

**Subject** State and Local Government Policy and Finance Bill

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## Overview

This bill, as amended by H3431DE4, is the state and local government policy and finance bill for the 2024 legislative session. Articles 1 and 2 contain a number of appropriations and policy provisions related to the operation of state government. Article 3 contains several local government policy provisions.

## Article 1: State Government Appropriations

This article contains appropriations, transfers, and amendments to past appropriations and transfers, related to the operation of state government.

### Section Description – Article 1: State Government Appropriations

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**1 Government and citizen services.**

Provides a technical clarification to an appropriation provided to the commissioner of administration for grants management oversight in the 2023 state government finance appropriations and policy bill.

**2 Fiscal agent.**

Provides clarification to the appropriations provided to the commissioner of administration in the 2023 state government finance appropriations and policy bill, related to grants to the Association of Minnesota Public Educational Radio Stations.

This section also amends language related to public television block grants.

**3 Capitol Area community vitality account.**

Directs the expenditure of funds from the Capitol Area community vitality account. The account was created and funded in the 2023 economic development finance and policy bill, but funds may not be expended until further approved by law. This section constitutes that approval. The funds are directed to the city of St. Paul,

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- Department of Planning and Economic Development, and the Capitol Area Architectural and Planning Board.
- 4     **Appropriation; commissioner of administration; in lieu of rent.**  
Appropriates money to the commissioner of administration for certain space costs related to public-facing processional services on the Capitol complex.
- 5     **Healthy and sustainable food options account; transfer.**  
Establishes a healthy and sustainable food options account in the special revenue fund. Money in the account is appropriated to the commissioner of administration for enhancing and sustaining healthy food alternatives on the state capitol complex.
- 6     **Green space; Capitol Parking Lot C.**  
Appropriates money to the commissioner of administration related to designing, constructing, and equipping additional greenspace and other amenities on the site of Parking Lot C (the corner of Rice Street and University Avenue, in St. Paul).
- 7     **Appropriation; Hubert H. Humphrey statue.**  
Appropriates money to the commissioner of administration, to replace the statue of Henry Mower Rice in the Statuary Hall of the United States Capitol with a statue of Hubert H. Humphrey. The statue would replicate the existing statue of Hubert H. Humphrey that stands on the Minnesota State Capitol Mall.
- 8     **Cancellation; appropriation; Capitol Mall Design Framework.**  
Cancels and reappropriates money for implementation of the Capitol Mall Design Framework. The appropriated funds must be used for specific elements of the framework, as described in the bill. The funds are available until December 31, 2029.

**Article 2: State Government Policy**

This article contains a variety of policy provisions related to the operation of state government.

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- 1     **Definitions.**  
Adds the Public Utilities Commission to the list of agencies that are required to engage in a government-to-government consultation process with relevant Tribes on matters that have Tribal implications.

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**2 Administrative courts.**

Provides data practices classifications for the Office of Administrative Hearings, the Tax Court, and the Workers’ Compensation Court of Appeals.

The classifications include those related to notes and memoranda or drafts prepared by a judge or employee and used in providing a court services and health-related documents and data included in a court file. Both types of data carry a classification as other than public. Not public data may be disclosed by the court orally during a court proceeding, or in certain written documents when the discussion is necessary and relevant to a legal matter or issue.

**3 Electronic documents permitted.**

Requires an agency to file rule-related documents with the Office of Administrative Hearings in an electronic format. Under current law, electronic filing is a permissive option for an agency.

**4 Approval of rule and rule form; costs.**

Provides technical changes to certain filing requirements related to adopted rules, including elimination of a requirement that the chief administrative law judge file four paper copies of an adopted rule with the secretary of state. An electronic copy still must be filed.

**5 Filing.**

Eliminates a requirement that the chief administrative law judge file four paper copies of an adopted rule with the secretary of state. An electronic copy still must be filed.

**6 Filing.**

Eliminates a requirement that the administrative law judge file four paper copies of an adopted rule with the secretary of state. An electronic copy still must be filed.

**7 Procedure for adopting exempt rules; duration.**

Eliminates a requirement that an agency file with the secretary of state four paper copies of a rule adopted using the exempt rulemaking process. An electronic copy still must be filed.

**8 Notice.**

Modifies terminology related to a deadline for interested parties to submit comments to the Office of Administrative Hearings related to a proposed rule, to refer to “working days” instead of “business days” in calculating the five-day submission period.

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- 9        **Notice plan; prior approval.**  
Amends requirements related to an agency’s adoption of a plan for notifying certain persons or classes of persons who may be significantly affected by a rule repeal. Under current law, the plan must be approved by the chief administrative law judge; this section would permit any administrative law judge to approve the plan.
- 10       **Legal review.**  
Permits the applicable administrative law judge, rather than requiring the chief administrative law judge, to approve an agency’s proposal to repeal an obsolete rule.
- 11       **Chief administrative law judge.**  
Amends the law governing the role of the chief administrative law judge, to provide clarity regarding continuity in the role. Among the amendments, the chief judge is required to appoint a deputy chief judge. This section also establishes procedures for appointing an acting or temporary chief administrative law judge, in the event of a vacancy in the position.
- 12       **Interpreters.**  
Permits the chief administrative law judge to retain and utilize interpreters identified by the Supreme Court’s Court Interpreter Program. Contracts for interpreters are not subject to state procurement and purchasing requirements.
- 13       **Administrative law judge decision final; exception.**  
Provides that an existing 90-day deadline that applies to agency action in response to an order or report of an administrative law judge is tolled (temporarily suspended) while the chief administrative law judge considers an agency request for a reasonable extension to that deadline.
- 14       **Internet grant information.**  
Eliminates a cross-reference to a section of statute that is repealed by this bill.
- 15       **Administrative law judge; salaries.**  
Provides terminology updates to the law governing the salary structure for certain administrative law judges, including that the deputy chief judge’s salary is equal to the salary of a district court judge.
- 16       **Capital project replacement accounts.**  
Requires grantees of a direct appropriation or grant of state money for a capital project to establish a capital project replacement fund for future capital improvements to the project.

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**Subd. 1. Definitions.** Defines the terms “commissioner” and “preservation” for purposes of the section.

**Subd. 2. Replacement account establishment.** Requires a grantee of a direct appropriation or grant of state money for a capital project to establish a capital project replacement fund for future capital improvements to the project. Money must remain in the account for the useful life of the capital project unless use of the fund is approved by the granting state agency for capital improvements to the project or to address a capital project for a different capital asset owned by the grantee. Also requires the grantee to adopt a capital project replacement policy. Clarifies that a grantee is not a state agency or state official.

**Subd. 3. Minimum deposits; fund balance.** Requires the commissioner of administration to determine the annual minimum deposit amounts into capital project replacement funds. Clarifies that a grantee must not be required to maintain a capital project replacement fund balance greater than the amount of the direct appropriation or grant of state money for the capital project.

**Subd. 4. Exceptions.** Exempts grantees from having a capital project replacement fund for a project if the project also requires a replacement fund under a different law, rule, or ordinance, so long as the deposits into the replacement fund are at least as large as the minimum deposits established by the commissioner.

**Subd. 5. Penalty.** Authorizes the assessment of a penalty equal to one percent of the appropriation of state money for the capital project for each year of noncompliance. Penalty fees are deposited in the general fund.

This section is effective for capital projects funded through state capital project grant agreements entered into on or after July 1, 2024.

**17 Federal Assistive Technology Act.**

Updates technical references to the federal law governing Assistive Technology, to reflect the 21<sup>st</sup> Century Assistive Technology Act, which was enacted in 2023 as a renewal of the prior law. The Department of Administration’s responsibility to act as the lead agency to carry out the responsibilities of the federal law remain unchanged.

This section also requires the governor to appoint a representative of the Board on Aging to the Minnesota Assistive Technology Advisory Council.

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**18 Reimbursements.**

Amends the deadline for the commissioner of administration to report to the legislature on the agency rates to be charged for the general services revolving funds. The deadline is moved from July 1 to September 15 of each year.

The general services revolving funds are cashflow accounts used by the commissioner of administration to fund services provided by the commissioner to other state agencies and users. Agencies that receive services from the commissioner provide reimbursement for those services through the appropriate revolving fund.

**19 Vehicles.**

Permits state vehicles used by staff of the Office of Ombudsman for Long-Term Care to be unmarked.

**20 State building renewable energy; storage; electric vehicle account.**

Establishes a state building renewable energy, storage, and electric vehicle account in the special revenue fund. The purpose of the account is to provide funds to state agencies for renewable energy improvement and renewable energy storage projects at state buildings; purchase state fleet electric vehicles; purchase and install electric vehicle service equipment; and carry out other management projects directed by the commissioner of administration.

A number of structural and administrative details related to the account are provided, including definitions, authority for the commissioner of administration to apply for, receive, and spend money made available from federal, state, and other sources.

**21 Grant agreement.**

Clarifies that any capital project grant subject to the capital project cancellation statute is exempt from Office of Grants Management grant policies. This is consistent with the treatment of capital project grants funded with state general obligation bond proceeds and capital project grants to political subdivisions.

**22 Limitation.**

Clarifies that any capital project grant subject to the capital project cancellation statute is exempt from Office of Grants Management grant policies. This is consistent with the treatment of capital project grants funded with state general obligation bond proceeds and capital project grants to political subdivisions.

**23 Report.**

Amends reporting requirements related to standards for state agencies to minimize energy use and increase the use of renewable fuels, so that the content of an existing

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- biennial report is instead made available on a public dashboard maintained by the Office of Enterprise Sustainability.
- 24      **Generally.**  
Modifies the deadline for MMB to submit its annual report to the legislature related to debts owed to the state that are determined to be uncollectible. Under current law, the report is due October 31 of each year. This section amends the report date to November 30 of each year. This reporting requirement was first enacted in 2019.
- 25      **Discretionary powers.**  
Provides as a discretionary authority for the Department of Information Technology Services the ability to sponsor, support, and facilitate certain types of initiatives related to economic and community development and government services.
- 26      **Duties.**  
Provides a number of miscellaneous amendments to the duties of the Department of Information Technology, including related to an annual report to the legislature regarding the department’s comprehensive projects and initiatives portfolio.
- 27      **Chief information officer’s responsibility.**  
Amends duties of the state’s chief information officer (CIO) related to oversight of the state’s information and telecommunications technology systems and services.
- 28      **Evaluation and approval.**  
Modifies language related to the manner in which the CIO, or the CIO’s designee, records approval of a proposed IT project.
- 29      **Evaluation procedure.**  
Modifies standards for evaluating proposed agency IT projects, focusing on a cost benefit analysis of the project or initiative.
- 30      **Report to legislature.**  
Amends an existing legislative report on IT projects, to require that the CIO report on IT projects that are specifically being proposed as part of the governor’s budget.
- 31      **Cyber security systems.**  
Provides miscellaneous updates to the duties of the CIO related to the state’s cybersecurity, including permitting the CIO or the state chief information security officer to advise and consult with state entities and political subdivisions that are not otherwise part of the department’s scope of work.

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**32 Responsibilities.**

Amends certain responsibilities related to the state information architecture to be discretionary responsibilities of the department, rather than mandatory.

**33 Risk assessment and mitigation.**

Increases the threshold for when a risk assessment and risk mitigation plan for a proposed IT project must be conducted by an entity outside of state government. The threshold is increased from \$5,000,000 to \$10,000,000 in expected project cost.

**34 Online government information services.**

Establishes MN.gov as the state’s comprehensive online government information services system, replacing the prior “North Star” system. A number of miscellaneous and conforming changes, including changes that more narrowly focus its goals.

**35 Cybersecurity incidents.**

Requires that any cybersecurity incident impacting a state agency; a political subdivision; a school district, charter school, intermediate district, cooperative units, and public postsecondary institution be reported to the Bureau of Criminal Apprehension, in coordination with the Department of Information Technology Services. This requirement begins December 1, 2024. A number of details related to how a report must be made, and how information related to the report must be handled, are included.

An annual report to the legislature, beginning January 31, 2026, related to these reports is required.

**36 Public employee participation.**

Extends the term of participation in the public employee insurance program from two years to four years, and permits the exclusive representative of employees participating in the program, or the employer of unrepresented employees, to withdraw if premiums increase 20 percent or more from one year to the next. Under current law, this withdrawal is permitted only if premiums increase 50 percent or more.

**37 Recommendation.**

Provides a conforming change related to the repeal of section 211B.06 of the Fair Campaign Practices Act, prohibiting false political and campaign material.

**38 Time for review.**

Amends timing requirements related to an assigned administrative law judge’s conducting of a hearing on a fair campaign practices or local campaign finance law



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complaint, after the judge determines that the complaint sets forth a prima facie violation of the applicable law.

**39 Disposition.**

Requires the administrative law judge to act within three business days after the close of the hearing record, following a probable cause hearing.

**40 Deadline for hearing.**

Amends standards that require the chief administrative law judge to assign a complaint to a panel of three administrative law judges, including when the complaint is determined to have set forth a prima facie violation and it was not filed within 60 days before a primary or special election, or 90 days before a general election.

**41 Time for disposition.**

Requires an administrative law judge panel to act on a complaint within three business days after a hearing record closes, if an expedited probable cause hearing was required. Under current law, the panel must act within three calendar days.

**42 Responsibilities.**

Requires the Capitol Security Division of the State Patrol to provide emergency assistance and security escorts at locations within the Capitol Area, when requested by a state constitutional officer.

**43 Cemeteries; records and condition assessments.**

Requires that the Indian Affairs Council approve the professional archaeologist, qualified anthropologist, or other appropriate expert leading the work, when conducting a cemetery assessment where probable American Indian cemeteries are to be disturbed or probable American Indian remains analyzed.

**44 Expiration and renewal.**

Requires that the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design (AELSLAGID) send a notice by email to each license or certificate holder, no later than 30 days prior to expiration of the license or certificate. The notice must include information on renewal.

The board would newly be required to collect email addresses from license and certificate applicants for this purpose. If the board does not have an email address on record, the notice must be sent by standard mail.

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**45 Uniform Commercial Code account.**

Amends the permissible uses of the Uniform Commercial Code account in the state treasury. This account is used by the secretary of state for a variety of purposes related to the central filing system required for business filings, retrieval, and payment method services.

**46 Qualifications; registration required.**

Requires a notary to register with the secretary of state before performing electronic notarial acts, consistent with the registration requirements of the remote online notary public law.

**47 Database of notaries public.**

Requires the secretary of state's existing online database of notaries public to indicate whether a person has the authority to perform notarial acts on electronic records, rather than whether a notary has applied to the commissioning officer or agency for this authority.

**48 Registration to perform electronic notarizations.**

Provides that the term of a notary's registration to perform electronic notarial acts begins on the registration starting date set by the secretary of state, and continues as long as the notary remains commissioned as a notary.

**49 Specifications.**

Provides that a notarial stamp that was in compliance with the requirements of the law at the time the stamp was issued may continue to be used through the end of a notary's term, even if the changes to these requirements are enacted before the end of that term.

**50 False political and campaign material; repealer.**

Repeals Minnesota Statutes, section 211B.06, related to false political and campaign material. In 2014, this section was determined to be unconstitutional by the 8th Circuit Court of Appeals, in the context of advocacy related to ballot questions.

**51 Federal education law implementation report; repealer.**

Repeals a requirement that the commissioner of management and budget report the amount of federal revenue that the federal government could withhold if the state decided to stop implementing the Elementary and Secondary Education Act (ESEA).

The ESEA was first signed into law in 1965, and has been reauthorized periodically since then. It authorizes the biggest source of federal funds for public elementary and secondary schools. In 2002, Congress enacted No Child Left Behind as a

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reauthorization of ESEA. States that did not comply with the requirements of No Child Left Behind risked losing federal funds.

In 2015, No Child Left Behind was replaced by the Every Student Succeeds Act (ESSA). ESSA requires states to submit plans that meet certain requirements. Minnesota's ESSA plan was approved in early 2018, and remains in effect.

**52 Department of Information Technology Services; repealer.**

Repeals a series of sections and subdivisions of statute that relate to various IT services, including a requirement that the CIO prepare an inventory of IT technology owned or leased by the department; that certain types of IT projects be approved in phases; and certain requirements related to electronic government services and the electronic conduct of state business.

## **Article 3: Local Government Policy**

This article contains local government policy provisions.

**Section Description – Article 3: Local Government Policy**

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**1 Hennepin County; set-aside contracts.**

Authorizes Hennepin County to award set-aside contracts to businesses and social services organizations that employ individuals eligible for public assistance or who would require rehabilitative services in the absence of their employment, even though the businesses or organizations do not meet the threshold of half or more of the employees meeting the criteria.

A vendor providing construction services that does not have at least 50 percent of its employees that meet the public assistance or rehabilitative services criteria must have as many employees that meet the criteria as is practicable, taking into consideration industry safety standards, established supervisory ratios for apprentices, and requirements for licensed persons to perform certain work.

Technical amendments are made throughout.

**2 Anoka County; jail and criminal justice center.**

Authorizes Anoka County to build a jail and criminal justice center in any city in the county to replace the current jail in the city of Anoka. Also authorizes the sheriff to keep an office in the new jail and criminal justice center. Effective the day following final enactment.

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**3 Repealer.**

Paragraph (a) repeals a statute codified in 2017 that provides all merchants in the state with the option to provide customers a paper, plastic, or reusable bag for packaging purchased items or goods. The statute also prohibits a political subdivision from imposing a ban on merchant bags. The repeal of the language is effective the day following final enactment.

Paragraph (b) repeals a 1979 special law that phased out the imposition and collection by the city of St. Paul of a franchise fee from a public utility based on residential gas or electricity sales in the winter months (November through April). The repeal is effective the day after the governing body of the city of St. Paul and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.



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