

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** S.F. 1589  
**Version:** Second unofficial engrossment

**DATE:** April 22, 2013

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**Subject:** State Government Finance

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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.

#### Section

#### Article 1

### State Government Appropriations

- 1 State government appropriations.**
- 2 Legislature.**
- 3 Governor and Lieutenant Governor.**
- 4 State Auditor.**
- 5 Attorney General.**
- 6 Secretary of State.**
- 7 Campaign Finance and Public Disclosure Board.**
- 8 Investment Board.**

**Section**

- 9 Administrative hearings.**
- 10 Office of Enterprise Technology.**
- 11 Administration.**
- 12 Capitol Area Architectural and Planning Board.**
- 13 Minnesota Management and Budget.**
- 14 Revenue.**
- 15 Amateur Sports Commission.**
- 16 Council on Black Minnesotans.**
- 17 Council on Asian-Pacific Minnesotans.**
- 18 Council on Affairs of Chicano/Latino People.**
- 19 Indian Affairs Council.**
- 20 Minnesota Historical Society.**
- 21 Minnesota State Arts Board.**
- 22 Minnesota Center for the Humanities.**
- 23 Science Museum.**
- 24 General contingent accounts.**
- 25 Tort claims.**
- 26 Minnesota State Retirement System.**
- 27 Minneapolis Employee Retirement Fund Account.**
- 28 Teachers Retirement Association.**
- 29 St. Paul Teachers Retirement Fund.**
- 30 Duluth Teachers Retirement Fund.**
- 31 Telecommunications Access Minnesota Fund.**

**Section**

**Article 2**

**Military and Veterans Affairs**

- 1 Military and veterans affairs appropriations.**
- 2 Military affairs.**
- 3 Veterans affairs.**

**Article 3**

**Overview**

This article contains the policy provisions related to the programs and operations of the Departments of Veterans Affairs and Military Affairs. It also contains a provision providing for the recognition of rehabilitation by certain honorably discharged veterans who have committed a prior crime. The bill would also allow active service members to take the Minnesota Peace Officer Reciprocity Exam.

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- 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 5 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.

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

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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.

**6 and 7 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).

**8 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.)

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

**10 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-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.

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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.

- 11 Repealer.** Repeals a section of CVSO law that would be superseded by sections 2 to 5.

### Article 4

## 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 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

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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.
- 14 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.
- 15 Membership; Compensation Council.** Provides that the Compensation Council must be made in January of the odd-numbered year, rather than October of the even-numbered year.
- 16 Submission of recommendations; Compensation Council.** Requires the Compensation Council to make recommendations by March 15, instead of May 1, of each odd-numbered year.
- 17 Performance measures for change items.** Strikes references to the Subcommittee on

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Government Accountability and to Minnesota Milestones in the law requiring agency budget proposals for increased funding to include performance measures.

### **18 Continuing appropriations.**

**Subd. 1. Appropriations continue for one year.** Provides that if a major appropriation bill is not enacted by July 1 of an odd-numbered year, the existing appropriation remains in effect at the base level for one year.

**Subd. 2.** Specifies conditions (e.g. one-time appropriations) under which appropriations do not continue under this section. Authorizes the commissioner of management and budget to make certain technical adjustments needed to accurately reflect the amount that constitutes the base level of the appropriation.

**Subd. 3.** Provides that statutory appropriations continue as required under current law, and are not limited by subdivision 1.

**19 Federal contingency planning.** Requires each executive branch state agency that receives federal funds to notify the applicable legislative budget committee by October 1 of each even-numbered year if the agency believes there is potential for significant reduction in federal funds the agency will receive in the following biennium. Specifies information to be contained in these notices.

**20 Technology lease purchase appropriation.** Strikes reference to lease purchase payments for integrated tax software, because these payments have been completed.

**21 State agency technology projects.** Requires every state agency with an information or telecommunications project to consult with the Office of Enterprise Technology (OET) to determine the IT costs of the projects and to transfer the IT cost portion to OET, unless the commissioner of OET determines this is not required. Provides that a transfer is not required under this section to the extent the transfer is prohibited by federal law or would cause a loss of federal funds.

**22 Accounts; audits.** Provides for the legislative auditor, rather than the state auditor, to audit the Dairy Research, Teaching, and Consumer Education Authority.

**23 Premiums for legislators.** Requires legislators to pay 10 percent of the premium for individual coverage and 15 percent of the premium for dependent coverage in the state employee group insurance program.

**24 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.

**25 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.

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- 26 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.
- 27 Investigatory powers; Mississippi River Parkway Commission.** Strikes authority of the Mississippi River Parkway Commission to subpoena witnesses and records.
- 28 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.
- 29 Enforcement of reporting requirements.** Change in cross-reference to the newly-created State Auditor enterprise fund.
- 30 LAC chair; 2013.** Provides that in 2013, a senator is chair of the Legislative Advisory Commission.
- 31 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.
- 32 Reimbursement to certain employees denied coverage.** Provides that state employees denied dependent insurance coverage during the last half of 2011, due to a dependent audit, may request the commissioner of management and budget to determine if the dependents would have been eligible for coverage if the employee had responded in a timely manner to a letter requesting verification of dependent eligibility. Provides that if the commissioner determines the dependents would have been eligible, the commissioner must reimburse the participant for other insurance the employee bought during this period, minus the cost of dependent coverage the person would have paid under the state employee group insurance program. Provides for payments to be made from larger than anticipated savings under the dependent audit program, by reducing appropriations to state agencies.
- 33 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.



**Section**

**Article 5**  
**Revenue Department**

- 1**        **Program described.** Change in cross-reference to the auto theft prevention surcharge, based on the transfer of duties late in this article.
- 2**        **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.
- 3 to 8**    **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.
- 9**        **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.
- 10**      **Automobile theft prevention surcharge.** Requires automobile insurers required to pay the auto theft prevention surcharge to file a return with the commissioner of revenue.
- 11**      **Electronic payments.** See summary of sections 3 to 8.
- 12**      **Payment of fee.** See summary of sections 3 to 8.
- 13**      **Report on debit cards for refunds.** Requires the commissioner of revenue to report to specified legislative officials by January 15, 2014 on potential data practices issues related to issuance of debit cards as payments for tax refunds.
- 14**      **Repealer.** Repeals:
- 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).

**Section**

**Article 6**  
**Overview**

Section 7 repeals the Minnesota Sunset Act, which currently is codified as Minnesota Statutes, chapter 3D. The other sections strike references in other laws to chapter 3D.