

HOUSE RESEARCH

Bill Summary

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Overview

This is the state government finance omnibus bill. For a summary of appropriations, see the spreadsheet prepared by fiscal analyst Helen Roberts.

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Article 1

State Government Appropriations

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- 4 State Auditor.**
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- 32 St. Paul Teachers Retirement Fund.**
- 33 Duluth Teachers Retirement Fund.**
- 34 Military affairs.**

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35 **Veterans affairs.**

Article 2

Sunset

Section 10 repeals the Minnesota Sunset Act, which currently is codified as Minnesota Statutes, chapter 3D. Section 1 requires the Legislative Commission on Planning and Fiscal Policy to compile a list of executive branch advisory groups, and authorizes the commission to review them and make recommendations on the continuing need for the groups, and on any changes in law that would improve their efficiency and effectiveness. The other sections strike references in other laws to chapter 3D.

Article 3

State Government Operations

- 1** **Members; duties; LAC.** Clarifies that the chair of the Legislative Advisory Commission rotates between a member of the House and a member of the Senate in January every odd-numbered year.
- 2** **Acceptance of gifts and grants.** Authorizes the Legislative Coordinating Commission to accept gifts and grants, and appropriates money received to the commission.
- 3** **Expenses, reimbursement; pension commission.** Provides that expense reimbursement of pension commission members and staff is pursuant to policies adopted by the Legislative Coordinating Commission.
- 4** **Expenses and report; pension commission.** Strikes language governing pension commission expenses, so that these will be paid in the same manner as for other legislative commissions. Strikes requirement for reporting expenses to the legislature.
- 5** **Financial audits.** Current law requires that audits cover appropriate and economic use of public funds. This section adds “other public resources” to this requirement. Strikes names of entities that no longer exist or have been renamed.
- 6** **Data security audits.** Provides that as resources permit, the legislative auditor shall audit information and data systems for organizations subject to the legislative auditor’s authority. Requires these audits to include an assessment of controls to protect government data from unauthorized access and use, and an assessment of compliance with other legal requirements relating to operation of information and data systems, and classification and protection of

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data in the systems.

- 7** **Obligation to notify the legislative auditor.** Requires the chief executive, financial, or information officers of organizations subject to the legislative auditor’s authority to promptly notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose, or when the officer obtains information indicating that data classified as “not public” may have been accessed or used unlawfully. Requires coordination with appropriate law enforcement officials, as necessary.
- 8** **Authority to accept funds.** Authorizes the secretary of state to enter into agreements with units of local government for technological projects to enhance the state’s election system. Authorizes the secretary of state to accept federal funds for election officials. Provides that the federal fund review process does not apply to acceptance of federal funds if the federal grant does not require the state to maintain its effort. Appropriates funds received under this section to the secretary of state. Requires annual reporting on the amount, source, and use of funds.
- 9** **Authority to accept funds.** Authorizes the secretary of state to accept grants and federal funds to be used for the address confidentiality program. Provides that the federal fund review process does not apply to acceptance of federal funds if the federal grant does not require the state to maintain its effort. Appropriates funds received under this section to the secretary of state. Requires annual reporting on the amount, source, and use of funds.
- 10** **City and town accounting system.** Authorizes the state auditor to charge user fees to local government entities for the small city and town accounting system. Appropriates to the state auditor revenue received by the auditor under this section.
- 11** **Examination of counties.** Requires counties receiving examinations from the state auditor to pay the state auditor enterprise fund, rather than the state general fund, for the costs of the audits.
- 12** **Billings by state auditor.** Provides for revenue from state auditor billings to be deposited in the state auditor enterprise fund, rather than the general fund.
- 13** **State auditor enterprise fund.** Creates the state auditor enterprise fund in the state treasury. Requires amounts received for costs of the auditor’s examinations to be deposited in the fund. Provides that amounts in the fund are annually appropriated to the state auditor to pay costs related to the examinations performed.

Authorizes the state auditor to contract with private entities for accounting and technical services when full-time personnel are not available.

Authorizes the state auditor to adjust the schedule of charges for examinations so that they are sufficient to cover costs of examinations. Specifies factors and methods to be used in setting these charges. Requires the auditor to review and adjust the schedule at least annually. Requires the commissioner of Minnesota Management and Budget to approve these charges.

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- 14 Business as vendor.** Under current law, data submitted by a business in response to a request for bids or request for proposals are not public until bids are opened. Under this section, the data would become public at the time and date bids or proposals are due, as specified in the solicitation document.
- Provides that if all responses to a request for bids or proposals are rejected, all data other than the name of the bidder/responder (and the dollar amount in the response, in the case of a bid) are not public until a resolicitation results in completion of the selection process.
- 15 Performance measures for change items.** Strikes references to the Subcommittee on Government Accountability and to Minnesota Milestones in the law requiring agency budget proposals for increased funding to include performance measures.
- 16 Resident vendor.** Amends the definition of “resident vendor” for purposes of procurement laws administered by the department. Adds to the requirements to be a resident vendor, a determination that the business has paid unemployment taxes or income taxes in Minnesota, has a business address in Minnesota, and has claimed resident vendor status in its bid or proposal. (Under current law, Minnesota grants a preference to its resident vendors with respect to a nonresident vendor from a state that gives a preference to vendors from that state).
- 17 Solicitation process.** Refers to section 13.591 (section 1 of this bill) in specifying when responses become public.
- 18 Service contracts.** Current law has certain requirements that apply to “service contracts” (defined in current law as contract for services that are not professional or technical in nature). This section makes the current requirements apply only to contracts valued in excess of \$5,000.
- 19 Expenditures under specified amounts.** Under current law, the required solicitation process does not apply to acquisitions under \$2,500. This section raises that threshold to \$5,000.
- 20 Nonvisual technology access standards.** Provides that agencies subject to OET accessibility standards are not required to include nonvisual technology access standards developed by the commissioner of administration in contracts for procurement of information technology.
- 21 Solicitation of qualifications or proposals; design-build.** The current design-build laws require that notice of requests for qualifications or proposals must be advertised in the State Register. This section provides instead that these must be advertised in the manner designated by the commissioner of administration.
- 22 Solicitation of qualifications; construction manager at risk.** The current construction manager at risk laws require that notice of requests for qualifications must be advertised in the State Register. This section provides instead that these must be advertised in the manner designated by the commissioner of administration.

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- 23 State agency technology projects.** Requires that, upon agreement between the affected agencies and the Office of Enterprise Technology, state agencies with technology projects transfer the IT cost portion to the Office of Enterprise Technology. Requires service level agreements to document transfers.
- 24 Private entity services; fee authority.** Authorizes the Office of Enterprise Technology to enter into a contract with a private entity to manage, maintain, support and expand North Star and online government information services. Authorizes charging a convenience fee of up to \$2 per transaction, but not for viewing or inspecting data. Appropriates fee proceeds to the office for payment to the contracted private entity. Requires reporting to the legislature.
- 25 E-government advisory council.** Creates a nine-member E-government advisory council for the purpose of improving online government information services to citizens and businesses. Provides for membership and terms, and states that members shall not receive compensation or be reimbursed for expenses. The council expires in January 2017.
- 26 Accounts; audits.** Provides for the legislative auditor, rather than the state auditor, to audit the Dairy Research, Teaching, and Consumer Education Authority.
- 27 Definitions; public radio.** In law governing grants to public noncommercial radio stations, specifies the federal regulations that govern operation of noncommercial radio stations, and defines “local” as an area designated on an FCC contour map.
- 28 Eligibility.** In law governing eligibility for grants to public noncommercial radio stations, specifies what type of FCC license a station must hold, and what type of stations are not eligible for funding. Modifies the requirement that a station must broadcast 365 days a year by adding an exception for power outages and natural disasters.
- 29 Equipment grants.** Requires public broadcasting stations to submit to the commissioner of administration a list of equipment the station intends to purchase with state equipment grants. Provides that the commissioner may not require the station to purchase equipment before receiving the grant funds.
- 30 Repayment of funds.** Under current law, if a public television station or public radio station uses state funds to purchase assets and then sells the assets within five years, the station must pay the state the net amount realized from sale of the assets (up the amount of state funds used to purchase the assets). This section authorizes the commissioner of administration to approve use of funds derived from a sale for purchase of new equipment for similar purposes.
- 31 Investigatory powers; Mississippi River Parkway Commission.** Strikes authority of the Mississippi River Parkway Commission to subpoena witnesses and records.
- 32 Legislative auditor; JOBZ.** Provides for the legislative auditor, rather than the state auditor, to audit JOBZ. Provides that these audits will occur as resources allow. Requires parties to JOBZ agreements to provide documents and data needed by the legislative auditor.

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- 33** **Enforcement of reporting requirements.** Change in cross-reference to the newly-created State Auditor enterprise fund.
- 34** **LAC chair; 2013.** Provides that in 2013, a senator is chair of the Legislative Advisory Commission.
- 35** **Audit of financial statements.** Requires the legislative auditor to examine alternatives for achieving an annual independent audit of financial statements of the state of Minnesota, and to make recommendations by October 1, 2013.
- 36** **Revisor instruction.** Instructs the Revisor the change the name “Office of Enterprise Technology” to “Office of MN.IT Services” in Minnesota Statutes.
- 37** **Repealer.** Repeals sections:
- 3.304, subdivisions 1 and 5: creating an office of legislative research; providing for LCC expenses to be split between the House and Senate.
 - 3.885, subdivision 10: creating a Subcommittee on Government Accountability under the Legislative Commission on Planning and Fiscal Policy.
 - 6.58, the law providing that the general fund is used to pay expenses of examinations conducted by the state auditor. This repeal is related to the provision earlier in this article creating a state auditor enterprise fund.

Article 4

Military and Veterans Affairs

- 1** **State and municipal officers and employees not to lose pay.** Current law provides that state and municipal officers and employees may take up to 15 days annually of paid leave from their public employment for active military service, whether for purposes of training or deployment. This section would clarify that the public employer must allow the officer or employee to take such leave at the person’s discretion, whether all at once or spread throughout the year.
- 2 to 6** **County veteran service office grant program – modified.** Amends the CVSO program as follows. Current law provides grants to county veteran service offices on a three-year rotating basis, with one-third of the counties eligible in each year. However, a county becomes *ineligible for a grant* if it has hired a new county veterans service officer who, following a probationary period, *does not achieve certification* from the Minnesota Department of Veterans Affairs (MDVA) for that position within one year. Grants under this program are to be used *to enhance the effectiveness* of county veteran service offices, as determined by the commissioner in consultation with the association of CVSOs.

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Amends the grant process by removing any county ineligibility as soon as a newly hired county veterans service officer becomes certified.

Defines several specific targeted purposes or uses for the grants, including: outreach to veterans; assisting with veteran reintegration; collaboration with other CVSOs and veteran service providers; reducing veteran homelessness; and enhancing office operations.

Increases the grant amounts for all but the smallest counties, and especially for the largest counties (as measured by veteran population in the county). Provides for a grant to the Association of County Veteran Service Officers. Finally, the bill authorizes the MDVA to use any left over grant money for the training of CVSOs.

7 and 8 Minnesota GI Bill educational bill – modified. Clarifies and amends the Minnesota GI Bill program in various ways, as follows. The bill broadens eligibility among veterans by removing the restriction of the program’s eligibility to “Post 9-11” veterans. It would rely on federal law for a definition of “surviving spouse or child” of a qualified deceased service member or disabled veteran. Among the benefit subtractions for other available educational assistance, the bill would also provide for the subtraction of payments made under the Veterans Retraining Assistance Program (VRAP).

9 Evidence of rehabilitation – for certain veterans. Current law provides that a person who has committed a crime and subsequently pays his or debt to society in an approved manner may be officially regarded as *sufficiently rehabilitated*. Such official recognition of rehabilitation removes one barrier to the person’s ability to obtain certain (but not all) public employment, or state licensure for certain private sector jobs. The law provides that one means for demonstrating *rehabilitation* is for the former offender to complete any incarceration and probation or parole that was order by the sentencing court.

The bill would broaden the means for showing *competent evidence of rehabilitation* to include the person’s having earned *an honorable discharge from the military* subsequent to the person’s adjudication for the crime.

The bill dictates that the honorable discharge must be *for military service rendered following conviction for the crime* that would otherwise disqualify the person from (certain) public employment of licensure. (Thus, an honorable discharge *is not* a get-out-of-jail-free type of card that would apply to any crime committed prospectively, since the bill provides that any gross misdemeanor or felony committed by the person *subsequent* to the honorable discharge would invalidate its recognition for establishing rehabilitation.)

10 Veteran-owned small business contracts. Authorizes towns and cities to give contract preferences to veteran-owned small businesses.

11 Eligibility for Peace Officer Reciprocity Exam. Current law provides that a person who successfully completes an approved higher educational program for police training is eligible to take the Minnesota Peace Officer Licensing Exam. Current law also provides eligibility for the Peace Officer *Reciprocity* Licensing Exam to individuals who have certain lesser amounts of approved education, along with a significant required amount of relevant on-the-

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job policing experience in another state or in the military (up to five years as a military policeman, for example).

However, under current law the Minnesota Peace Officer *Reciprocity* Exam is not open to individuals who are currently serving in the military.

This bill would remove that restriction, by allowing active service members to take the Police Officer Reciprocity Licensing Exam, just as veterans and other civilian individuals may do.

- 12** **Repealer.** Repeals section 196.608, subdivision 2a (Grant cycle for county veterans service office grant program).

Article 5

Revenue Department

- 1** **Technology lease-purchase.** Strikes reference to lease purchase payments for integrated tax software, because these payments have been completed.
- 2** **Program described.** Change in cross-reference to the auto theft prevention surcharge, based on the transfer of duties late in this article.
- 3** **Notice and procedure.** Requires employers to file all wage levy disclosure forms and to remit all wage levy payments electronically to the Department of Revenue.
- 4 to 9** **Taxes remitted electronically.** Current law requires, for various types of taxes, that filers with tax liability of over \$10,000 in one year remit the taxes electronically the following year. These sections provide that once a filer reaches the \$10,000 threshold, the filer must remit taxes electronically in all subsequent years.
- 10** **Automobile theft prevention surcharge.** Requires the Department of Revenue to collect a surcharge of 50 cents per vehicle for each six months of automobile insurance coverage. This is a transfer to the Department of Revenue of a duty currently assigned to the Department of Public Safety. The law currently assigning this duty to the Department of Public Safety (section 168A.40, subdivision 3) is repealed at the end of this article.
- 11** **Automobile theft prevention surcharge.** Requires automobile insurers required to pay the auto theft prevention surcharge to file a return with the commissioner of revenue.
- 12** **Electronic payments.** See summary of sections 4 to 9.
- 13** **Payment of fee.** See summary of sections 4 to 9.
- 14** **Data security audit.** Requests the legislative auditor, as resources permit, to conduct a data security audit of the Department of Revenue's use of debit cards as payment for tax refunds..
- 15** **Repealer.** Repeals:

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- 168A.40, subdivisions 3 and 4: auto theft prevention surcharge, codified in laws governing Department of Public Safety. (Sections 9 and 10 recodify this language in laws governing the Department of Revenue).
- 270C.145: Lease purchase appropriation for integrated tax software (payments have been completed).

Article 6

Compensation Council

- 1 Other salaries and compensation plans.** Strikes authority of the Legislative Coordinating Commission (and the full legislature) to approve salaries of agency heads appointed by the governor. The governor would be allowed to set salaries for agency heads within the ranges specified in law.
- 2 Salary limits.** Provides that the Legislative Coordinating Commission (and the full legislature) will approve salaries only for these agency heads not appointed by the governor. The governor would be allowed to set salaries for agency heads appointed by the governor, within the ranges specified in law.
- 3 Group I salary limits.** Under current law, most agency head salaries are limited to 95 percent of the salary of the governor (\$120,303). Under this section, agency head salaries would be limited to 133 percent of the governor's salary. This limit would be indexed for inflation annually.
- 4 Group II salary limits.** Under current law, some agency head salaries are limited to 85 percent of the salary of the governor. Under this section, the covered agency head salaries would be limited to 120 percent of the governor's salary. This limit would be indexed for inflation annually.
- 5 Appointing authorities to recommend salaries.** Establishes parallel requirements for the governor and for other appointing authorities to consider when setting salaries of agency heads. Appointing authorities other than the governor must continue to submit proposed salary increases to the Legislative Coordinating Commission for approval.
- 6 Creation; Compensation Council.** In connection with the change in the next section, provides that the Compensation Council is created at the beginning of the odd-numbered year, rather than in the even-numbered year.
- 7 Membership; Compensation Council.** Provides that appointments to the Compensation Council must be made in January of the odd-numbered year, rather than October of the even-numbered year. Provides that appointments made by legislative appointing authorities must not be members of the legislature.

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- 8** **Submission of recommendations; Compensation Council.** Requires the Compensation Council to make recommendations by March 15, instead of May 1, of each odd-numbered year.
- 9** **Salary limits.** Strikes language stating that the salary of an agency head is the limit on salaries for employees of that agency. (Salaries of employees will instead be limited by the maximum of their salary ranges provided in their collective bargaining agreements or compensation plans.)
- 10** **Unusual employment situations.** Amends provisions relating to salary setting for unusual employment situations. Changes reflect that the maximum salary in these situations is the maximum of the position's salary range, not the salary of the agency head.
- 11** **Compensation study.** Requires the commissioner of Management and Budget to contract for a market analysis of compensation for managerial employees in the Executive Branch.
- 12** **Constitutional officer salary.** Increases the salary of the governor by 3 percent effective January 1, 2015 and by another 3 percent on January 1, 2016. Salaries of other constitutional officers will also be adjusted by these amounts, as provided in the current law setting constitutional officer salaries as a percentage of the governor's salary. (Attorney General 95%; State Auditor 85%; Secretary of State 75%; Lieutenant Governor 65%).
- 13** **Repealer.** Repeals section 43A.17, subdivision 4 (special salary rates, higher than agency heads, for certain employees)