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Overview

This is the State Government Finance Committee omnibus bill.

Article 1
State Government Finance

Section
1 Appropriation totals. Summarizes changes made to appropriations by this bill.
2 Legislature. Cancels $1.5 million carried-forward by the House and $1.5 million carried forward by the Senate. Appropriates $50,000 for a Minnesota/Ontario Commission. Requires an equal nonstate match. Requires that office moves be minimized if there is a change in the House majority caucus.
3 Secretary of State. Appropriates $2 million for the Uniform Commercial Code central filing system proposed in H.F. 1394. Reduces general fund base for the office for the next biennium because part of the office will be funded from a special revenue fund.
4 Minnesota Planning. Reduces appropriation by $2 million. Limits the amount of reduction that may be applied to the land management information center, state demographer, and environmental quality board. Requires the office to develop a plan for contracting with the University and others for strategic planning activities.
5 Administration. Eliminates prior appropriations for office of citizenship and volunteer services, office of technology, and Year 2000 contingencies. Retains funding for alliance with youth.
6 Campaign Finance and Public Disclosure Board. Appropriates $48,000 for legal fees associated with the board’s defense of a constitutional challenge to a state law, and for specified additional board duties under this bill.
7 Gambling Control Board. Appropriates $45,000 each year for workers’ compensation claims.
8 **Minneapolis Employees Retirement Fund.** Reduces appropriations for fiscal year 2000 and 2000 by $1.3 million and $1.9 million.

9 **Board of Government Innovation.** Eliminates funding for the board.

10 **Daily sessions.** Provides that house and senate rules must require both bodies to convene daily sessions at the identical regular hour.

11 **Rules.** Provides that the house and senate shall adopt rules that do not require the house in which a bill originates to ask for appointment of a conference committee on a bill when it refuses to concur in an amendment to the bill by the other house. Provides that the rules shall permit either house to reconsider and further amend a bill, until one of the houses chooses instead to ask for a conference committee.

12 **Leadership pay.** Provides that four House leaders, instead of the current three, will receive compensation that is 140 percent of other members. Specifies that the four are the Speaker, majority and minority leader, and the chair of the Ways and Means Committee.

13 **Joint standing committees.** Provides that the house and the senate shall adopt rules establishing a system of joint standing committees to consider and report recommendations on bills.

14 **Commission.** Creates a commission on Minnesota/Ontario matters. Specifies duties membership, terms, and expiration.

15 **Innovation board.** Strikes references to the board of government innovation and cooperation, because this bill repeals the board.

16 **UCC fee deposit.** Requires that fees received by the Secretary of State under chapters 336 and 336A must be deposited in the Uniform Commercial Code account are continuously appropriated to the Secretary of State.

17 **Administrative action.** Amends the definition of "administrative action" under laws governing lobbyist registration with the Board of Campaign Finance and Public Disclosure. The amendment includes entering into a contract over $5 million with an executive agency in the definition. This means a person who attempts to influence a state public official with respect to such a contract would have to register as a lobbyist.

18 **Lobbyist.** Amends the definition of "lobbyist" under laws governing lobbyist registration with the Board of Campaign Finance and Public Disclosure. Current law excludes an individual while selling goods or services to be paid for by public funds. The amendment limits the exclusion to sales of $5 million or less.

19 **Lobbying restriction.** Prohibits a legislator or unclassified executive employee from lobbying to influence legislative action for one year from leaving office or employment. This section applies to people leaving office or employment after January 2, 2003.

20 **Volunteer services.** Strikes reference to the office of citizenship and volunteer services, because this bill repeals the office.

21 **Agency head salaries.** Provides that maximum salaries for specified agency head salaries are 75 percent, rather than 85 percent of the salary of the governor. A later section of the bill increases the salary of the Governor to $150,000 from the current salary of approximately $120,000. The combination of these changes means the agency head salary limit would be $112,500, instead of the current $102,250.

22 **Agency head salaries.** Provides that maximum salaries for specified agency head salaries are 65 percent, rather than 75 percent of the salary of the governor. A later section of the bill increases the salary of the Governor to $150,000 from the current salary of approximately $120,300. The combination of these changes means the agency head salary limit would be...
Information technology projects. Requires that by November 30 of each even-numbered year, the commissioner of finance must send chairs of the ways and means and finance committees a list of all agency requests for information and communication technology projects estimated to cost more than $100,000.

Forecast. Requires that revenue and expenditure forecast prepared by department of finance must include a set aside amount reflecting cost increases as a result of inflation in delivering the current level of services. The amount may not exceed the consumer price index, and may not be applied to an appropriation for which the law already includes an inflation factor.

Requires that consultation with specified legislators and staff occur at least six weeks before the forecast is released. Requires the commissioner to inform specified legislators and staff at least two weeks before release of the forecast of any changes in certain variables from previous forecast.

Specifies timing for agencies to provide expenditure data to the commissioner of finance and for this data to be available to legislative fiscal staff at least three weeks before release of the forecast. Requires the commissioner to provide legislative fiscal staff with updated state revenue data within 12 days after the end of each month. Requires the commissioner to review economic data with legislative fiscal staff at least two weeks before release of a forecast, and requires inclusion of specified legislators in meetings with outside economic advisors.

Internal service funds. Requires detailed budget estimates for state internal service funds to include: number of full-time equivalent employees, by program; detail on any loans from the general fund; proposed investments in technology or equipment of $100,000 or more; explanation of operating losses or increases in retained earnings; history of rates, with explanation of changes.

Supplemental agreement. Provides that if an agency submits a supplemental agreement to an existing contract to the commissioner of administration for approval, the commissioner must act on the agreement in time for the agency to make payments in the manner required under the state prompt payment law.

Transfers. Requires the commissioner of finance to report to applicable committee chairs the amount and purpose of transfers from the general fund to a revolving fund.

Cash advances. Strikes language requiring that a fund to which general fund cash was advanced must pay interest at the rate earned by the state on invested treasurer's cash.

Information systems projects. Requires that before funds are spent or encumbered for an information systems development project estimated to cost more than $1 million, the commissioner of finance must ensure that a source outside of state government has completed a risk assessment for the project. Requires that this source not have a direct or indirect financial interest in the project.

Capital funding; data. Requires state agencies and MnSCU (and requests University of Minnesota) to maintain specified data on location, description, and condition of facilities. Makes receipt of capital funding contingent on maintenance of this data.

Limit. Provides that the commissioner of finance may not issue bonds to provide money for a project over $5 million unless a cost benefit analysis shows a positive benefit to the public, or a cost-effectiveness study shows a proposed project is the most effective way to provide a necessary public good compared to other means of accomplishing the goals of the authorizing legislation.

Transfers. Requires the commissioner of administration to report to applicable committee chairs the amount and purpose of transfers among internal service or enterprise funds in the
department of administration.

**Design/build prohibition.** Prohibits a state agency from using a design-build method of project development and construction.

**Information technology.** Strikes reference to office of technology because this bill abolishes the office.

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**Rates.** Requires the commissioner of administration to report to applicable committee chairs by July 1 each year on rates to be charged for each revolving fund.

**Interfund loans.** Requires the commissioner of administration to report to applicable committee chairs the amount and purpose of loans among internal service or enterprise funds in the department of administration.

**Bleacher safety requirements.** Increases from 30 inches to 55 inches the threshold for bleachers to comply with bleacher safety requirements. Provides that bleachers in existence on August 1, 2001 with open spaces not exceeding nine inches do not have to comply with the four-inch requirements for space between footboards, seats and guardrails. States that all bleacher guardrails must comply with guardrail safety requirements if any part of the guardrail is over 55 inches above grade. Existing bleachers would not be exempt from the guardrail safety requirements. Changes the date for new bleachers to comply with safety requirements from January 1, 2001 to August 1, 2001.

**Enforcement.** Clarifies that only bleachers subject to the safety requirements must have certificates of compliance. Provides that for bleachers owned by school districts, a designated school district official can provide this certification. Changes the deadline for certificates of compliance from January 1, 2001 to January 1, 2002.

**Ethics.** Current law contains provisions relating to ethics and conflicts of interest that apply to employees in the executive branch. This section defines an "employee in the executive branch" to include executive branch constitutional officers, for purposes of those ethics and conflict of interest laws.

**Employee suggestion system.**

**Subd. 1. Program establishment.** Requires the commissioner of employee relations to establish and promote a program to solicit proposals from state employees and former state employees for ways to reduce the cost of operating state government or for ways of providing the state better or more efficient service. The program must include potential for sharing savings for employees or former employees.

**Subd. 2. Process.** Provides that state employees or former state employees may submit proposals to the commissioner for reducing the cost of state government or for providing better or more efficient service. The commissioner must decide how to act on each proposal. The commissioner must determine which proposals warrant consideration for award of shared savings payments. Specifies criteria to guide the commissioner in this determination.

If the commissioner determines a proposal does not warrant shared savings consideration, the commissioner shall forward the proposal to the appropriate state agency for review and comment. If the commissioner determines the proposal does warrant shared savings consideration, the commissioner shall seek review and comments
from the appropriate state agency to analyze feasibility of the proposal and the extent to which potential savings can be measured.

**Subd. 3. Shared savings plan.** Specifies required elements of a shared savings plan, including a method of documenting cost reductions attributable to the plan and an agreement to share a percentage of documented savings with the employees. Provides guidelines for the percentage of savings to be shared, ranging from 20 percent for annual savings under $1,000, up to a maximum of $100,000. The percentage to be shared applies only to one year of savings. Provides that a state employee represented by an exclusive representative may not receive payments, except as provided in a collective bargaining agreement.

**Subd. 4. Shared savings payments.** Provides that payments may be made only when the commissioner determines that projected savings have been realized. This determination, and the calculation of the amount of savings to be shared, is at the sole discretion of the commissioner. Requires payments to be made from funds appropriated for agency operations. Forbids payments to managers, unless the board determines the proposal involves matters outside the scope of the manager's normal job duties. Elected officials and commissioners may not receive payments.

**Subd. 5. Agency cooperation.** Requires state agencies to cooperate with the commissioner.

**Subd. 6. Data practices.** Provides that the name of an employee or former employee submitting a suggestion is private. However, the person's name becomes public when a shared savings plan is approved by the commissioner.

**Subd. 7. Report.** Requires the commissioner to report annually on the program.

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**Zoo.** Provides that the salary of the zoo administrator may be the same as Governor's salary. The current limit is 85 percent of the Governor's salary. Provides that any amount exceeding 65 percent of the Governor's salary must come from nonstate funds. Another section of this bill increases the Governor's salary to $150,000, from the current $120,300.

**Board of Government Innovation.** Strikes reference to the board because the bill abolishes the board.

**Information technology.** Strikes reference to the office of technology because the bill abolishes the office.

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**Grievance procedure.** Strikes language currently providing that the grievance procedure adopted by the bureau of mediation services cannot provide for use of BMS services.

**Technical.** Corrects statutory reference to legislative commission.

**Whistle-blower law.** Amends the "whistle-blower" law to prohibit an employer from discriminating against a state employee or former state employee who submits a proposal to the Board of Government Innovation and Cooperation under this act.

**Whistle-blower law.** Provides that the identity of a state employee or former state employee is private data to the extent provided in new section 43A.50, created earlier in this bill.

**Armory building commission.** Increases the bonded indebtedness limit of the armory building commission from $7 million to $15 million. Authorizes the commission to enter into partnerships with federal and state governments and to match federal and local funds, when available.

**Information technology.** Strikes reference to the office of technology because the bill abolishes the office.

**Volunteer services.** Strikes reference to office of volunteer services because this bill abolishes
Lottery director. Increases salary of the lottery director from 85 to 95 percent of the governor's salary.

MERF payments. Strikes requirement that state payments to MERF be made quarterly, and provides for an annual payment on September 15. Strikes outdated language relating to limits on state contributions.

Design-build prohibition. Forbids a municipality subject to the uniform municipal contracting law from using a design-build method of project development and construction.

Limit. Provides that the metropolitan council or a metropolitan agency may not issue bonds for a project over $5 million unless a cost-benefit analysis shows a positive benefit to the public or a cost-effectiveness study shows a proposed project is the most effective way to provide a necessary public good.

Light rail. Strikes language that authorizes the commissioner of transportation to use a design-build method of project development and construction for light-rail transit. Provides that the laws governing state agency procurement of goods and services apply to project development and construction for light rail transit.

Planning. Inserts language relating to an appropriation for Mankato area planning under the correct agency (Minnesota Planning) and strikes the language that was incorrectly inserted under the Department of Finance.

Information services. Moves language relating to preparation of a separate budget book for technology initiatives to section dealing with Department of Finance, instead of a section dealing with the Department of Employee Relations.

Veterans affairs. Amends 1999 law appropriating money to the Department of Veterans Affairs to clarify that certain money can be used to improve efficiency of county veterans services offices.

Bleacher effective date. Changes the effective date of the 1999 bleacher safety law, so the entire law becomes effective August 1, 2001.

Transition. Provides that new legislative rules required earlier in the bill must be adopted during the 2001 legislative session and implemented by the 2002 session.

Report. Requires the amateur sports commission to report to the legislature by January 15, 2001 on a plan to combine the commission with the state high school league.

Minority recruitment. Requires DOER to develop and implement a plan to recruit and retain minority employees in state government.

Governor's staff. Provides that during the biennium ending June 30, 2001, the governor's office may not include more than three legislative relations staff. Amounts saved by reducing legislative relations staff may be used to provide increased security for the governor.

Poet laureate. Requires the humanities commission to develop a plan for the selection of a Minnesota Poet Laureate.

Telecommunications. Provides that the commissioners of administration and transportation may not allow further installation of facilities under the contract that is subject of a recent FCC ruling until the house and senate governmental operations committees have approved amendments to the contract that eliminate possible anticompetitive effects noted in the FCC order and that meet requirements of federal telecommunications law.

Clarification. Clarifies that a 1999 law striking future authority to set fees by rules does not repeal current rules or fees.

Energy code. Provides that as of April 15, 2000, only category 1 residential buildings, as
described in Minnesota Rules, chapter 7670 are allowed. Category 2 residential buildings are not allowed.

71 **Ratifications.** Ratifies labor contracts, compensation plans and salaries for state employees. These items were approved on an interim basis by the joint subcommittee on employee relations. Subdivision 18 increases the salary of the Governor from $120,303 to $150,000.

72 **Zoo.** Requires the zoo board to issue a request for proposal by September 1, 2000 for a private vendor to provide management services for the Zoo.

73 **Memorandum of understanding.** Provides that the commissioner of employee relations cannot execute a memorandum of understanding regarding compensation for travel time until the legislative coordinating commission has approved. Provides that when the legislature is not in session, failure of the LCC to disapprove within 30 days constitutes approval.

74 **Boundary adjustments.** Provides that all costs of a boundary dispute commenced before June 1, 1999, and concluded under an alternative dispute resolution process director by Minnesota Planning must be allocated as provided in law and rule prior to the abolition of the Minnesota municipal board. Provides for maximum costs that can be charged to the parties, and requires Minnesota Planning to be the remainder.

75 **Repealers.**

   16B.88 : office of volunteer services
   43A.318: state employee long-term care program
   16E.01, etc.: office of technology
   465.795, etc.: board of government innovation
   Laws 1999, chapter 250, article 1, section 15, subd. 4: technical repealer relating to misplaced language
   Laws 1999, chapter 135, section 9: session law that postponed energy code rules in chapters 7672 and 7674 until April 15, 2000, and repealed current energy code rules on that date
   Minnesota Rules, parts 7672.0100, etc.: New energy code rules
   16B.37, subdivision 1 to 3: commissioner of administration reorganization authority

76 **Effective dates.**

**Article 2**

**Retirement Health Care**

This article creates a health care reimbursement plan for state employees, legislators, constitutional officers, and judges. Under the plan, participants contribute .75 percent of salary to a health care reimbursement fund. Amounts in the fund would be invested. Upon retirement, a participant who is at least 60 years old and has at least 15 years of service (or an employee who qualifies for the Rule of 90) would be eligible for certain health care reimbursement benefits.

1 **Definitions.** Defines terms used in this article.
2 **Plan.** Creates a health care reimbursement plan for state employees, legislators, constitutional officers, and judges. Requires the plan to meet federal tax qualification rules.
3 **Termination.** Provides that coverage in the plan ends when the person is no longer in a covered position.
4 **Appeals.** States that appeals are under the usual MSRS appeal process.
5 **Contributions.** Requires the employee to contribute .75 percent of salary to the health care
reimbursement fund.

6 **State treasurer.** Makes the state treasurer (or her successor) the treasurer of the fund.

7 **Investment.** Requires the state board of investment to invest assets in the fund.

8 **Benefits.** Provides a schedule of benefits to be paid after separation from state service to an employee who is at least 60 with 15 years of service, or an employee who qualifies for the Rule of 90. The first benefits will be paid in July, 2002. Benefits are phased in, starting at $20 per month for people who retire between July 1, 2000 and June 30, 2002, and increasing to $165 per month by July, 2013. When fully phased in, all eligible employees will receive the same monthly benefit. Payments will be made directly to the retired employee, but only if the employee documents that the money is used to offset health insurance premiums or other qualifying health expenses under the Internal Revenue Code. Benefits terminate upon death of the retiree.

9 **Annual increases.** Provides a mechanism for providing an annual increase of the medical inflation index or three percent, whichever is less. Permits the MSRS to decrease the adjustment to maintain financial integrity of the plan.

10 **Refund.** Provides for refund of employee contributions, with five percent interest, to people who leave state service. Specifies conditions for repayment of refunds.

11 **Payment upon death.** Provides a refund upon death of a person who is not yet collecting monthly benefits.

12 **Payment upon death.** Provides a partial refund upon death of a person who has started collecting monthly benefits.

13 **First increase.** States that increases for retired employees take effect in January, 2003.

14 **Right to amend.** Provides that the provisions governing the health care reimbursement plan may be amended at any time for any reason. This includes the right to eliminate or reduce any benefits, even for people currently receiving them.

**Article 3**

**MSRS Correctional Plan Membership**

Adds additional job classifications to the list of state employees who are included in the MSRS correctional pension plan if the employee spends at least 75 percent of working time in direct contact with inmates or patients at state institutions. Permits employees who have retirement coverage transferred to the plan to transfer prior service credit from the general plan to the correctional the plan by making specified payments. Repeals provision under which the Legislative Advisory Commission can approve adding more employees to the plan.

**Article 4**

**Judge Pensions**

1 **Excess service.** Provides that judges who exceed the statutory service credit limit become participants in the state unclassified employee defined contribution plan with respect to the excess service credit.

2 **Contribution rate.** Provides that for a judge who becomes a member of the unclassified plan, the employee contribution is eight percent of salary, and there is no employer contribution.

3 **Combined service.** Amends the combined service annuity law to increase the benefit accrual percentage maximum for the judges’ plan.

4 **Limit.** Provides that judges allowable service is subject to the limit in the next section.
Service credit limit. For judges, provides that the service credit limit is 24 years. Contains a special provision for judges with service before 1980.

Member contributions. Provides that a judge no longer makes member contributions to the judges' pension plan after reaching the service credit limit.

Employer contribution. Provides that the employer contribution to the judges' retirement plan continues even after the judge has exceeded the service credit limit.

Annuity calculation. Provides that judges' service that exceeds the service credit limit must be excluded in calculating the retirement annuity, but compensation earned during the service must be used in determining a judges' final average compensation for calculating the annuity.

Prior service. Provides that judges whose service on the effective date of this section exceeds the limit may have money transferred to the unclassified employee plan. The amount transferred is equal to eight percent of the salary the judge earned after reaching the limit.