## State Government Finance Bill Summary S.F. 605, the First Unofficial Engrossment Author: Rep. Sarah Anderson

| Торіс                          | Source                                     | Summary   | Location in UES0605-1 |  |  |
|--------------------------------|--|---|-----------------------|--|--|
|                                | Article 1: State Government Appropriations |   |                       |  |  |
| Appropriations and<br>Riders   | N/A  | Funding amounts for each agency are specified in the fiscal spreadsheet. New riders with policy impact not noted elsewhere:   | Article 1             |  |  |
|                                |  | • Legislative Coordinating Commission. Boards and commissions staffing requirements (3.24-4.2)  |                       |  |  |
|                                |  | • Legislative Auditor. Review of small business investment tax credit (4.19-4.26)   |                       |  |  |
|                                |  | • <b>Revisor of Statutes.</b> Termination of Park Street office lease (4.30-5.4)  |                       |  |  |
|                                |  | • <b>Governor's Office.</b> Cap on transfers for office costs (5.18-5.27); restriction on governor's office personnel expansion and federal relations activities (6.8-6.15) |                       |  |  |
|                                |  | • MN.IT. Appropriations must prioritize cybersecurity (9.1-9.4)   |                       |  |  |
|                                |  | • Administration. Restrictions on continuous improvement initiatives (10.2-10.5); reduction to Office of Equity in Procurement (10.14-10.18)                                |                       |  |  |
|                                |  | • <b>Minnesota Management and Budget.</b> Restriction on statewide recruiting (13.22-13.25); restriction on certain program evaluation methodologies (14.8-14.12)           |                       |  |  |
|                                |  | • <b>Revenue.</b> Preservation of tax compliance activities at FY 2017 levels (14.22-14.26)   |                       |  |  |
|                                |  | • Arts Board. Reduced allowance for out-of-state travel from 10 percent to 5 percent of total grant (18.10-18.16)   |                       |  |  |
|                                |  | • <b>Military Affairs.</b> Enlistment incentives appropriation cancels to general fund if federal funding becomes available (22.1-22.7)                                     |                       |  |  |
| Actt Cabring, Hauss Dassarah ) |  | • Veterans Affairs. Legislative reporting on reserve account and veterans homes use (24.12-24.24)   | Amril 4, 201          |  |  |

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|---|---|--|---|
| First-time home buyer<br>savings accounts   | HF 1234,<br>appropriation only<br>(Davids)                            | Funds a program at the Department of Revenue to establish first-time home buyer savings accounts, if such a program is enacted by law.   | Rider: 15.25-15.32                      |
| Preservation of public services             | N/A   | Requires constitutional offices, boards, and agencies to prioritize reductions to central administration and operations. Programs and services directly serving the public must not be reduced unless expressly authorized.                      | Art. 1, § 39                            |
| Amateur Sports<br>Commission grants         | N/A   | Cancels unspent funds allocated for grants issued under sections 240A.085 to 240A.11.  | Art. 1, § 40                            |
| Base budget report                          | N/A   | Requires a legislative report on base budgets from Minnesota Management and Budget, Department of Revenue, and Veterans Affairs. Due October 15, 2017.   | Art 1, § 43                             |
|   |   | Article 2: State Government Operations   |   |
| Redistricting                               | HF 314, 1 <sup>st</sup> Eng.,<br>with modifications<br>(Anderson, S.) | Establishes statutory principles for use in redistricting.<br>**Removed: Prohibition on delegating redistricting responsibility to a commission<br>**Added: Amendment related to metro-area district numbering                                   | Article 2, § 1                          |
| Legislative Budget<br>Office                | HF 599<br>(Vogel)   | Establishes a nonpartisan Legislative Budget Office to analyze fiscal impact of legislation, including preparation of fiscal notes.  | Art. 2, §§ 2, 5, 9-11<br>Rider: 5.5-5.8 |
| SER; interim approval of employee contracts | HF 1891<br>(Howe)   | Reverses effect of nonaction by the legislative Subcommittee on Employee Relations, related to interim approval of collectively-bargained state employee contracts. Failure to provide interim approval constitutes disapproval of the contract. | Art. 2, § 3                             |
| Legislative Commission<br>on Data Practices | HF 1596<br>(Scott)  | Extends the commission on data practices to June 30, 2019.   | Art. 2, § 4                             |
| Legislative Auditor;<br>transit audits      | HF 1160<br>(Runbeck)  | Requires the Legislative Auditor to conduct a review of financial activity for transit systems administered by the Metropolitan Council or under certain joint powers agreements.  | Art. 2, § 6-8, 59<br>Rider: 4.15-4.18   |

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| State Auditor<br>enterprise fund                          | HF 445, with<br>modification<br>(Anderson) | Eliminates the State Auditor's enterprise fund. Instead, local government billing receipts would be credited to the general fund, and appropriated as directed by law.   | Art 2, §§ 12-14, 63<br>Repealer Art. 2 § 67                       |
| State Auditor litigation<br>costs; schedule of<br>charges | HF 295, with<br>amendment<br>(Nash)        | Requires the State Auditor to pay certain litigation costs from allocations to the auditor's constitutional office (subd. 1).<br>Rates charged to local governments after June 30, 2017, are frozen at calendar year 2016 levels (subd. 2).  | Art. 2, § 62  |
| Campaign finance public<br>subsidy repeal                 | HF 2073<br>(Drazkowski)                    | Repeal of campaign public subsidy program. Candidates are permitted to file a voluntary pledge to abide by certain restrictions associated with the public subsidy, including spending limit agreements.   | Art. 2, §§ 15-22, 24-25<br>Repealer Art. 2 § 67<br>Rider: 8.1-8.4 |
| Campaign finance sale of<br>goods ("donut booth")         | HF 2196, with<br>modification<br>(Jessup)  | Requires political committees that sell goods and services to report proceeds as contributions and provide disclosures to buyers. Use of proceeds is restricted.<br>**Added: Committee must post its most recent campaign report at the point of sale.   | Art. 2. § 23  |
| Appropriation transfers                                   | HF 2488, with<br>modification<br>(Quam)    | Quarterly reporting to legislature on interagency agreements and intra-agency transfers.<br>**Modification: Threshold lowered to include transfers that, cumulatively, exceed \$50,000 in a calendar<br>year   | Art. 2, § 26  |
| Continuing<br>appropriations ("lights-<br>on")            | HF 1010, as amended (Loonan)               | Continuing appropriations at 95 percent of the prior year's base, if a new budget is not enacted before the start of a new biennium. Additional requirements are provided for specialized appropriations, such as forecasted programs, statutory appropriations, and onetime spending.                 | Art. 2, § 27  |
| Employee gainsharing                                      | HF 691<br>(Anderson)                       | Requires monthly legislative reports on the status of the "gainsharing" incentive program for state employees. The program awards employees whose suggestion or idea generates savings to a state agency with a percentage of the savings as bonus compensation, after the savings have been realized. | Art 2 § 28<br>Rider: 13.28-14.7                                   |

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| Substantial change in construction                     | HF 2525<br>(Uglem)                            | Requires a legislative report whenever there is a substantial change in a capital improvement construction or major remodeling project, including the nature and reason for the change and the anticipated cost.   | Art. 2 § 29                     |
| Employee<br>accommodation<br>reimbursement             | N/A   | Reduces administrative costs allowance within the employee accommodation reimbursement appropriation, from 15 percent to 5 percent of the appropriation  | Art. 2 § 30                     |
| Grant termination for criminal offense                 | HF 2489<br>(Fenton)                           | Provides additional monitoring of grants made by the Department of Commerce, and provides procedures for terminating a state grant if the recipient is convicted of a criminal offense or is under investigation for matters relating to administration of the grant.  | Art 2, §§ 31-32                 |
| MN.IT consolidation exemptions                         | N/A   | Eliminates provision that currently exempts the several pension funds (MSRA, PERA, and TRA), the State<br>Board of Investment, the Campaign Finance and Public Disclosure Board, the State Lottery, and the<br>Statewide Radio Board from the law requiring the consolidation of IT systems and services within MN.IT. | Art. 2, § 33                    |
| MN.IT Performance<br>Outcomes                          | HF 2138, as amended (Nash)                    | Requires MN.IT to provide additional legislative reporting on certain technology projects, and requires the achievement of certain performance outcomes to increase efficiency. Appropriations must be reduced to state agencies to reflect savings.   | Art 2, § 34, 61<br>Art. 1, § 42 |
| FTE Caps/vacant position savings                       | N/A   | Provides a cap on the number of FTEs in executive branch agencies (subd. 1).<br>Restricts an agency's use of savings resulting from vacant positions (subd. 2).  | Art 2, § 35                     |
| Severance pay  | HF 399, 1 <sup>st</sup> Eng.<br>(Anderson)    | Restricts the award of severance pay to certain highly-compensated employees, and prohibits severance payments unless authorized according to the terms of a collectively-bargained compensation plan.   | Art. 2, § 36                    |
| SEGIP opt-out  | HF 1030, 1 <sup>st</sup> Eng.<br>(Drazkowski) | Permits public employees to opt-out of SEGIP insurance coverage. Appropriations must be reduced to reflect executive agency savings.   | Art. 2, § 37<br>Art. 1, § 41    |
| Long-term equity<br>investment for local<br>government | HF 409, as amended<br>(Albright)              | Expands the list of allowable funds that a local government may use to invest, including those of the State Board of Investment in an account managed by PERA.   | Art. 2, § 38                    |

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| Support Our Troops                         | HF 1527<br>(Bliss)   | Clarifies use of Support Our Troops account funds and increases the maximum grant award an eligible individual may receive from the account in a calendar year from \$2,000 to \$4,000.   | Art. 2, § 39                           |
| Veteran burial costs                       | HF 2164<br>(Howe)  | Authorizes use of the Support Our Troops account for reimbursing the Department of Veterans Affairs for uncompensated burial costs for eligible dependents for whom the commissioner waives all or a portion of the state veterans' cemetery burial fee. The commissioner is instructed to develop a policy, eligibility standards, and application forms for requests to waive or reduce eligible dependent burial fees. | Art. 2, §§ 40, 42                      |
| Veteran services<br>disclosures            | HF 1209<br>(Cornish)   | Requires businesses that help veterans secure benefits to disclose to prospective clients that the veterans may be entitled to the same services at no-charge from their Veterans Service Office. Providers must include the disclosure in their advertisements and prior to entering into service agreements with veterans. Providers who violate the law are subject to a civil fine of up to \$1,000.                  | Art. 2, §§ 41, 43                      |
| GI bill expansion                          | HF 1080 (Nash); HF 2541 (Franke)                               | Expands the GI bill program to include apprenticeship and on-the-job training benefits and other professional and educational benefits.   | Art. 2, §§ 44-48<br>Rider: 23.16-23.21 |
| Tax incidence study                        | HF 2305<br>(Garofalo)  | Expands the current tax incidence study requirements to include federal tax burdens.  | Art 2, § 49<br>Rider: 15.17-15.24      |
| Free income tax filing                     | HF 2336<br>(Anderson)  | Requires a free income tax filing program administered by Department of Revenue. A pilot program must be available by January 15, 2018.   | Art 2, § 50, 58                        |
| MERF                                       | N/A  | Reduces the state obligation for the Minneapolis Employees Retirement Fund from \$16 million to \$6 million.  | Art. 2, §§ 51-52<br>Rider: 20.30-21.2  |
| School district<br>insurance               | HF 1558<br>(Kresha)  | Modifies the process school districts use to receive proposals for group health insurance coverage for their employees and under what circumstances a school district is considered self-insured.   | Art. 2, §§ 53-54                       |
| Sherburne County<br>Examiner of Titles     | HF 2290<br>(Knoblach)  | Modifies the compensation structure of the Sherburne County Examiner of Titles.   | Art. 2, § 55                           |
| Child Support Task<br>Force; open meetings | HF 1530, 1 <sup>st</sup> Eng.,<br>with modification<br>(Scott) | Subjects the Child Support Task Force to the open meetings law.<br>**Modification: effective date January 1, 2018   | Art. 2, § 56                           |

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| Valuation of state-<br>assessed pipelines | N/A  | Requires review of administrative rules related to the valuation of state-assessed pipeline companies.   | Art. 2, § 57                             |
| Limit on advertising                      | HF 2487<br>(Green)                             | Restricts executive branch agency spending on advertising and promotions at no more than 90 percent of the amount spent in fiscal year 2016.   | Art. 2, § 60                             |
| Limit on manager pay                      | HF 2490<br>(Pugh)                              | Restricts pay increases to certain state employees covered by the managerial compensation plan to a rate based on the lesser of the percentage increase in Minnesota's median household income or the percentage increase in the Consumer Price Index.   | Art. 2, § 64                             |
| State employee salary                     | N/A  | Limits the amount that may be spent on certain state employee salaries in fiscal years 2018 and 2019.  | Art. 2, § 65                             |
| Ice palace                                | N/A  | Authorizes a use agreement for the construction of an ice palace on the Capitol grounds. Certain terms are required.   | Art. 2, § 66                             |
| Washington, D.C., state office            | N/A  | Repeals an existing statute authorizing the governor to appoint staff to serve in a Washington, D.C., office.  | Repealer Art. 2, § 67<br>Rider: 6.8-6.15 |
| LCC Commissions                           | N/A  | Repeals the Legislative Water Commission and the Mississippi River Parkway Commission.   | Repealer Art. 2, § 67                    |
|   |  | Article 3: State Budgeting Technical   |  |
| State budgeting<br>terminology            | HF 1936<br>(Vogel)                             | Miscellaneous technical modifications to state payment and debt collection procedures.   | Art. 3, all sections                     |
|   |  | Article 4: Administrative Rulemaking   |  |
| Administrative<br>Rulemaking              | HF 1433<br>(Kresha)                            | Various modifications to administrative rulemaking procedures, including expanded authorization for legislative objection and oversight of rules, and increased opportunities for analysis of the potential impact of rules. Proposed rules with a substantial economic impact may not be adopted until approved by law. | Art. 4, §§ 1, 4-35                       |
| Campaign finance<br>rulemaking            | HF 2419, with<br>modifications<br>(O'Driscoll) | Restricts the Campaign Finance and Public Disclosure Board's rulemaking authority to only technical and non-substantive rules.   | Art. 4, §§ 2,3                           |
|   |  | **Includes restriction on rulemaking authority only; does not codify existing rules.   |  |

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|-------------|---|---|-----------------------|--|
|             | Article 5: Minnesota Sports Facilities Authority                  |   |                       |  |
| MSFA Reform | HF 778, 3 <sup>rd</sup> Eng.,<br>with modifications<br>(Anderson) | Reforms various Minnesota Sports Facilities Authority practices and procedures, including increased legislative oversight of the Authority and restrictions on use of suites and other premium amenities. | Art. 5, all sections  |  |
|             |   | **Includes modification related to bond payment issues.   |                       |  |