

FILE NUMBER: S.F. 3134 **DATE:** May 12, 2010
Version: Second unofficial engrossment
Authors: Kahn and others
Subject: State government
Analyst: Mark Shepard

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd.

Article 1 State Government

Section

- 1** **Even-year legislative sessions.** Provides that the legislature may not meet in regular session in an even-numbered year before the date set for conduct of precinct caucuses.
- 2** **Permanent school fund land management analyst.** Requires the Legislative Coordinating Commission to undertake activities necessary to advise the legislature and monitor the executive branch on issues related to management of permanent school fund lands. Authorizes the LCC to hire staff for this purpose.
- 3** **Membership; Pension Commission.** Increases the membership of the Legislative Commission on Pensions and Retirement so that it will include seven (instead of five) members from each chamber. Provides that no more than five members from each chamber may be from the majority caucus in that chamber.
- 4** **Powers; Council on Black Minnesotans.** Authorizes the Council on Black Minnesotans to accept payments for advertising, use of exhibition space or commemorative videos or other items in connections with council publications, events, and programs. Appropriates these revenues to the council. Provides that the council may not publish advertising or provide exhibition space for any elected official or candidate for elective office. Requires reporting to the legislature on expenditure of funds under this section.
- 5** **Payment from heritage funds for audit costs.** Requires the outdoor heritage fund, the clean water fund, the parks and trails fund, and the arts and cultural heritage fund to pay the legislative auditor for costs incurred by the auditor to examine financial activities of the funds. Appropriates the amount required to make these payments from each fund. Requires the auditor to report annually on past and projected future expenditure of funds

under this section.

- 6 **Election day volunteers.** Authorizes the Secretary of State to use volunteers to assist in providing customer service information on election days.
- 7 **Two-sided printing.** Requires state printers to be configured, if feasible, so that the default option is for two-sided printing.
- 8 **Independent expenditure.** Provides that formal endorsements of a candidate do not qualify as an independent expenditure, unless the endorsement is accompanied by something else that would qualify it that way (for example, an endorsement announced via a paid television advertisement).
- 9 **Independent expenditure political committee.** Establishes a definition of “independent expenditure political committee.” This term is used as part of a new reporting requirement established later in the bill.
- 10 **Independent expenditure political fund.** Establishes a definition of “independent expenditure political fund.” This term is used as part of a new reporting requirement established later in the bill.
- 11 **Independent expenditure political fund; registration required.** Requires associations that are not a political committee and that only make independent expenditures to make the independent expenditure either by forming an independent expenditure political fund, if the expenditure exceeds \$100, or by contributing to an existing independent expenditure political committee or fund.
- 12 **Independent expenditure political committees and independent expenditure political funds; disbursements and penalties.** Establishes additional disbursements that may be made by an independent expenditure political committee or independent expenditure political fund in addition to independent expenditures. Penalties are provided for making an impermissible contribution or expenditure.
- 13 **Time for filing reports.** Requires political committees, political funds, and party units to file additional campaign finance reports during a general election year, including two reports prior to a primary and two reports prior to the general election. Beginning in 2012, three reports will be required prior to the primary election.
- 14 **Period of report.** Specifies the period that must be covered by a campaign finance report.
- 15 **Failure to file report.** Increases the late fee that may be assessed for failure to file a campaign finance report, and eliminates the existing grace period before the late fee begins to accrue.
- 16 **Contributions of business revenue.** Exempts an association’s contribution of revenue from the operation of a business to an independent expenditure political committee or independent expenditure political fund from the unregistered association contribution limits and reporting requirements in existing law.
- 17 **Contributions of dues or contribution revenue.** Exempts an association’s receipt of contributions to an independent expenditure political committee or independent expenditure political fund, or its own contribution of revenue from membership dues or fees to an independent expenditure political committee or independent expenditure political fund from the unregistered association contribution limits and reporting requirements in existing law. Certain reporting requirements are provided if the association has contributed more than

\$2,000 in a calendar year to an independent expenditure political committee or independent expenditure political fund. The report must include information on donors to the association who have contributed \$1,000 in the calendar year, including those who paid that amount through dues or membership fees. The report is to be submitted to the committee or fund's treasurer.

- 18 Treasurer to submit disclosure statements.** Requires a campaign finance report required by a new provision enacted earlier in the bill to be submitted by a political committee or political fund as part of its report to the campaign finance board.
- 19 Penalty.** Provides penalties for failing to provide a campaign finance report as required under this bill. Failure to provide the report carries a civil penalty up to four times the amount of the unreported contribution, up to \$25,000. A greater penalty may be assessed if the violation is intentional.
- 20 Mapped data on expenditures.** Provides that data on expenditure of money from dedicated legacy funds and from LCCMR funds may be made available on the Web in a manner that allows the public to obtain information by clicking on a map. Authorizes the Legislative Coordinating Commission to share public geospatial data with executive agencies.
- 21 Forest trust lands.** Provides for distribution from the forest suspense account for costs associated with LCC permanent school fund land management activities.
- 22 Agency receipts.** Provides that state agencies must make daily deposits of receipts totaling \$1,000 or more (instead of the \$250 in current law).
- 23 Recipients of state grants and appropriations.** Requires nonprofit organizations that receive a direct state appropriation or a state grant and HMO's that provide services to the state or to state employees to report the total compensation of the three highest paid directors, officers or employees of the organization.
- 24 Disposal of old buildings.** Upon request of an agency with control of a state-owned building, authorizes the commissioner of administration to sell, demolish, or otherwise dispose of buildings with an estimated market value of less than \$50,000.
- 25 Financing agreement.** Amends provisions governing the public buildings enhanced energy efficiency program by authorizing the commissioner of administration to solicit financing proposals on an individual project or line of credit basis. Provides that the term of a financing agreement on an individual project basis must be less than the average expected useful life of the energy saving measures implemented under the project.
- 26 Financing agreement.** Strikes language that limits public building enhanced energy financing arrangements to a master lease agreement.
- 27 Master lease-purchase agreements not debt.** For public building enhanced energy program, broadens potential financing arrangements by striking references to lease and lease-purchase.
- 28 Budget offset.** Provides that commissioner of administration must require a state agency that uses the state energy improvement program to certify the agency will commit funds sufficient to make rent payments under the financing agreement. Provides for reducing the

agency operating budget if these payments are not made, in an amount sufficient to make the payments.

- 29 Qualifying energy improvement projects.** Changes relating to financing agreements for energy improvement projects.
- 30 Fleet management.** Requires the Department of Administration to ensure optimum efficiency and economy in fleet management activities of all state agencies. Requires the commissioner to develop an inventory, uniform policies and guidelines, and to study cost-effectiveness of consolidating or privatizing some or all of the state vehicle fleet. Provides that state agencies authorized by the Department of Administration may operate a vehicle fleet management program in accordance with policies and guidelines developed by the Department of Administration.
- 31 Restriction.** Provides that a state agency may not enter into a barter agreement (unless approved by law) valued at more than \$100,000 annually (instead of the total value of \$100,000 in current law).
- 32 Veteran-owned small business.** Provides an exception from veterans preference in state purchasing when mandated by the federal government as a condition of receiving federal funds.
- 33 Office management and structure.** Authorizes the state chief information officer in the Office of Enterprise Technology (OET) to appoint a Webmaster responsible for supervision and development of state Web sites under control of the office. Requires the Webmaster, if appointed, to ensure that sites under control of the office are maintained in an easily accessible format consistent throughout state government and consistent with accessibility standards. Requires the Webmaster, if appointed, to assist other state agencies in regard to sites maintained by those agencies.
- 34 Responsibilities.** Requires OET, in establishing state information architecture, to ensure enhanced public access to data on Web sites, consistent with standards to be developed by OET.
- 35 Standards for transparency.** Requires the state chief information officer, in consultation with the Information Policy Analysis Division, to develop and maintain standards and guidelines for enhanced public access to electronic data maintained by state government, consistent with the Minnesota Government Data Practices Act. Requires the standards to ensure that: public access to agency data is facilitated; publicly available data is managed using an approved state metadata model; and that geospatial data conform to an approved state geocode model.
- 36 Registration.** Provides that fees collected from federated funding organizations participating in the state employee combined charitable campaign are appropriated to the commissioner of MMB, to be expended with approval of the Combined Charities Board, for costs associated with administering the annual campaign.
- 37 Conditions requiring membership; WCRA.** Provides that the commissioner of administration, rather than the commissioner of management and budget, represents the state on the Workers Compensation Reinsurance Association.

- 38 **Integration of data.** Provides that clean water partnership data must be made available using standards adopted by OET and geospatial standards of MnGIO.
- 39 **Groundwater quality monitoring.** Requires results of groundwater quality monitoring by state agencies and political subdivision to be made available using standards adopted by OET and geospatial standards of MnGIO.
- 40 **Staff; resource recovery.** Provides that the commissioner of administration may (instead of shall) employ an administrator to manage the resource recovery program.
- 41 **Recycling goal.** States as a goal (rather than a mandate) of the state recycling program to recycle at least 60 percent of the solid waste generated by state offices and other state operations. Makes this goal apply to all state offices (the current mandate applies only to state offices in the metropolitan area). Strikes language requiring the commissioner of administration to notify and provide information to agencies whose goal has not been met, and instead requires the commissioner to provide agencies with their performance against the goal, along with information about recycling opportunities to increase performance.
- 42 **Materials recovery facility.** Provides that the commissioner of administration may, instead of shall, perform audits on solid waste and recyclable materials collected. Strikes references to specified measurements.
- 43 **Information technology.** Provides that to the extent work of the Minnesota Science and Technology Authority impact state information systems, these systems are subject to the jurisdiction of the Office of Enterprise Technology.
- 44 **Duties.** Provides that the Permanent School Fund Advisory Committee must consult with the LCC in its work relating to school trust fund lands.
- 45 **Candidate.** Specifies that federal candidates for office are not subject to the requirements of the fair campaign practices act. These candidates are regulated by federal law and the Federal Election Commission with respect to campaign finance issues.
- 46 **Campaign material disclaimer.** Revives the provision of law requiring campaign material to contain a disclaimer, which has been declared unconstitutional, by increasing the exemption applicable to individuals or associations acting independently and with their own resources. The exemption would permit anonymous campaign material if the amount spent is less than \$2,000. The current law, which is unenforceable, provided a \$500 exemption.
- 47 **Prohibited corporate contributions.** Provides a conforming change to the existing prohibition on corporate contributions to candidates to reflect a change made later in the bill, which permits corporations to engage in independent expenditure activity.
- 48 **Corporate independent expenditures.** Permits corporations to make independent expenditures to promote or oppose a candidate for public office. This provision would bring Minnesota law in line with the recent U.S. Supreme Court *Citizens United* decision.
- 49 **Election or ballot question expenses; public utilities.** Prohibits the public utilities commission from allowing a public utility to recover from ratepayers costs associated with a contribution or expenditure made for a political purpose by the utility. This section does not prohibit a utility from engaging in political activity, but instead effectively requires that the costs associated with making a political contribution or expenditure be paid for using

funds other than those paid by the utility's ratepayers.

- 50 Cost; use of data.** Requires state archaeologist data relating to burial grounds to be made available using standards adopted by OET and geospatial standards of MnGIO
- 51 Definition.** Eliminates a \$150 filing fee for declarations of trust (The Secretary of State's office says these documents are rarely filed and that the cost of programming the payment and tracking software to deal with this type of document exceeds the fees collected. So, this bill makes the fee zero.)
- 52 Electronic access.** In law dealing with electronic access to the Secretary of State's central filing system, provides that any Social Security number information or tax identification number information in possession of the Secretary of State is private data on individuals or nonpublic data.
- 53 Compilation.** In law dealing with the Secretary of State's computerized financing statement filing system, requires information to be organized according to numerical order of a unique identifier associated with the Social Security or tax identification number of the debtor.
- 54 Distribution of master and partial lists.** Provides that Secretary of State financing statement information on farm products must be arranged numerically by a unique identifier associated with the Social Security or tax identification number of the debtor.
- 55 Restricted use of information.** In law dealing with Secretary of State records on farm products, provides that Social Security or tax identification number information is private or nonpublic data.
- 56 Copies.** Requires Secretary of State (instead of county auditor) to send notice of a town's dissolution to specified officials, and adds that the notice must be sent to the commissioner of revenue.
- 57 Auditor to sum up report.** Upon organization of a town, requires Secretary of State to distribute copies of an abstract of a report to specified state officials.
- 58 Nonresident; agent to accept service.** Changes the filing fee charged to a nonresident of this state who owns an interest in Minnesota real estate and who files a document appointing an agent to accept service of process on the nonresident in regard to the real estate. This would involve a situation in which the nonresident is sued or otherwise becomes involved in litigation or other court proceeding involving the real estate. The existing fee of 15 cents per "folio" on this now rarely-filed type of document was set prior to 1906 on the archaic "folio" basis, which is difficult and costly to administer. A "folio" is 100 words, so determining the fee requires counting the number of words in the document. This section changes the fee to a flat \$50.
- 59 Cooperative local facilities grant.** Amends a section enacted in the 2010 bonding bill, which requires the commissioner of administration to make grants to local government units. The governor item-vetoed the appropriation in the bonding bill for this function, so this bill amends the section to provide that the commissioner shall make the grants only within the limits of available appropriations.

- 60 Study of depository accounts.** Requests the Carlson School of Management at the University of Minnesota to study specified issues relating to potential transfer of state depository accounts to community financial institutions.
- 61 Government efficiency and transparency studies.** Requires commissioner of MMB, in consultation with the state chief information officer, to report on feasibility and estimated costs of entering into a lease or lease-purchase arrangement with a private nonprofit organization to provide a centralized data center for state agencies or to upgrade current facilities for purposes of data center consolidation. Requires the commissioner to consider shared service contracts with units of local government. Authorizes the commissioner to enter into a lease purchase agreement if the commissioner concludes such as agreement would be cost beneficial.
- Requires the chief information officer to report by January 15, 2011, regarding development of standards for enhanced public access to data.
- 62 Request for proposals.** Requires the commissioner of revenue to issue an RFP for a contract to implement a system of tax analytics and business intelligence tools to improve and prioritize audit and collection activities.
- 63 Commission on Service Innovation.** Requires the governor to appoint a Commission on Service Innovation to produce a strategic plan to reengineer the delivery of state and local government services.
- 64 Cost recovery.** Authorizes the office of enterprise technology to bill executive branch state agencies and offices during the biennium ending June 30, 2011, for increased costs the offices incurs in implementing amendments to Minnesota Statutes, chapter 16E, as a result of this act.
- 65 Business intelligence and information analytics.** Requires the Legislative Coordinating Commission to issue a request for information or a request for proposals for the legislature to obtain business intelligence and information analytics software or software services.
- 66 Appropriations; assistive voting equipment.** Appropriates \$300,000 from the HAVA account to the Secretary of State for grants to counties to defray operating costs of assistive voting equipment and vote-counting equipment in polling places. Provides that grants are up to \$300 per polling place, until this appropriation is exhausted, and requires proration of grant amounts to match the amount available. Specifies eligibility and application criteria. Requires reporting.
- 67 Appropriations; optical scan equipment.** Appropriates \$2.1 million from the HAVA account to the Secretary of State for grants to counties to purchase optical scan voting equipment. Specifies eligibility and application criteria. Requires reporting.
- 68 Repealer.** Repeals a 2005 law (amended in 2009) dealing with appropriations from the HAVA account for grants to purchase optical scan voting equipment. Repeals section 645.44, subdivision 19 (requiring a fee to be treated as a tax). Repeals section 211B.15, subd. 12, which requires corporate political reporting to the secretary of state.

Article 2

Strategic Plan

- 1 Strategic plan report.** Requires the Minnesota Innovation and Research Council to report by January 15, 2011, with a strategic plan to improve state and local government delivery of public services.

Article 3

Minnesota Innovation and Research Council

- 1 Recommendations to council.** Authorizes the legislative auditor to make recommendations to the council.
- 2 Definitions.** Defines terms in the laws governing the Minnesota Innovation and Research Council.
- 3 Minnesota Innovation and Research Council.** Creates a 15-member council, consisting of two senators, two house members, three executive agency heads, an administrative law judge, the State Auditor, two higher education representatives, and one member appointed by each of the following: Minnesota Council on Nonprofits, Minnesota Council on Foundations, Minnesota Chamber of Commerce, and AFSCME. Provides that legislators are nonvoting members, and that only the three agency heads, the administrative law judge and the State Auditor may vote on waiver requests.

Specifies duties for the council, including: acting on applications from local government units and nonprofit organizations for waivers from administrative rules and for temporary, limited exemptions from enforcement of procedural requirements in law; making grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management; making grants to local government units for service-sharing grants; making recommendations regarding state mandates on local government.

- 4 Rule and law waiver requests.** Authorizes a local government unit or a nonprofit organization to request the Minnesota Innovation and Research Council to grant a waiver from administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit or nonprofit organization. This authority is very similar to authority in current section 6.80 (repealed at the end of this bill) for the State Auditor to grant these waivers or exemptions, except that authority does not extend to nonprofit organizations. This section specifies the process for the council to review and act on these waiver and exemption requests, and criteria and conditions for waivers and exemptions.
- 5 Waiver of state rules; policies.** Authorizes a state agency to apply to the council for a waiver from an administrative rule or policy adopted by MMB or the Department of Administration governing the state personnel system, the state procurement system, or the state accounting system. Specifies a process for the council to review and act on these

requests, and criteria for granting waivers.

- 6 **Innovation and redesign grants.** Authorizes local government units or not-for-profit organizations to apply to the council for grants to be used to develop models for service redesign, or to meet the start-up costs of providing shared services of functions. Requires applicants to specify a nonstate funding source for 25 percent of the total cost. Specifies criteria for the council to consider in evaluating these grants.
- 7 **Scoring system.** Specifies a point-based scoring system for the council to evaluate grant applications.
- 8 **Repayment of grants.** Provides that the council may require a grant recipient to repay all or part of the cost of a grant if the council determines the project resulted in actual savings for the participating local units of government. Requires the grant agreement to specify how to determine savings and the period for repayment.
- 9 **Policy innovation and research.** Requires the council to select policy innovation topics for review by independent organizations. Requires the council to prepare requests for proposals relating to these topics, and specifies criteria for considering submissions.
- 10 **Receipts; appropriation.** Authorizes the council to charge a fee for use of services provided by council staff, and appropriates fee receipts to the council.
- 11 **Guaranteeing increased value to the taxpayer.** Requires the council to report by January 15 each year on the council's net spending, the amount of savings and increased outcomes to the taxpayer identified by the council and the actual documented savings to state and local governments. Provides that the council sunsets June 30, 2014, if the reports do not demonstrate and make recommendations for specified savings. Requires entities receiving grants or waivers to document and verify savings. Requires the council to make every effort to obtain \$3 in savings and show increased value to the taxpayers for each net state dollar spent by the council. Requires the council to promote and drive innovative practices, and to make specified recommendations to the legislature.
- 12 **Sunset.** Provides that the council and laws associated with it sunset on June 30, 2018.
- 13 **Appropriations.** Appropriates \$50,000 to the council for the fiscal year ending June 30, 2011.
- 14 **Repealer.** Repeals Minnesota Statutes, section 6.80, which gives the State Auditor authority over local government rule and law waiver requests.