**A bill for an act** related to state and local government, establishing a public integrity law, prohibiting certain acts, establishing requirements, amending Minnesota Statutes sections 10A.01, 10A.07, adding a section and repealing parts.

**10A.01 DEFINITIONS**

Subd. 26a. **Official.** Official means a public official or a local official of a metropolitan governmental unit

**10A.07 PUBLIC INTEGRITY (Strike all existing language. All language below is new)**

Subdivision 1. **Title and Applicability**. Sections 10A.07 through 10A.09 constitute the Minnesota Public Integrity Law and apply to public officials and local officials of metropolitan governmental units.

Subd 2. **Statement of findings and intent.** The legislature, having considered the importance of the integrity and independent judgment of Minnesota officials, makes the following findings and statements of intent:

(1) It is essential to the proper conduct and operation of government that officials be independent and impartial and that public office not be used for private gain other than the remuneration provided by law. The public interest, therefore, requires that the law protect against any conflict of interest and establish standards for the conduct of elected or appointed officials in situations where conflicts may exist.

(2) It is also essential that government attract those citizens best qualified to serve. Thus, any law related to public integrity must be so designed and administered as not to impede unreasonably or unnecessarily the recruitment and retention by government of those best qualified to serve. Officials should not be denied the opportunity, available to all other citizens, to acquire and retain private financial interests.

(3) It is the policy of the state that officials shall not permit any financial interest, direct or indirect; any business transaction or professional activity; or any obligation of any nature to substantially conflict with the proper discharge of the official’s duties in the public interest.

(4) It is the policy of the state that officials shall not use the public resources they control in their official positions to influence their own election to office or to influence the election of others to office or to promote or defeat a ballot question unless promoting or defeating a particular ballot question is part of the mission of the public entity in which the official serves.

(4) It is the intent of the Minnesota Public Integrity Law to implement these objectives of protecting the integrity of government and of facilitating the recruitment and retention of qualified personnel by prescribing reasonable requirements for disclosure of conflicts of interest and for actions to be taken upon the occurrence of a conflict of interest.

Subd. 3. **Conflict of Interest defined.** (a) A conflict of interest occurs:

(1) when there is a conflict between the public duty and a private interest of an official, in which the official's private interest could improperly influence the performance of the official’s public duties and responsibilities; or

(2) when an official is called upon to take action or make a decision or to refrain from taking action or making a decision in a matter in which the official knows or has reason to know the official has a financial interest.

(b) A potential conflict of interest arises at the time that an official learns of a matter in which the official will be called upon to take action or make a decision that could affect the official or a financial interest of the official differently than the public generally or a significant segment of the public.

(c) It is not a conflict of interest for an official who serves on a board, commission, or similar entity as the representative of a political subdivision, school board, public higher education system or similar governmental or quasi-governmental entity to take action or make a decision on matters that may have an effect on the financial interests of the entity that the official represents unless such action or decision also affects other financial interests of the official.

Subd. 4. **General prohibitions.** (a) An official shall not

(1) use an official position or office, take or fail to take any action, or make any decision in a matter which the official has a financial interest;

(2) use or make available public resources to make expenditures to influence the nomination or election of candidates;

(3) use or make available public resources to expressly advocate for or against a ballot question unless the public entity whose resources are being used has made a formal and public determination that such use is permitted and that advocacy for or against the ballot question is part of the mission of the public entity in which the official serves.

(b) Except as authorized in sections 471.87, an official who is authorized to take part in any manner in making any sale, lease, or contract in an official capacity shall not voluntarily have a financial interest in that sale, lease, or contract or personally benefit financially therefrom.

Subd. 5. **Financial Interest.** (a) An official has a financial interest in an action or decision if it is reasonably foreseeable that the action or decision will have a material financial effect, distinguishable from the effect on the public generally or on a significant segment of the public, on any of the following:

(1) the official, the official’s spouse, the official’s minor or adult child, the official’s parent;

(2) any source of income other than a gift, aggregating more than $2,500 in value, provided, promised to, or received by, the official or the official's spouse within 12 months prior to the time the action or decision comes before the official;

(3) any business entity in which the official has direct or indirect investments that are worth more than $2,500;

(4) except as provided in paragraph (b), the client, customer, or other source of business income of a business, including a sole proprietorship, in which the official has a direct or indirect ownership interest of at least 10 percent and the official’s direct or indirect pro-rata share of gross receipts from that client, customer, or other source of business income is more than $2,500;

(5) any business entity in which the official or the official's spouse is a director, officer, partner, or trustee, or holds a similar position of management;

(6) any real property in which the official has a direct or indirect interest worth more than $5,000, excluding residential homestead real estate and up to 40 acres of agricultural homestead real estate;

 (7) any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating more than $100 in value provided to, received by, or promised to the official, the official’s spouse, or the official’s minor child within the previous 12 months, excluding gifts from relatives and gifts provided based on personal friendship, unless the official has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the official and not because of the personal friendship, and also excluding gifts specified by the board in rules or advisory opinions.

(b) a financial interest in a matter does not arise with respect to a retail customer of a business entity engaged in retail sales of goods or services to the public generally if the retail customers of the business entity constitute a significant segment of the public generally, and the amount of income received by the business entity from the customer for the goods or services received is not distinguishable from the amount of income received from its other retail customers purchasing similar goods or services.

(c) For purposes of this section and section 10A.091, indirect investment or interest means any investment or interest owned by the spouse or minor child of an official, or by an agent on behalf of an official, the official’s spouse, or the official’s minor child.

(d) For the purposes of this section and section 10A.091, "the public generally" means the citizens of the state as a group or the members of an industry, trade, or profession. **"**A significant segment of the public" means (a) any recognized subgroup or specialty of an industry, trade, or profession; (b) a legislative district, county, city, or school district; (c) a segment of the public consisting of a significant number of persons sharing a characteristic, (d) a significant number of parcels of real estate, (e) any other group or segment specified in board rules, advisory opinions, or findings as constituting a significant segment of the public.

Subd. 7. **Disclosure of conflicts of interest.** (a) An official who in the discharge of official duties has a conflict of interest or a potential conflict of interest must take the following actions:

(1) prepare a written statement describing the matter requiring action or decision and the nature of the conflict of interest or potential conflict of interest;

(2) deliver copies of the statement as follows:

(i) If the official is a member of the legislature, to the presiding officer of the body in which the member serves,

(ii) If the official is a member of the governing body of a metropolitan governmental unit, to the presiding officer of the body of service,

(iii) If the official is a member of a board, commission, or other entity, to the chief executive officer of the board, commission, or entity and to the chair of the board, commission, or other entity.

(iv) If the official is an employee, to the official's immediate supervisor and to the chief executive officer of the state agency, board, metropolitan governmental unit, or other body in which the official serves.

(v) If the official who has the conflict of interest or potential conflict of interest is one of the persons to whom the statement must be delivered under the parts (i) through (iv), the official must deliver the statement to the next most senior executive or member.

(3) file a copy of the statement with the board.

(b) The statement required in part (a) must be prepared, delivered, and filed within 24 hours of the time at which the official becomes aware of the conflict of interest and, in any case, prior to the time that the official is called upon take action or make a decision regarding the matter.

(c) If a conflict of interest presents itself and there is insufficient time to comply with the requirements of clause (a) within the time specified in clause (b), the public or local official must orally inform the appropriate persons listed in clause (a)(2) of the potential conflict and must comply with the disclosure requirement of clause (b) as soon thereafter as practical.

(d) If the official is a member of the legislature, of the governing body of a metropolitan governmental unit, or of a board, commission, or similar entity for which the use of alternate voting members is not provided in law, the official must abstain from debate or discussion of the matter and from any action or decision taken regarding the matter. If the official has control of what matters come before the body for consideration, the official must cede that control to the next individual in succession with regard to the matter that presents the conflict of interest.

(e) If the official is an employee or a member of a board, commission, or entity for which the use of alternate voting members is provided in law, the official must recuse himself or herself from the matter and may not participate in discussion or debate or the matter, or take part in any decision regarding the matter. In the case of a member, an alternate member may take the official’s place with respect to the matter. In the case of an employee, the recused official's superior may assign the matter to another employee who does not have a conflict of interest and that employee may participate in and vote on the matter. If the recused official does not have a superior, the agency, commission, or similar entity may designate another employee to serve in the recused official’s place. In the event that an alternate member or employee serves under this paragraph, the alternate member or employee acts independently of the recused official.

(f) The official must file with the board within 5 business days of the abstention or recusal a statement describing the vote or other action involved and the action taken by the official.

**10A.08 REPRESENTATION DISCLOSURE.**

~~A public~~ An official who represents a client for a fee before an individual, board, commission, or agency that has rulemaking authority in a hearing conducted under chapter 14, must disclose the official's participation in the action to the board within 14 days after the appearance. If the ~~public~~ official fails to disclose the participation ~~within ten business days after~~ by the date the disclosure required by this section ~~was~~ is due, the board may impose a late filing fee of $25 per day, not to exceed $1,000, starting on the ~~11th~~ day after the disclosure was due.

The board must send notice by certified mail to an ~~public~~ official who fails to disclose the participation within ten business days after the disclosure was due that the ~~public~~ official may be subject to a civil penalty for failure to disclose the participation. An ~~public~~ official who fails to disclose the participation within seven days after the certified mail notice was sent by the board is subject to a civil penalty imposed by the board of up to $1,000.

**10A.091 DISCLOSURE OF FINANCIAL INTERESTS (this is a new section – underlining omitted in draft).**

Subdivision 1 **Filing requirement.** (a) Every public official filing for, or otherwise being placed on, the ballot for elective state office must file a statement of financial interests not later than five days after the closing of the period for filing an affidavit of candidacy for the office sought or five days after otherwise being placed on the ballot.

(b) an elected official not included in paragraph (a) must file a statement of financial interests not later than 30 days after taking office.

(c) An individual accepting appointment or employment as a public official whose appointment requires the advice and consent of the senate must file a statement of financial interests not later than 14 days after the date of appointment.

(d) An individual accepting appointment or employment as a public official or local official in a metropolitan governmental unit must file a statement of financial interests not later than 30 days after the first date of service as an official.

(e) A member of the Minnesota Racing Commission, the director of the Minnesota Racing Commission, chief of security, medical officer, inspector of pari-mutuels, and stewards employed or approved by the commission or persons who fulfill those duties under contract, must file a statement of financial interests not later than 30 days after accepting or assuming duties.

Subd.2. **Disclosure statement content.** (a) A disclosure statement required by this section must be in the form prescribed by the board. The statement must include the information specified in this subdivision as of the date that triggered the requirement to file the statement and for the preceding 12 months, except that in the case of a new official, the statement must include the preceding 60 days. For all officials, only current information is required by clause (a)(1). The statement must include:

(1) The official's name, address, telephone number, email address, occupation, and specific nature of business. In addition to the above information, the official may provide the official's business or other alternate mailing address and telephone number for use on the board's website and in other publications. If such alternate information is provided, the board must use that information on its website and in relevant publications.

(2) The name and address of each source of income of the official or the official’s spouse, other than a gift, aggregating more than $2,500 in value provided, promised to, or received by, the official or the official's spouse, along with a description of the activity engaged in to generate such income and of the relationship between the official or the official’s spouse and the source of income.

Sources of income include consideration received in exchange for services whether provided as an employee, consultant, independent contractor, or in some other capacity and whether characterized as wages, commissions, fees, or some other description.

Sources of income do not include compensation and per diem payments received in the person’s official capacity, payments from a relative, payments of court ordered spousal maintenance or child support, or payments from social security, unemployment, workers’ compensation, or a pension plan.

(3) A listing of each business in which the official has direct or indirect investments that (i) are worth more than $2,500 along with a description of the nature of the business, the relationship between the official and the business, and the nature of the investment.

(4) A listing of each client, customer, or other source of business income of a business, including a sole proprietorship, in which the official has direct or indirect ownership interests of at least 10 percent and the official’s direct or indirect pro-rata share of gross receipts from that client, customer, or other source of business income is more than $2,500.

The requirement of this part excludes retail customers of a business entity engaged in sales of goods or services to the public generally or to a significant segment of the public, if the customers of the business entity constitute a significant segment of the public generally or a significant segment of the public, and the amount of income received by the business entity from the customer for the goods or services received is not distinguishable from the amount of income received from its other customers purchasing similar goods or services.

An official’s pro-rata share of the income from a client, customer, or other source of income to a business is calculated by multiplying the aggregate gross receipts from that source over the previous 12 months by the percentage of direct and indirect interest in the business that the official holds.

The provision of consulting, advisory, or similar services does not constitute the sale of services to the public generally.

Disclosure under this part is not required if such disclosure would violate this state’s confidentiality laws or the rules of professional conduct related to attorneys and clients or to medical professionals and patients.

(5) A listing of each business in which the official or the official’s spouse is a director, officer, partner, or trustee, or holds a similar position of management along with a description of the relationship between the individual and the business, excluding businesses listed pursuant to part 2 of this subdivision.

(6) A listing of each gift or gifts aggregating more than $100 in value, including honoraria and the provision of travel and lodging or reimbursement for expenses by a person not the official's employer provided to, received by, or promised to the official, the official’s spouse, or the official’s minor child within the previous 12 months, excluding gifts from relatives and gifts provided based on personal friendship, unless the official has reason to believe that, under the circumstances, the gift was provided because of the official position or employment of the official and not because of the personal friendship, and also excluding gifts specified by the board in rules or advisory opinions. The listing must include a description of the nature of the gift, the amount and the date on which the gift was received, and a description of the relationship between the giver and the recipient

(7) a listing of all real property within the state in which the official holds direct or indirect interests valued at more than $2,500, except for a residential homestead and or up to 40 acres of an agricultural homestead as defined in section 273.124, subdivision 1(a). The listing must include the nature of the interest held and the street address of residential real estate or the section, range, and township as well as the number of acres of agricultural or other land.

(b) For the purposes of this section and section 10A.07, a relative means a person related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, first cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half-brother, half-sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.

(c) In determining whether a gift is provided based on personal friendship, the official must consider the circumstances under which it was offered, such as:

(i) the history of the relationship between the person giving the gift and the recipient of the gift, including previous exchange of gifts between these individuals,

(ii) the circumstances under which the gift was given;

(iii) whether to the actual knowledge of the official the person who gave the gift personally paid for the gift, treated the gift as a business expense, or sought reimbursement for the gift, and

(iv) whether to the actual knowledge of the official, the person who gave the gift also at the same time gave the same or similar gifts to other officials.

Nothing in this section or section 10A.07 expands the scope of gifts that may be accepted under section 10A.071.

(d) When a source of money or other consideration is required to be reported under this section, the disclosure statement must contain, except as provided in paragraph (c), the name and address of the source of money or consideration and a description of the business activity, if any, of each source; a description of the relationship between the individual and the source; and a description of the consideration given and received.

Subd. 3 **Review and recertification of filed statement.** (a) Each individual who is required to file a statement of financial interest must review the statement annually. The review must include the previous 12 months ending on March 31 of the current year and must be completed no later than April 15.

(b) At the time of the review, the individual must make such additions or deletions to the statement of financial interests as necessary so that the statement includes all information that would be required if the individual was filing an original statement on March 31.

(c) Upon completion of the review and the making of any required changes, the individual must certify the statement as true in accordance with the requirement of section 10A.025, subdivision 2.

Subd. 4. **Method of filing.** Original statements of economic interest, amendments, and recertifications must be completed using an online electronic system established by the board unless the official is granted a waiver from the electronic filing requirement. The board shall grant such waivers upon written request and for good cause.

Subd. 5. **Appointments requiring confirmation by a body of the legislature.**  If the appointment of an official is subject to confirmation by a body of the legislature, the board must notify the presiding officer of the body that will approve or disapprove the appointment of the name of an individual who has been appointed, the date of the appointment, and the date on which the official filed a statement of financial interests. The board must also provide the presiding officer with a copy of the statement of financial interests.

Subd. 6. **Place of filing.** A public official required to file a statement under this section must file it with the board. A local official of a metropolitan governmental unit must file the statement with the governing body of the official’s political subdivision. If an official position is classified as both a public official and as a local official of a metropolitan governmental unit under this chapter, the official must file the statement with the board.

Subd.7. **Late filing.** If an individual fails to file a statement of financial interest required by this section the board may impose a late filing fee of $25 per day, not to exceed $1000, commencing on the day after the statement was due. The board must send notice by certified mail to any individual who fails to file a statement within ten business days after the statement was due that the individual may be subject to a civil penalty for failure to file a statement. An individual who fails to file a statement within seven days after the certified mail notice was sent by the board is subject to a civil penalty imposed by the board up to $1,000.

Subd. 8. **Failure to file; suspension.** An official, except a member of the legislature or a constitutional officer, who is required to file a statement of financial interest and who fails to do so by the prescribed deadline may be suspended without pay by the board in the manner prescribed in the contested case procedures in chapter 14.

Subd. 9. **Penalties.** The Board may impose a civil penalty of up to $3,000 for knowingly violating of subdivisions 1 through 4 of this section.

Subd. 10. **Notice to board of individuals required to disclose financial interests.** The notices specified in this subdivision must be provided to the board.

(1) The secretary of state or the appropriate county auditor, upon receiving an affidavit of candidacy or petition to appear on the ballot from an individual required by this section to file a statement of financial interests must provide a copy of the affidavit of candidacy or petition to appear on the ballot.

(2) Anyone who nominates or employs an official required by this section to file a statement of financial interest, must notify the board within two business days of the name, mailing address, telephone number, and email address of the individual required to file a statement and the date of the nomination or employment.

(3) Any political subdivision that appoints a member of a water management organization or watershed district must notify the board within five business days of the name, mailing address, telephone number and email address of appointed the individual and of the date of the nomination or employment.

Subd. 11. **Identification of officials.** (a) Annually, each metropolitan governmental unit must determine which positions within the metropolitan governmental unit constitute its local officials. Not later than February 15 of each year, the metropolitan governmental unit must certify to the board the list of its local official positions along with the name and official address, official email address, and official telephone number of each of its local officials.

(b) Not later than February 15th of each year, each agency, board, political subdivision or other entity on which one or more public officials serves or is employed must certify to the Board the name, official address, official email addresses, and official telephone number of each of its officials.

Subd. 12. **Substitutes for officials.** An individual authorized to act in place of an official is an official subject to this section. Upon written request, the board may exempt substitute officials from the requirement to file and maintain a statement of financial interests.

Subd. 13. **Data classification of financial interest disclosure information.** Upon written request, and for good cause shown, the Board may classify an official’s mailing address, telephone number, and email address as private data. This classification does not extend to other information disclosed under the Minnesota Public Integrity Law.

**13.607 ~~ETHICS~~PUBLIC INTEGRITY, CAMPAIGN FINANCE, AND ELECTION DATA CODED ELSEWHERE.**

**Subdivision 1.Scope.**

The sections referred to in this section are codified outside this chapter. Those sections classify campaign, ~~ethics~~ public integrity, and election data as other than public, place restrictions on access to government data, or involve data sharing.

**Subd. 2. Campaign Finance and Public Disclosure Board information.**

Disclosure by the Campaign Finance and Public Disclosure Board of information about a complaint or investigation is governed by section 10A.02, subdivision 11.

**Subd. 3. ~~Ethical practices~~ Campaign Finance and Public Disclosure Board investigation data.**

The record of certain investigations conducted under chapter 10A is classified, and disposition of certain information is governed, by section 10A.02, subdivision 11a.

**Subd. 4.Campaign Finance and Public Disclosure Board opinions.**

A request for a Campaign Finance and Public Disclosure Board advisory opinion and the opinion itself are classified under section 10A.02, subdivision 12.

**Subd. 5.Statements of ~~economic~~ financial interest.** Disclosure of statements of ~~economic~~ financial interests filed with the Campaign Finance and Public Disclosure Board by public and local officials is governed by s~~ection 10A.09, subdivision 6a~~ section 10A.091, subdivisions 13.

**Repealer:** Section 10A.01, subdivision 5

Section 10A.09

Minnesota rules: Chapter 4505 (entire chapter)

Part 4501.0200

 Part 4501.0400