prize limits.
- 24 **Linked bingo prize pool contribution limits.** Limits organizations from contributing more than \$300 per occasion to a linked bingo prize pool. Provides that where an organization contributes to a linked pool the amount is deducted from the maximum prize that the organization may award in cover-all games in that occasion (the cover-all limit is \$3,500 per occasion).

Article 4: Sports Boards

- 1 1 **Tipboard.** Amends the definition of "tipboard" in the lawful gambling laws to include a board for which the winning numbers are determined by the outcome of professional sporting events.
- 2 **Rules.** Authorizes the gambling control board to adopt rules for the conduct of tipboards for which the winning numbers are determined by the outcome of one or more professional sporting events. Provides the cash or merchandise prizes may be awarded on these tipboards.
- 3 **Determination of winners.** Provides that a tipboard may contain winning chances that are determined by the outcome of professional sporting events.

- 4** **Sports boards.** Provides a maximum prize of \$500 for a tipboard for which winning numbers are determined by the outcome of professional sporting events. Provides that a chance for such a board may not be sold for more than \$10.
- 5** **Repealer.** Repeals Minnesota Statutes, section 349.2127, subdivision 9, a definition of tipboards.