

1.1 CONFERENCE COMMITTEE REPORT ON S.F. No. 1047

1.2 A bill for an act  
1.3 relating to state government financing; establishing the Sunset Advisory  
1.4 Commission; prohibiting legislative liaison positions in state agencies and  
1.5 departments; eliminating assistant commissioner positions and reducing deputy  
1.6 commissioner positions; changing provisions of performance data required  
1.7 in the budget proposal; requiring specific funding information for forecasted  
1.8 programs; implementing zero-based budgeting principles; implementing federal  
1.9 offset program for collection of debts owed to state agencies; providing a state  
1.10 employee salary freeze; providing an HSA-eligible high-deductible health plan  
1.11 for state employees; requiring a 15 percent reduction in the state workforce;  
1.12 requiring a verification audit for dependent eligibility for state employee health  
1.13 insurance; requiring a request for proposals for recommendations on state  
1.14 building efficiency, state vehicle management, tax fraud prevention, and strategic  
1.15 sourcing; requiring reports; appropriating money; amending Minnesota Statutes  
1.16 2010, sections 15.057; 15.06, subdivision 8; 16A.10, subdivisions 1a, 1b, 1c;  
1.17 16A.103, subdivision 1a; 16A.11, subdivision 3; 16B.03; 43A.08, subdivision  
1.18 1; 43A.23, subdivision 1; 45.013; 84.01, subdivision 3; 116.03, subdivision 1;  
1.19 116J.01, subdivision 5; 116J.035, subdivision 4; 174.02, subdivision 2; 241.01,  
1.20 subdivision 2; 270C.41; Laws 2010, chapter 215, article 6, section 4; proposing  
1.21 coding for new law in Minnesota Statutes, chapters 16A; 16D; 43A; proposing  
1.22 coding for new law as Minnesota Statutes, chapter 3D; repealing Minnesota  
1.23 Statutes 2010, section 197.585, subdivision 5.

1.24 May 17, 2011

1.25 The Honorable Michelle L. Fischbach  
1.26 President of the Senate

1.27 The Honorable Kurt Zellers  
1.28 Speaker of the House of Representatives

1.29 We, the undersigned conferees for S.F. No. 1047 report that we have agreed upon  
1.30 the items in dispute and recommend as follows:

1.31 That the House recede from its amendments and that S.F. No. 1047 be further  
1.32 amended as follows:

1.33 Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE GOVERNMENT APPROPRIATIONS

Section 1. STATE GOVERNMENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

<u>APPROPRIATIONS</u>
<u>Available for the Year</u>
<u>Ending June 30</u>
<u>2012</u> <u>2013</u>

Sec. 2. LEGISLATURE

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>63,070,000</u>	<u>\$</u>	<u>63,070,000</u>
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Appropriations by Fund

	<u>2012</u>	<u>2013</u>
<u>General</u>	<u>62,942,000</u>	<u>62,942,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Senate</u>		<u>20,733,000</u>		<u>20,733,000</u>
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<u>Subd. 3. House of Representatives</u>		<u>27,874,000</u>		<u>27,874,000</u>
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During the biennium ending June 30, 2013, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>		<u>14,463,000</u>		<u>14,463,000</u>
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Appropriations by Fund

<u>General</u>	<u>14,335,000</u>	<u>14,335,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

3.1 From its funds, \$10,000 each year is for  
 3.2 purposes of the legislators' forum, through  
 3.3 which Minnesota legislators meet with  
 3.4 counterparts from South Dakota, North  
 3.5 Dakota, and Manitoba to discuss issues of  
 3.6 mutual concern.

3.7 **Sec. 3. GOVERNOR AND LIEUTENANT**  
 3.8 **GOVERNOR** **\$** **3,027,000** **\$** **3,027,000**

3.9 (a) This appropriation is to fund the Office of  
 3.10 the Governor and Lieutenant Governor.

3.11 (b) By September 1 of each year, the  
 3.12 commissioner of management and budget  
 3.13 shall report to the chairs and ranking  
 3.14 minority members of the senate State  
 3.15 Government Innovation and Veterans Affairs  
 3.16 Committee and the house of representatives  
 3.17 State Government Finance Committee any  
 3.18 personnel costs incurred by the Offices of the  
 3.19 Governor and Lieutenant Governor that were  
 3.20 supported by appropriations to other agencies  
 3.21 during the previous fiscal year. The Office  
 3.22 of the Governor shall inform the chairs and  
 3.23 ranking minority members of the committees  
 3.24 before initiating any interagency agreements.

3.25 (c) During the biennium ending June 30,  
 3.26 2013, the Office of the Governor may not  
 3.27 receive payments of more than \$670,000 each  
 3.28 fiscal year from other executive agencies  
 3.29 under Minnesota Statutes, section 15.53, to  
 3.30 support office costs incurred by the office.  
 3.31 Payments received under this paragraph must  
 3.32 be deposited in a special revenue account.  
 3.33 Money in the account is appropriated to the  
 3.34 Office of the Governor. The authority in  
 3.35 this paragraph supersedes other law enacted

4.1 in 2011 that limits the ability of the office  
 4.2 to enter into agreements relating to office  
 4.3 costs with other executive branch agencies  
 4.4 or prevents the use of appropriations made to  
 4.5 other agencies for agreements with the office  
 4.6 under Minnesota Statutes, section 15.53.

4.7 Sec. 4. **STATE AUDITOR** \$ **8,008,000** \$ **8,008,000**

4.8 Sec. 5. **ATTORNEY GENERAL** \$ **21,819,000** \$ **21,819,000**

4.9	<u>Appropriations by Fund</u>	
4.10	<u>2012</u>	<u>2013</u>
4.11	<u>General</u>	<u>19,540,000</u>
4.12	<u>State Government</u>	<u>19,540,000</u>
4.13	<u>Special Revenue</u>	<u>1,884,000</u>
4.14	<u>Environmental</u>	<u>145,000</u>
4.15	<u>Remediation</u>	<u>250,000</u>

4.16 Of this appropriation, \$65,000 in the first  
 4.17 year and \$65,000 in the second year are  
 4.18 from the general fund for transfer to the  
 4.19 commissioner of public safety for a grant to  
 4.20 the Minnesota County Attorneys Association  
 4.21 for prosecutor and law enforcement training.

4.22 Sec. 6. **SECRETARY OF STATE** \$ **5,206,000** \$ **5,206,000**

4.23 Any funds available in the account  
 4.24 established in Minnesota Statutes, section  
 4.25 5.30, pursuant to the Help America Vote  
 4.26 Act, after funds appropriated in other laws  
 4.27 enacted during the 2011 regular session are  
 4.28 allotted for purposes specified in those laws,  
 4.29 are appropriated for the purposes and uses  
 4.30 authorized by federal law.

4.31 Sec. 7. **CAMPAIGN FINANCE AND PUBLIC**  
 4.32 **DISCLOSURE BOARD** \$ **689,000** \$ **689,000**

4.33 Sec. 8. **INVESTMENT BOARD** \$ **139,000** \$ **139,000**

5.1	Sec. 9. <b><u>ADMINISTRATIVE HEARINGS</u></b>	<b><u>\$</u></b>	<b><u>7,627,000</u></b>	<b><u>\$</u></b>	<b><u>7,504,000</u></b>
5.2	<u>Appropriations by Fund</u>				
5.3		<u>2012</u>		<u>2013</u>	
5.4	<u>General</u>	<u>377,000</u>		<u>254,000</u>	
5.5	<u>Workers'</u>				
5.6	<u>Compensation</u>	<u>7,250,000</u>		<u>7,250,000</u>	
5.7	<u>\$130,000 in the first year is for the cost</u>				
5.8	<u>of considering complaints filed under</u>				
5.9	<u>Minnesota Statutes, section 211B.32. Until</u>				
5.10	<u>June 30, 2013, the chief administrative</u>				
5.11	<u>law judge may not make any assessment</u>				
5.12	<u>against a county or counties under Minnesota</u>				
5.13	<u>Statutes, section 211B.37. Any amount of</u>				
5.14	<u>this appropriation that remains unspent at</u>				
5.15	<u>the end of the biennium must be canceled</u>				
5.16	<u>to the general account of the state elections</u>				
5.17	<u>campaign fund. The base for fiscal year 2014</u>				
5.18	<u>is \$130,000, to be available for the biennium,</u>				
5.19	<u>under the same terms.</u>				
5.20	Sec. 10. <b><u>OFFICE OF ENTERPRISE</u></b>				
5.21	<b><u>TECHNOLOGY</u></b>		<b><u>\$</u></b>	<b><u>4,636,000</u></b>	<b><u>\$</u></b>
				<b><u>4,636,000</u></b>	
5.22	<u>During the biennium ending June 30, 2013,</u>				
5.23	<u>the office must not charge fees to a public</u>				
5.24	<u>noncommercial educational television</u>				
5.25	<u>broadcast station for access to the state</u>				
5.26	<u>information infrastructure.</u>				
5.27	Sec. 11. <b><u>ADMINISTRATION</u></b>				
5.28	<b><u>Subdivision 1. Total Appropriation</u></b>		<b><u>\$</u></b>	<b><u>17,789,000</u></b>	<b><u>\$</u></b>
				<b><u>17,789,000</u></b>	
5.29	<u>The amounts that may be spent for each</u>				
5.30	<u>purpose are specified in the following</u>				
5.31	<u>subdivisions.</u>				
5.32	<b><u>Subd. 2. Government and Citizen Services</u></b>		<b><u>14,670,000</u></b>		<b><u>14,670,000</u></b>

6.1 \$74,000 the first year and \$74,000 the second  
6.2 year are for the Council on Developmental  
6.3 Disabilities.

6.4 \$8,158,000 the first year and \$8,158,000  
6.5 the second year are for office space costs of  
6.6 the legislature and veterans organizations,  
6.7 ceremonial space, and statutorily free space.

6.8 **Subd. 3. Administrative Management Support** 1,494,000 1,494,000

6.9 **Subd. 4. Public Broadcasting** 1,625,000 1,625,000

6.10 (a) The appropriations under this section are  
6.11 to the commissioner of administration for the  
6.12 purposes specified.

6.13 (b) \$1,002,000 the first year and \$1,002,000  
6.14 the second year are for matching grants for  
6.15 public television.

6.16 (c) \$190,000 the first year and \$190,000  
6.17 the second year are for public television  
6.18 equipment grants. Equipment or matching  
6.19 grant allocations shall be made after  
6.20 considering the recommendations of the  
6.21 Minnesota Public Television Association.

6.22 (d) \$264,000 the first year and \$264,000 the  
6.23 second year are for community service grants  
6.24 to public educational radio stations.

6.25 (e) \$92,000 the first year and \$92,000 the  
6.26 second year are for equipment grants to  
6.27 public educational radio stations.

6.28 (f) The grants in paragraphs (d) and (e)  
6.29 must be allocated after considering the  
6.30 recommendations of the Association of  
6.31 Minnesota Public Educational Radio Stations  
6.32 under Minnesota Statutes, section 129D.14.

7.1 (g) \$77,000 the first year and \$77,000 the  
 7.2 second year are for grants to Minnesota  
 7.3 Public Radio, Inc., for upgrades to  
 7.4 Minnesota's Emergency Alert and AMBER  
 7.5 Alert Systems.

7.6 (h) Any unencumbered balance remaining  
 7.7 the first year for grants to public television or  
 7.8 radio stations does not cancel and is available  
 7.9 for the second year.

7.10 **Sec. 12. CAPITOL AREA**  
 7.11 **ARCHITECTURAL AND PLANNING**  
 7.12 **BOARD** **\$ 325,000 \$ 325,000**

7.13 **Sec. 13. MINNESOTA MANAGEMENT AND**  
 7.14 **BUDGET** **\$ 17,225,000 \$ 17,225,000**

7.15 **Sec. 14. REVENUE**  
 7.16 **Subdivision 1. Total Appropriation** **\$ 129,963,000 \$ 130,013,000**

	<u>Appropriations by Fund</u>	
	<u>2012</u>	<u>2013</u>
7.17		
7.18		
7.19	<u>General</u>	<u>125,728,000</u> <u>125,778,000</u>
7.20	<u>Health Care Access</u>	<u>1,749,000</u> <u>1,749,000</u>
7.21	<u>Highway User Tax</u>	
7.22	<u>Distribution</u>	<u>2,183,000</u> <u>2,183,000</u>
7.23	<u>Environmental</u>	<u>303,000</u> <u>303,000</u>

7.24 The amounts that may be spent for each  
 7.25 purpose are specified in subdivisions 2 and 3.

7.26 The commissioner must implement  
 7.27 any reduction in funding by reducing  
 7.28 administrative support functions before any  
 7.29 reduction to compliance and enforcement  
 7.30 programs.

7.31 **Subd. 2. Tax System Management** **103,992,000 104,042,000**

	<u>Appropriations by Fund</u>	
7.32		
7.33	<u>General</u>	<u>99,757,000</u> <u>99,807,000</u>
7.34	<u>Health Care Access</u>	<u>1,749,000</u> <u>1,749,000</u>

8.1	<u>Highway User Tax</u>		
8.2	<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
8.3	<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

8.4 Subd. 3. Debt Collection Management 25,971,000 25,971,000

8.5 Sec. 15. GAMBLING CONTROL \$ 2,740,000 \$ 2,740,000

8.6 These appropriations are from the lawful  
 8.7 gambling regulation account in the special  
 8.8 revenue fund.

8.9 Sec. 16. RACING COMMISSION \$ 899,000 \$ 899,000

8.10 These appropriations are from the racing  
 8.11 and card playing regulation accounts in the  
 8.12 special revenue fund.

8.13 Sec. 17. AMATEUR SPORTS COMMISSION \$ 248,000 \$ 248,000

8.14 Sec. 18. EXPLORE MINNESOTA TOURISM \$ 8,369,000 \$ 8,269,000

8.15 (a) Of this amount, \$12,000 each year is for a  
 8.16 grant to the Upper Minnesota Film Office.

8.17 (b)(1) To develop maximum private sector  
 8.18 involvement in tourism, \$500,000 the first  
 8.19 year and \$500,000 the second year must  
 8.20 be matched by Explore Minnesota Tourism  
 8.21 from nonstate sources. Each \$1 of state  
 8.22 incentive must be matched with \$3 of private  
 8.23 sector funding. Cash match is defined as  
 8.24 revenue to the state or documented cash  
 8.25 expenditures directly expended to support  
 8.26 Explore Minnesota Tourism programs. Up  
 8.27 to one-half of the private sector contribution  
 8.28 may be in-kind or soft match. The incentive  
 8.29 in the first year shall be based on fiscal  
 8.30 year 2011 private sector contributions. The  
 8.31 incentive in the second year will be based on



9.1 fiscal year 2012 private sector contributions.

9.2 This incentive is ongoing.

9.3 (2) Funding for the marketing grants is

9.4 available either year of the biennium.

9.5 Unexpended grant funds from the first year

9.6 are available in the second year.

9.7 (3) Unexpended money from the general

9.8 fund appropriations made under this section

9.9 does not cancel but must be placed in a

9.10 special marketing account for use by Explore

9.11 Minnesota Tourism for additional marketing

9.12 activities.

9.13 (c) \$325,000 the first year and \$325,000 the

9.14 second year are for the Minnesota Film and

9.15 TV Board. The appropriation in each year

9.16 is available only upon receipt by the board

9.17 of \$1 in matching contributions of money or

9.18 in-kind contributions from nonstate sources

9.19 for every \$3 provided by this appropriation,

9.20 except that each year up to \$50,000 is

9.21 available on July 1 even if the required

9.22 matching contribution has not been received

9.23 by that date.

9.24 (d) \$100,000 the first year is for a grant to the

9.25 Minnesota Film and TV Board for the film

9.26 jobs production program under Minnesota

9.27 Statutes, section 116U.26. This appropriation

9.28 is available until expended.

9.29 **Sec. 19. MINNESOTA HISTORICAL**  
9.30 **SOCIETY**

9.31 **Subdivision 1. Total Appropriation**                    **\$**            **20,141,000** **\$**            **20,037,000**

9.32 The amounts that may be spent for each

9.33 purpose are specified in the following

9.34 subdivisions.

10.1	<b><u>Subd. 2. Education and Outreach</u></b>	<u>11,336,000</u>	<u>11,336,000</u>
10.2	<u>Notwithstanding Minnesota Statutes, section</u>		
10.3	<u>138.668, the Minnesota Historical Society</u>		
10.4	<u>may not charge a fee for its general tours at</u>		
10.5	<u>the Capitol, but may charge fees for special</u>		
10.6	<u>programs other than general tours.</u>		
10.7	<b><u>Subd. 3. Preservation and Access</u></b>	<u>8,479,000</u>	<u>8,479,000</u>
10.8	<b><u>Subd. 4. Fiscal Agent</u></b>		
10.9	<u>(a) Minnesota International Center</u>	<u>39,000</u>	<u>39,000</u>
10.10	<u>(b) Minnesota Air National Guard Museum</u>	<u>14,000</u>	<u>-0-</u>
10.11	<u>(c) Minnesota Military Museum</u>	<u>90,000</u>	<u>-0-</u>
10.12	<u>(d) Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
10.13	<u>(e) Hockey Hall of Fame</u>	<u>68,000</u>	<u>68,000</u>
10.14	<u>(f) Balances Forward</u>		
10.15	<u>Any unencumbered balance remaining in</u>		
10.16	<u>this subdivision the first year does not cancel</u>		
10.17	<u>but is available for the second year of the</u>		
10.18	<u>biennium.</u>		
10.19	<b><u>Subd. 5. Fund Transfer</u></b>		
10.20	<u>The Minnesota Historical Society may</u>		
10.21	<u>reallocate funds appropriated in and between</u>		
10.22	<u>subdivisions 2 and 3 for any program</u>		
10.23	<u>purposes and the appropriations are available</u>		
10.24	<u>in either year of the biennium.</u>		
10.25	<b><u>Sec. 20. BOARD OF THE ARTS</u></b>		
10.26	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$ 7,089,000</u></b>	<b><u>\$ 7,089,000</u></b>
10.27	<u>The amounts that may be spent for each</u>		
10.28	<u>purpose are specified in the following</u>		
10.29	<u>subdivisions.</u>		
10.30	<b><u>Subd. 2. Operations and Services</u></b>	<u>536,000</u>	<u>536,000</u>

11.1	<u>Subd. 3. Grants Program</u>		<u>4,533,000</u>		<u>4,533,000</u>
11.2	<u>Subd. 4. Regional Arts Councils</u>		<u>2,020,000</u>		<u>2,020,000</u>
11.3	<u>Subd. 5. Unencumbered balance available</u>				
11.4	<u>Any unencumbered balance remaining in this</u>				
11.5	<u>section the first year does not cancel, but is</u>				
11.6	<u>available for the second year of the biennium.</u>				
11.7	<u>Sec. 21. MINNESOTA HUMANITIES</u>				
11.8	<u>CENTER</u>	\$	<u>225,000</u>	\$	<u>225,000</u>
11.9	<u>Sec. 22. COUNCIL ON BLACK</u>				
11.10	<u>MINNESOTANS</u>	\$	<u>246,000</u>	\$	<u>246,000</u>
11.11	<u>Sec. 23. COUNCIL ON ASIAN-PACIFIC</u>				
11.12	<u>MINNESOTANS</u>	\$	<u>214,000</u>	\$	<u>214,000</u>
11.13	<u>Sec. 24. COUNCIL ON AFFAIRS OF</u>				
11.14	<u>CHICANO/LATINO PEOPLE</u>	\$	<u>231,000</u>	\$	<u>231,000</u>
11.15	<u>Sec. 25. INDIAN AFFAIRS COUNCIL</u>	\$	<u>422,000</u>	\$	<u>422,000</u>
11.16	<u>Of this appropriation \$167,000 each year is</u>				
11.17	<u>for a cultural resources specialist to assist the</u>				
11.18	<u>council with the duties assigned to it relating</u>				
11.19	<u>to Indian burial grounds under Minnesota</u>				
11.20	<u>Statutes, section 307.08.</u>				
11.21	<u>Sec. 26. SCIENCE MUSEUM OF</u>				
11.22	<u>MINNESOTA</u>	\$	<u>1,009,000</u>	\$	<u>1,009,000</u>
11.23	<u>Sec. 27. TORT CLAIMS</u>	\$	<u>161,000</u>	\$	<u>161,000</u>
11.24	<u>These appropriations are to be spent by the</u>				
11.25	<u>commissioner of management and budget</u>				
11.26	<u>according to Minnesota Statutes, section</u>				
11.27	<u>3.736, subdivision 7. If the appropriation for</u>				
11.28	<u>either year is insufficient, the appropriation</u>				
11.29	<u>for the other year is available for it.</u>				

12.1	Sec. 28. <b><u>MINNESOTA STATE RETIREMENT</u></b>			
12.2	<b><u>SYSTEM</u></b>			
12.3	<b><u>Subdivision 1. Total Appropriation</u></b>	<b><u>\$</u></b>	<b><u>472,000</u></b>	<b><u>\$</u></b> <b><u>481,000</u></b>
12.4	<u>The amounts that may be spent for each</u>			
12.5	<u>purpose are specified in the following</u>			
12.6	<u>subdivisions.</u>			
12.7	<u>During the biennium ending June 30, 2013,</u>			
12.8	<u>payments for retirement allowances for</u>			
12.9	<u>former legislators and surviving spouses</u>			
12.10	<u>must be made from the legislators retirement</u>			
12.11	<u>fund created under Minnesota Statutes,</u>			
12.12	<u>section 3A.03, subdivision 3, and not from</u>			
12.13	<u>the general fund.</u>			
12.14	<b><u>Subd. 2. Constitutional Officers</u></b>		<b><u>472,000</u></b>	<b><u>481,000</u></b>
12.15	<u>Under Minnesota Statutes, section 352C.001,</u>			
12.16	<u>if an appropriation in this section for either</u>			
12.17	<u>year is insufficient, the appropriation for the</u>			
12.18	<u>other year is available for it.</u>			
12.19	Sec. 29. <b><u>MERF DIVISION ACCOUNT</u></b>	<b><u>\$</u></b>	<b><u>22,750,000</u></b>	<b><u>\$</u></b> <b><u>22,750,000</u></b>
12.20	<u>These amounts are estimated to be needed</u>			
12.21	<u>under Minnesota Statutes, section 353.505.</u>			
12.22	Sec. 30. <b><u>TEACHERS RETIREMENT</u></b>			
12.23	<b><u>ASSOCIATION</u></b>	<b><u>\$</u></b>	<b><u>15,454,000</u></b>	<b><u>\$</u></b> <b><u>15,454,000</u></b>
12.24	<u>The amounts estimated to be needed are as</u>			
12.25	<u>follows:</u>			
12.26	<b><u>(a) Special direct state aid. \$12,954,000 the</u></b>			
12.27	<b><u>first year and \$12,954,000 the second year</u></b>			
12.28	<b><u>are for special direct state aid authorized</u></b>			
12.29	<b><u>under Minnesota Statutes, section 354A.12,</u></b>			
12.30	<b><u>subdivisions 3a and 3c.</u></b>			
12.31	<b><u>(b) Special direct state matching aid.</u></b>			
12.32	<b><u>\$2,500,000 the first year and \$2,500,000</u></b>			

13.1 the second year are for special direct state  
 13.2 matching aid authorized under Minnesota  
 13.3 Statutes, section 354A.12, subdivision 3b.

13.4 **Sec. 31. ST. PAUL TEACHERS**  
 13.5 **RETIREMENT FUND** \$ 2,827,000 \$ 2,827,000

13.6 The amounts estimated to be needed for  
 13.7 special direct state aid to first class city  
 13.8 teachers retirement funds authorized under  
 13.9 Minnesota Statutes, section 354A.12,  
 13.10 subdivisions 3a and 3c.

13.11 **Sec. 32. DULUTH TEACHERS**  
 13.12 **RETIREMENT FUND** \$ 346,000 \$ 346,000

13.13 The amounts estimated to be needed for  
 13.14 special direct state aid to first class city  
 13.15 teachers retirement funds authorized under  
 13.16 Minnesota Statutes, section 354A.12,  
 13.17 subdivisions 3a and 3c.

13.18 **Sec. 33. STATE LOTTERY**

13.19 Notwithstanding Minnesota Statutes, section  
 13.20 349A.10, subdivision 3, the operating budget  
 13.21 must not exceed \$29,000,000 in fiscal year  
 13.22 2012 and \$29,000,000 in fiscal year 2013.

13.23 **Sec. 34. GENERAL CONTINGENT**  
 13.24 **ACCOUNTS** \$ 600,000 \$ 500,000

	<u>Appropriations by Fund</u>	
	<u>2012</u>	<u>2013</u>
13.25		
13.26		
13.27	<u>100,000</u>	<u>-0-</u>
13.28		
13.29	<u>400,000</u>	<u>400,000</u>
13.30		
13.31	<u>100,000</u>	<u>100,000</u>

13.32 (a) The appropriations in this section  
 13.33 may only be spent with the approval of  
 13.34 the governor after consultation with the

14.1 Legislative Advisory Commission pursuant  
14.2 to Minnesota Statutes, section 3.30.

14.3 (b) If an appropriation in this section for  
14.4 either year is insufficient, the appropriation  
14.5 for the other year is available for it.

14.6 (c) If a contingent account appropriation  
14.7 is made in one fiscal year, it should be  
14.8 considered a biennial appropriation.

14.9 Sec. 35. Laws 2009, chapter 101, article 2, section 106, is amended to read:

14.10 Sec. 106. **ENTERPRISE REAL PROPERTY CONTRIBUTIONS.**

14.11 On or before June 1, 2009, the commissioner of administration shall determine the  
14.12 amount to be contributed by each executive agency to maintain the enterprise real property  
14.13 technology system for the fiscal year 2010 and fiscal year 2011 biennium. On or before  
14.14 June 15, 2009, each executive agency shall enter into an agreement with the commissioner  
14.15 of administration setting forth the manner in which the executive agency shall make its  
14.16 contribution to the enterprise real property system, either from uncommitted fiscal year  
14.17 2009 funds or by contributing from fiscal year 2010 and fiscal year 2011 funds to the real  
14.18 property enterprise system and services account to fund the total amount of \$399,000 for  
14.19 the biennium. Funds will be available for the enterprise real property technology project  
14.20 until June 30, 2013. Funds contributed under this section must be credited to the enterprise  
14.21 real property technology system and services account.

14.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

14.23 Sec. 36. **PROBLEM GAMBLING APPROPRIATION.**

14.24 \$225,000 in fiscal year 2012 and \$225,000 in fiscal year 2013 are appropriated from  
14.25 the lottery prize fund to the Gambling Control Board for a grant to the state affiliate  
14.26 recognized by the National Council on Problem Gambling. The affiliate must provide  
14.27 services to increase public awareness of problem gambling, education and training for  
14.28 individuals and organizations providing effective treatment services to problem gamblers  
14.29 and their families, and research relating to problem gambling. These services must be  
14.30 complementary to and not duplicative of the services provided through the problem  
14.31 gambling program administered by the commissioner of human services. Of this  
14.32 appropriation, \$50,000 in fiscal year 2012 and \$50,000 in fiscal year 2013 are contingent  
14.33 on the contribution of nonstate matching funds. Matching funds may be either cash or

15.1 qualifying in-kind contributions. The commissioner of management and budget may  
15.2 disburse the state portion of the matching funds in increments of \$25,000 upon receipt  
15.3 of a commitment for an equal amount of matching nonstate funds. These are onetime  
15.4 appropriations.

15.5 Sec. 37. **APPROPRIATION; REIMBURSEMENT OF RECOUNT COSTS.**

15.6 \$322,000 is appropriated from the general fund to the secretary of state in fiscal year  
15.7 2011 for the reimbursement of costs of recounts during the 2010 general election, to be  
15.8 paid to counties consistent with the cost survey of the counties previously conducted  
15.9 by the secretary of state and for reimbursement to the secretary of state costs in those  
15.10 recounts already paid by the secretary of state to the counties. This appropriation remains  
15.11 available until December 31, 2011.

15.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.13 Sec. 38. **APPROPRIATION; PAYMENT OF LEGAL FEES.**

15.14 \$148,375 is appropriated from the general fund to the secretary of state in fiscal  
15.15 year 2011 for the payment of legal fees imposed by the United States District Court,  
15.16 District of Minnesota, in the case of American Broadcasting Companies, Inc. et al v.  
15.17 Mark Ritchie et al. (Case 08-cv-5285-MJD-AJB). This appropriation remains available  
15.18 until June 30, 2013.

15.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

15.20 Sec. 39. **SAVINGS; APPROPRIATION REDUCTION FOR EXECUTIVE**  
15.21 **AGENCIES.**

15.22 The commissioner of management and budget must reduce general fund  
15.23 appropriations to executive agencies, including constitutional offices, for agency  
15.24 operations for the biennium ending June 30, 2013, by \$94,875,000. The Minnesota State  
15.25 Colleges and Universities is not an executive agency for purposes of this section. The  
15.26 commissioner must not reduce appropriations to the Department of Veterans Affairs or the  
15.27 Department of Military Affairs except to the extent the commissioner determines there  
15.28 are savings directly attributable to items specified in clauses (2), (4), (5), and (6). To  
15.29 the greatest extent possible, these reductions must come from savings provided by the  
15.30 reforms, efficiencies, and cost-savings measures contained in this act, including:

15.31 (1) reduction in the number of full-time equivalent employees;

15.32 (2) salary and benefit changes;

16.1 (3) elimination of deputy and assistant commissioner positions;  
16.2 (4) consolidation of responsibilities for executive branch information technology  
16.3 systems;  
16.4 (5) operational efficiencies and cost savings obtained under contracts with vendors;  
16.5 and  
16.6 (6) verification of dependent eligibility for state employee group insurance coverage.  
16.7 If operational efficiencies and cost savings obtained under contracts with vendors  
16.8 yield savings in dedicated funds other than those established in the state constitution or  
16.9 protected by federal law, the commissioner of management and budget may transfer  
16.10 the amount of savings to the general fund. Reductions made in 2013 must be reflected  
16.11 as reductions in agency base budgets for fiscal years 2014 and 2015. The commissioner  
16.12 of management and budget must report to the chairs and ranking minority members of  
16.13 the senate Finance Committee and the house of representatives Ways and Means and  
16.14 Finance Committees regarding the amount of reductions in spending by each agency  
16.15 under this section.

16.16 Sec. 40. **REPORTS.**

16.17 By January 15, 2012, and January 15, 2013, the Minnesota Humanities Commission,  
16.18 Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Council on Affairs  
16.19 of Chicano/Latino People, and Indian Affairs Council must each report to the chairs  
16.20 and ranking minority members of the legislative committees with jurisdiction over the  
16.21 groups. The reports must describe the results obtained with the appropriations in this act,  
16.22 including a description and evaluation of how the groups accomplished their statutory  
16.23 duties in the preceding year.

16.24 **ARTICLE 2**

16.25 **MILITARY AFFAIRS AND VETERANS AFFAIRS**

16.26 Section 1. **APPROPRIATIONS.**

16.27 The sums shown in the columns marked "Appropriations" are appropriated to the  
16.28 agencies and for the purposes specified in this article. The appropriations are from the  
16.29 general fund and are available for the fiscal years indicated for each purpose. The figures  
16.30 "2012" and "2013" used in this article mean that the appropriations listed under them are  
16.31 available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The  
16.32 first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is  
16.33 fiscal years 2012 and 2013.



17.1	<u>APPROPRIATIONS</u>		
17.2	<u>Available for the Year</u>		
17.3	<u>Ending June 30</u>		
17.4		<u>2012</u>	<u>2013</u>
17.5	<b>Sec. 2. <u>MILITARY AFFAIRS</u></b>		
17.6	<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$ <u>22,371,000</u></b>	<b>\$ <u>19,371,000</u></b>
17.7	<u>The amounts that may be spent for each</u>		
17.8	<u>purpose are specified in the following</u>		
17.9	<u>subdivisions.</u>		
17.10	<b><u>Subd. 2. Maintenance of Training Facilities</u></b>	<u>6,660,000</u>	<u>6,660,000</u>
17.11	<b><u>Subd. 3. General Support</u></b>	<u>2,363,000</u>	<u>2,363,000</u>
17.12	<b><u>Subd. 4. Enlistment Incentives</u></b>	<u>13,348,000</u>	<u>10,348,000</u>
17.13	<u>\$3,000,000 the first year is for additional</u>		
17.14	<u>costs of enlistment incentives.</u>		
17.15	<u>If appropriations for either year of the</u>		
17.16	<u>biennium are insufficient, the appropriation</u>		
17.17	<u>from the other year is available. The</u>		
17.18	<u>appropriations for enlistment incentives are</u>		
17.19	<u>available until expended.</u>		
17.20	<b>Sec. 3. <u>VETERANS AFFAIRS</u></b>		
17.21	<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$ <u>57,795,000</u></b>	<b>\$ <u>58,595,000</u></b>
17.22	<u>Appropriations by Fund</u>		
17.23		<u>2012</u>	<u>2013</u>
17.24	<u>General</u>	<u>57,695,000</u>	<u>58,595,000</u>
17.25	<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>
17.26	<u>The amounts that may be spent for each</u>		
17.27	<u>purpose are specified in the following</u>		
17.28	<u>subdivisions.</u>		
17.29	<b><u>Subd. 2. Veterans Services</u></b>	<u>13,879,000</u>	<u>13,779,000</u>
17.30	<u>Appropriations by Fund</u>		
17.31		<u>2012</u>	<u>2013</u>
17.32	<u>General</u>	<u>13,779,000</u>	<u>13,779,000</u>
17.33	<u>Special Revenue</u>	<u>100,000</u>	<u>-0-</u>

18.1 \$100,000 in the first year is from the  
18.2 "Support Our Troops" account established  
18.3 under Minnesota Statutes, section 190.19,  
18.4 subdivision 2a, for a grant to the Minnesota  
18.5 Assistance Council for Veterans. This is a  
18.6 onetime appropriation.

18.7 \$945,000 each year is for the higher  
18.8 education veterans assistance program under  
18.9 Minnesota Statutes, section 197.585.

18.10 \$100,000 each year is for the costs of  
18.11 administering the Minnesota GI Bill program  
18.12 under Minnesota Statutes, section 197.791.

18.13 \$353,000 each year is for grants to the  
18.14 following congressionally chartered veterans  
18.15 service organizations, as designated by the  
18.16 commissioner: Disabled American Veterans,  
18.17 Military Order of the Purple Heart, the  
18.18 American Legion, Veterans of Foreign Wars,  
18.19 Vietnam Veterans of America, AMVETS,  
18.20 and Paralyzed Veterans of America. This  
18.21 funding must be allocated in direct proportion  
18.22 to the funding currently being provided by  
18.23 the commissioner to these organizations.

18.24 Subd. 3. **Veterans Homes** 43,916,000 44,816,000

18.25 **Veterans Homes Special Revenue Account.**  
18.26 The general fund appropriations made to  
18.27 the department may be transferred to a  
18.28 veterans homes special revenue account in  
18.29 the special revenue fund in the same manner  
18.30 as other receipts are deposited according  
18.31 to Minnesota Statutes, section 198.34, and  
18.32 are appropriated to the department for the  
18.33 operation of veterans homes facilities and  
18.34 programs.

19.1 **Fergus Falls Veterans Home.** Of the  
19.2 general fund appropriation, \$738,000 in  
19.3 fiscal year 2013 is for operation of a new  
19.4 21-bed specialty care/Alzheimer's unit at the  
19.5 Minnesota Veterans Home in Fergus Falls.  
19.6 Base funding for this program is \$842,000 in  
19.7 fiscal years 2014 and 2015.

19.8 **Minneapolis Veterans Home.** Of the  
19.9 general fund appropriation, \$162,000 in  
19.10 fiscal year 2013 is for operation of a new  
19.11 adult day care program at the Minnesota  
19.12 Veterans Home in Minneapolis. Base  
19.13 funding for this program is \$232,000 in fiscal  
19.14 years 2014 and 2015.

19.15 **Veterans Homes Service Redesign.**  
19.16 \$551,000 in fiscal year 2012 and \$801,000 in  
19.17 fiscal year 2013, generated from additional  
19.18 nongeneral fund revenue and cost savings  
19.19 from operating efficiencies, are to be used to  
19.20 support the operational needs of the five state  
19.21 veterans homes.

19.22 Sec. 4. Laws 2010, chapter 215, article 6, section 4, is amended to read:

19.23 Sec. 4. **VETERANS HOMES**

19.24 Of the appropriation in Laws 2009, chapter  
19.25 94, article 3, section 2, subdivision 3, or from  
19.26 funds carried forward from fiscal year 2009:

19.27 (1) ~~\$1,000,000~~ \$800,000 in fiscal year 2011  
19.28 is for operational expenses related to the  
19.29 21-bed addition at the Fergus Falls Veterans  
19.30 Home; and

19.31 (2) ~~\$113,000~~ \$313,000 in fiscal year 2011 is  
19.32 for start-up expenses related to the opening of

20.1 an adult daycare facility at the Minneapolis  
20.2 Veterans Home.

20.3 An appropriation in this section that is  
20.4 unspent at the end of fiscal year 2011 carries  
20.5 forward and is available in fiscal year 2012.

20.6 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.7 Sec. 5. **REPEALER.**

20.8 Minnesota Statutes 2010, section 197.585, subdivision 5, is repealed.

20.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

### 20.10 **ARTICLE 3**

#### 20.11 **STATE GOVERNMENT OPERATIONS**

20.12 Section 1. Minnesota Statutes 2010, section 3.85, subdivision 3, is amended to read:

20.13 Subd. 3. **Membership.** The commission consists of ~~five~~ seven members of the  
20.14 senate appointed by the Subcommittee on Committees of the Committee on Rules and  
20.15 Administration and ~~five~~ seven members of the house of representatives appointed by  
20.16 the speaker. No more than five members from each chamber may be from the majority  
20.17 caucus in that chamber. Members shall be appointed at the commencement of each regular  
20.18 session of the legislature for a two-year term beginning January 16 of the first year of the  
20.19 regular session. Members continue to serve until their successors are appointed. Vacancies  
20.20 that occur while the legislature is in session shall be filled like regular appointments. If the  
20.21 legislature is not in session, senate vacancies shall be filled by the last Subcommittee on  
20.22 Committees of the senate Committee on Rules and Administration or other appointing  
20.23 authority designated by the senate rules, and house of representatives vacancies shall be  
20.24 filled by the last speaker of the house, or if the speaker is not available, by the last chair of  
20.25 the house of representatives Rules Committee.

20.26 **EFFECTIVE DATE.** This section is effective January 16, 2013.

20.27 Sec. 2. **[3D.01] SHORT TITLE.**

20.28 This chapter may be cited as the "Minnesota Sunset Act."

20.29 Sec. 3. **[3D.02] DEFINITIONS.**

20.30 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

21.1 Subd. 2. **Advisory committee.** "Advisory committee" means a committee, council,  
21.2 commission, or other entity created under state law whose primary function is to advise  
21.3 a state agency.

21.4 Subd. 3. **Commission.** "Commission" means the Sunset Advisory Commission.

21.5 Subd. 4. **State agency.** "State agency" means an agency expressly made subject  
21.6 to this chapter.

21.7 Sec. 4. **[3D.03] SUNSET ADVISORY COMMISSION.**

21.8 Subdivision 1. **Membership.** (a) The Sunset Advisory Commission consists of 12  
21.9 members appointed as follows:

21.10 (1) five senators and one public member, appointed according to the rules of the  
21.11 senate, with no more than three senators from the majority caucus; and

21.12 (2) five members of the house of representatives and one public member, appointed  
21.13 by the speaker of the house, with no more than three of the house of representatives  
21.14 members from the majority caucus.

21.15 (b) The first members of the Sunset Advisory Commission must be appointed before  
21.16 September 1, 2011, for terms ending the first Monday in January 2013.

21.17 Subd. 2. **Public member restrictions.** An individual is not eligible for appointment  
21.18 as a public member if the individual or the individual's spouse is:

21.19 (1) regulated by a state agency that the commission will review during the term for  
21.20 which the individual would serve;

21.21 (2) employed by, participates in the management of, or directly or indirectly has  
21.22 more than a ten percent interest in a business entity or other organization regulated by a  
21.23 state agency the commission will review during the term for which the individual would  
21.24 serve; or

21.25 (3) required to register as a lobbyist under chapter 10A because of the person's  
21.26 activities for compensation on behalf of a profession or entity related to the operation of  
21.27 an agency under review.

21.28 Subd. 3. **Removal.** (a) It is a ground for removal of a public member from the  
21.29 commission if the member does not have the qualifications required by subdivision 2  
21.30 for appointment to the commission at the time of appointment or does not maintain the  
21.31 qualifications while serving on the commission. The validity of the commission's action is  
21.32 not affected by the fact that it was taken when a ground for removal of a public member  
21.33 from the commission existed.

21.34 (b) Except as provided in paragraph (a), a public member may be removed only as  
21.35 provided in section 15.0575, subdivision 4.

22.1            Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing  
22.2 authority. Public members serve two-year terms expiring the first Monday in January of  
22.3 each odd-numbered year.

22.4            Subd. 5. **Limits.** Members are subject to the following restrictions:

22.5            (1) after an individual serves four years on the commission, the individual is not  
22.6 eligible for appointment to another term or part of a term;

22.7            (2) a legislative member who serves a full term may not be appointed to an  
22.8 immediately succeeding term; and

22.9            (3) a public member may not serve consecutive terms, and, for purposes of this  
22.10 prohibition, a member is considered to have served a term only if the member has served  
22.11 more than one-half of the term.

22.12           Subd. 6. **Appointments.** Appointments must be made before the second Monday of  
22.13 January of each odd-numbered year.

22.14           Subd. 7. **Legislative members.** If a legislative member ceases to be a member  
22.15 of the legislative body from which the member was appointed, the member vacates  
22.16 membership on the commission.

22.17           Subd. 8. **Vacancies.** If a vacancy occurs, the appointing authority shall appoint a  
22.18 person to serve for the remainder of the unexpired term in the same manner as the original  
22.19 appointment.

22.20           Subd. 9. **Officers.** The commission shall have a chair and vice-chair as presiding  
22.21 officers.

22.22           Subd. 10. **Quorum; voting.** Seven members of the commission constitute a  
22.23 quorum. A final action or recommendation may not be made unless approved by a  
22.24 recorded vote of at least seven members. All other actions by the commission shall be  
22.25 decided by a majority of the members present and voting.

22.26           Subd. 11. **Compensation.** Each public member shall be reimbursed for expenses  
22.27 as provided in section 15.0575. Compensation for legislators is as determined by the  
22.28 members' legislative chamber.

22.29           Sec. 5. **[3D.04] STAFF.**

22.30           The Legislative Coordinating Commission shall provide staff and administrative  
22.31 services for the commission.

22.32           Sec. 6. **[3D.05] RULES.**

22.33           The commission may adopt rules necessary to carry out this chapter.

23.1 Sec. 7. **[3D.06] AGENCY REPORT TO COMMISSION.**

23.2 Before September 1 of the odd-numbered year before the year in which a state  
23.3 agency is sunset, the agency commissioner shall report to the commission:

23.4 (1) information regarding the application to the agency of the criteria in section  
23.5 3D.10;

23.6 (2) a priority-based budget for the agency;

23.7 (3) an inventory of all boards, commissions, committees, and other entities related  
23.8 to the agency; and

23.9 (4) any other information that the agency commissioner considers appropriate or that  
23.10 is requested by the commission.

23.11 Sec. 8. **[3D.07] COMMISSION DUTIES.**

23.12 Before January 1 of the year in which a state agency subject to this chapter and its  
23.13 advisory committees are sunset, the commission shall:

23.14 (1) review and take action necessary to verify the reports submitted by the agency;  
23.15 and

23.16 (2) conduct a review of the agency based on the criteria provided in section 3D.10  
23.17 and prepare a written report.

23.18 Sec. 9. **[3D.08] PUBLIC HEARINGS.**

23.19 Before February 1 of the year a state agency subject to this chapter and its advisory  
23.20 committees are sunset, the commission shall conduct public hearings concerning but not  
23.21 limited to the application to the agency of the criteria provided in section 3D.10.

23.22 Sec. 10. **[3D.09] COMMISSION REPORT.**

23.23 By February 1 of each even-numbered year, the commission shall present to the  
23.24 legislature and the governor a report on the agencies and advisory committees reviewed.

23.25 In the report the commission shall include:

23.26 (1) its findings regarding the criteria prescribed by section 3D.10;

23.27 (2) its recommendations based on the matters prescribed by section 3D.11; and

23.28 (3) other information the commission considers necessary for a complete review  
23.29 of the agency.

23.30 Sec. 11. **[3D.10] CRITERIA FOR REVIEW.**

23.31 The commission and its staff shall consider the following criteria in determining  
23.32 whether a public need exists for the continuation of a state agency or its advisory

24.1 committees or for the performance of the functions of the agency or its advisory  
24.2 committees:

24.3 (1) the efficiency and effectiveness with which the agency or the advisory committee  
24.4 operates;

24.5 (2) an identification of the mission, goals, and objectives intended for the agency or  
24.6 advisory committee and of the problem or need that the agency or advisory committee  
24.7 was intended to address and the extent to which the mission, goals, and objectives have  
24.8 been achieved and the problem or need has been addressed;

24.9 (3) an identification of any activities of the agency in addition to those granted by  
24.10 statute and of the authority for those activities and the extent to which those activities  
24.11 are needed;

24.12 (4) an assessment of authority of the agency relating to fees, inspections,  
24.13 enforcement, and penalties;

24.14 (5) whether less restrictive or alternative methods of performing any function that  
24.15 the agency performs could adequately protect or provide service to the public;

24.16 (6) the extent to which the jurisdiction of the agency and the programs administered  
24.17 by the agency overlap or duplicate those of other agencies, the extent to which the agency  
24.18 coordinates with those agencies, and the extent to which the programs administered by the  
24.19 agency can be consolidated with the programs of other state agencies;

24.20 (7) the promptness and effectiveness with which the agency addresses complaints  
24.21 concerning entities or other persons affected by the agency, including an assessment of the  
24.22 agency's administrative hearings process;

24.23 (8) an assessment of the agency's rulemaking process and the extent to which the  
24.24 agency has encouraged participation by the public in making its rules and decisions and  
24.25 the extent to which the public participation has resulted in rules that benefit the public;

24.26 (9) the extent to which the agency has complied with federal and state laws and  
24.27 applicable rules regarding equality of employment opportunity and the rights and privacy  
24.28 of individuals, and state law and applicable rules of any state agency regarding purchasing  
24.29 guidelines and programs for historically underutilized businesses;

24.30 (10) the extent to which the agency issues and enforces rules relating to potential  
24.31 conflicts of interest of its employees;

24.32 (11) the extent to which the agency complies with chapter 13 and follows records  
24.33 management practices that enable the agency to respond efficiently to requests for public  
24.34 information; and

24.35 (12) the effect of federal intervention or loss of federal funds if the agency is  
24.36 abolished.



25.1       Sec. 12. **[3D.11] RECOMMENDATIONS.**

25.2             (a) In its report on a state agency, the commission shall:

25.3             (1) make recommendations on the abolition, continuation, or reorganization of each  
25.4 affected state agency and its advisory committees and on the need for the performance of  
25.5 the functions of the agency and its advisory committees;

25.6             (2) make recommendations on the consolidation, transfer, or reorganization of  
25.7 programs within state agencies not under review when the programs duplicate functions  
25.8 performed in agencies under review; and

25.9             (3) make recommendations to improve the operations of the agency, its policy body,  
25.10 and its advisory committees, including management recommendations that do not require  
25.11 a change in the agency's enabling statute.

25.12            (b) The commission shall include the estimated fiscal impact of its recommendations  
25.13 and may recommend appropriation levels for certain programs to improve the operations  
25.14 of the state agency.

25.15            (c) The commission shall have drafts of legislation prepared to carry out the  
25.16 commission's recommendations under this section, including legislation necessary  
25.17 to continue the existence of agencies that would otherwise sunset if the commission  
25.18 recommends continuation of an agency.

25.19            (d) After the legislature acts on the report under section 3D.09, the commission shall  
25.20 present to the legislative auditor the commission's recommendations that do not require  
25.21 a statutory change to be put into effect. Subject to the legislative audit commission's  
25.22 approval, the legislative auditor may examine the recommendations and include as part  
25.23 of the next audit of the agency a report on whether the agency has implemented the  
25.24 recommendations and, if so, in what manner.

25.25       Sec. 13. **[3D.12] MONITORING OF RECOMMENDATIONS.**

25.26            During each legislative session, the staff of the commission shall monitor legislation  
25.27 affecting agencies that have undergone sunset review and shall periodically report  
25.28 to the members of the commission on proposed changes that would modify prior  
25.29 recommendations of the commission.

25.30       Sec. 14. **[3D.13] REVIEW OF ADVISORY COMMITTEES.**

25.31            An advisory committee, the primary function of which is to advise a particular state  
25.32 agency, is subject to sunset on the date set for sunset of the agency unless the advisory  
25.33 committee is expressly continued by law.

26.1 Sec. 15. **[3D.14] CONTINUATION BY LAW.**

26.2 During the regular session immediately before the sunset of a state agency or an  
26.3 advisory committee that is subject to this chapter, the legislature may enact legislation  
26.4 to continue the agency or advisory committee for a period not to exceed 12 years. This  
26.5 chapter does not prohibit the legislature from:

26.6 (1) terminating a state agency or advisory committee subject to this chapter at a date  
26.7 earlier than that provided in this chapter; or

26.8 (2) considering any other legislation relative to a state agency or advisory committee  
26.9 subject to this chapter.

26.10 Sec. 16. **[3D.15] PROCEDURE AFTER TERMINATION.**

26.11 Subdivision 1. **Termination.** Unless otherwise provided by law:

26.12 (1) if after sunset review a state agency is abolished, the agency may continue in  
26.13 existence until June 30 of the following year to conclude its business;

26.14 (2) abolishment does not reduce or otherwise limit the powers and authority of the  
26.15 state agency during the concluding year;

26.16 (3) a state agency is terminated and shall cease all activities at the expiration of  
26.17 the one-year period; and

26.18 (4) all rules that have been adopted by the state agency expire at the expiration of  
26.19 the one-year period.

26.20 Subd. 2. **Funds of abolished agency or advisory committee.** (a) Any unobligated  
26.21 and unexpended appropriations of an abolished agency or advisory committee lapse on  
26.22 June 30 of the year after abolishment.

26.23 (b) Except as provided by subdivision 4 or as otherwise provided by law, all money  
26.24 in a dedicated fund of an abolished state agency or advisory committee on June 30 of the  
26.25 year after abolishment is transferred to the general fund. The part of the law dedicating  
26.26 the money to a specific fund of an abolished agency becomes void on June 30 of the year  
26.27 after abolishment.

26.28 Subd. 3. **Property and records of abolished agency or advisory committee.**  
26.29 Unless the governor designates an appropriate state agency as prescribed by subdivision 4,  
26.30 property and records in the custody of an abolished state agency or advisory committee  
26.31 on June 30 of the year after abolishment must be transferred to the commissioner of  
26.32 administration. If the governor designates an appropriate state agency, the property and  
26.33 records must be transferred to the designated state agency.

26.34 Subd. 4. **Continuing obligations.** (a) The legislature recognizes the state's  
26.35 continuing obligation to pay bonded indebtedness and all other obligations, including

27.1 lease, contract, and other written obligations, incurred by a state agency or advisory  
27.2 committee abolished under this chapter, and this chapter does not impair or impede the  
27.3 payment of bonded indebtedness and all other obligations, including lease, contract, and  
27.4 other written obligations, in accordance with their terms. If an abolished state agency or  
27.5 advisory committee has outstanding bonded indebtedness or other outstanding obligations,  
27.6 including lease, contract, and other written obligations, the bonds and all other obligations,  
27.7 including lease, contract, and other written obligations, remain valid and enforceable in  
27.8 accordance with their terms and subject to all applicable terms and conditions of the laws  
27.9 and proceedings authorizing the bonds and all other obligations, including lease, contract,  
27.10 and other written obligations.

27.11 (b) The governor shall designate an appropriate state agency that shall continue to  
27.12 carry out all covenants contained in the bonds and in all other obligations, including lease,  
27.13 contract, and other written obligations, and the proceedings authorizing them, including  
27.14 the issuance of bonds, and the performance of all other obligations, including lease,  
27.15 contract, and other written obligations, to complete the construction of projects or the  
27.16 performance of other obligations, including lease, contract, and other written obligations.

27.17 (c) The designated state agency shall provide payment from the sources of payment  
27.18 of the bonds in accordance with the terms of the bonds and shall provide payment from  
27.19 the sources of payment of all other obligations, including lease, contract, and other written  
27.20 obligations, in accordance with their terms, whether from taxes, revenues, or otherwise,  
27.21 until the bonds and interest on the bonds are paid in full and all other obligations,  
27.22 including lease, contract, and other written obligations, are performed and paid in full.  
27.23 If the proceedings so provide, all funds established by laws or proceedings authorizing  
27.24 the bonds or authorizing other obligations, including lease, contract, and other written  
27.25 obligations, must remain with the comptroller or the previously designated trustees. If the  
27.26 proceedings do not provide that the funds remain with the comptroller or the previously  
27.27 designated trustees, the funds must be transferred to the designated state agency.

27.28 **Sec. 17. [3D.16] ASSISTANCE OF AND ACCESS TO STATE AGENCIES.**

27.29 The commission may request the assistance of state agencies and officers. When  
27.30 assistance is requested, a state agency or officer shall assist the commission. In carrying  
27.31 out its functions under this chapter, the commission or its designated staff member may  
27.32 inspect the records, documents, and files of any state agency.

27.33 **Sec. 18. [3D.17] RELOCATION OF EMPLOYEES.**

28.1 If an employee is displaced because a state agency or its advisory committee is  
28.2 abolished or reorganized, the state agency shall make a reasonable effort to relocate the  
28.3 displaced employee.

28.4 Sec. 19. **[3D.18] SAVING PROVISION.**

28.5 Except as otherwise expressly provided, abolition of a state agency does not affect  
28.6 rights and duties that matured, penalties that were incurred, civil or criminal liabilities that  
28.7 arose, or proceedings that were begun before the effective date of the abolition.

28.8 Sec. 20. **[3D.19] REVIEW OF PROPOSED LEGISLATION CREATING AN**  
28.9 **AGENCY.**

28.10 Each bill filed in a house of the legislature that would create a new state agency or  
28.11 a new advisory committee to a state agency shall be reviewed by the commission. The  
28.12 commission shall review the bill to determine if:

28.13 (1) the proposed functions of the agency or committee could be administered by one  
28.14 or more existing state agencies or advisory committees;

28.15 (2) the form of regulation, if any, proposed by the bill is the least restrictive form of  
28.16 regulation that will adequately protect the public;

28.17 (3) the bill provides for adequate public input regarding any regulatory function  
28.18 proposed by the bill; and

28.19 (4) the bill provides for adequate protection against conflicts of interest within  
28.20 the agency or committee.

28.21 Sec. 21. **[3D.20] GIFTS AND GRANTS.**

28.22 The commission may accept gifts, grants, and donations from any organization  
28.23 described in section 501(c)(3) of the Internal Revenue Code for the purpose of funding  
28.24 any activity under this chapter. All gifts, grants, and donations must be accepted in an  
28.25 open meeting by a majority of the voting members of the commission and reported in the  
28.26 public record of the commission with the name of the donor and purpose of the gift, grant,  
28.27 or donation. Money received under this section is appropriated to the commission.

28.28 Sec. 22. **[3D.21] EXPIRATION.**

28.29 Subdivision 1. **Group 1.** The following agencies are sunset and expire on June  
28.30 30, 2012: Department of Health, Department of Human Rights, Department of Human  
28.31 Services, all health-related licensing boards listed in section 214.01, Council on Affairs  
28.32 of Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific

29.1 Minnesotans, Indian Affairs Council, Council on Disabilities, and all advisory groups  
29.2 associated with these agencies.

29.3 Subd. 2. **Group 2.** The following agencies are sunset and expire on June 30, 2014:  
29.4 Department of Education, Board of Teaching, Minnesota Office of Higher Education, and  
29.5 all advisory groups associated with these agencies.

29.6 Subd. 3. **Group 3.** The following agencies are sunset and expire on June 30, 2016:  
29.7 Department of Commerce, Department of Employment and Economic Development,  
29.8 Department of Labor and Industry, all non-health-related licensing boards listed in  
29.9 section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism,  
29.10 Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of  
29.11 Mediation Services, Combative Sports Commission, Amateur Sports Commission, and all  
29.12 advisory groups associated with these agencies.

29.13 Subd. 4. **Group 4.** The following agencies are sunset and expire on June 30, 2018:  
29.14 Department of Corrections, Department of Public Safety, Department of Transportation,  
29.15 Peace Officer Standards and Training Board, Corrections Ombudsman, and all advisory  
29.16 groups associated with these agencies.

29.17 Subd. 5. **Group 5.** The following agencies are sunset and expire on June 30, 2020:  
29.18 Department of Agriculture, Department of Natural Resources, Pollution Control Agency,  
29.19 Board of Animal Health, Board of Water and Soil Resources, and all advisory groups  
29.20 associated with these agencies.

29.21 Subd. 6. **Group 6.** The following agencies are sunset and expire on June 30, 2022:  
29.22 Department of Administration, Department of Management and Budget, Department of  
29.23 Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board,  
29.24 Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public  
29.25 Disclosure Board, Capitol Area Architectural and Planning Board, Office of Enterprise  
29.26 Technology, Minnesota Racing Commission, and all advisory groups associated with  
29.27 these agencies.

29.28 Subd. 7. **Continuation.** Following sunset review of an agency, the legislature may  
29.29 act within the same legislative session in which the sunset report was received on Sunset  
29.30 Advisory Commission recommendations to continue or reorganize the agency.

29.31 Subd. 8. **Other groups.** The commission may review, under the criteria in  
29.32 section 3D.10, and propose to the legislature an expiration date for any agency, board,  
29.33 commission, or program not listed in this section.

29.34 Sec. 23. Minnesota Statutes 2010, section 6.48, is amended to read:

29.35 **6.48 EXAMINATION OF COUNTIES; COST, FEES.**

30.1           (a) All the powers and duties conferred and imposed upon the state auditor shall  
30.2 be exercised and performed by the state auditor in respect to the offices, institutions,  
30.3 public property, and improvements of several counties of the state. At least once in each  
30.4 year, if funds and personnel permit, the state auditor may visit, without previous notice,  
30.5 each county and make a thorough examination of all accounts and records relating to the  
30.6 receipt and disbursement of the public funds and the custody of the public funds and  
30.7 other property. If the audit is performed by a private certified public accountant, the state  
30.8 auditor may require additional information from the private certified public accountant as  
30.9 the state auditor deems in the public interest. The state auditor may accept the audit or  
30.10 make additional examinations as the state auditor deems to be in the public interest. The  
30.11 state auditor shall prescribe and install systems of accounts and financial reports that shall  
30.12 be uniform, so far as practicable, for the same class of offices. A copy of the report of  
30.13 such examination shall be filed and be subject to public inspection in the office of the state  
30.14 auditor and another copy in the office of the auditor of the county thus examined. The state  
30.15 auditor may accept the records and audit, or any part thereof, of the Department of Human  
30.16 Services in lieu of examination of the county social welfare funds, if such audit has been  
30.17 made within any period covered by the state auditor's audit of the other records of the  
30.18 county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance  
30.19 in any office of such county, such report shall be filed with the county attorney of the  
30.20 county, and the county attorney shall institute such civil and criminal proceedings as the  
30.21 law and the protection of the public interests shall require.

30.22           (b) The county receiving any examination shall pay to the state general fund,  
30.23 notwithstanding the provisions of section 16A.125, the total cost and expenses of such  
30.24 examinations, including the salaries paid to the examiners while actually engaged in  
30.25 making such examination. The state auditor on deeming it advisable may bill counties,  
30.26 having a population of 200,000 or over, monthly for services rendered and the officials  
30.27 responsible for approving and paying claims shall cause said bill to be promptly paid. The  
30.28 general fund shall be credited with all collections made for any such examinations.

30.29           (c) Notwithstanding paragraph (a), a county may provide for an audit to be performed  
30.30 by a certified public accountant firm meeting the requirements of section 326A.05.  
30.31 A county must notify the state auditor before August 1 of the even-numbered year  
30.32 immediately preceding the year in which the county intends to have an audit performed by  
30.33 a certified public accounting firm. A county currently using a certified public accounting  
30.34 firm must notify the state auditor before August 1 of the even-numbered year immediately  
30.35 preceding the year in which the county intends for the state auditor to audit the county.  
30.36 The audit performed under this paragraph must meet the standards and be in the form

31.1 required by the state auditor. The state auditor may require additional information from  
31.2 the certified public accountant firm as the state auditor deems in the public interest, but the  
31.3 state auditor must accept the audit unless the state auditor determines that it does not meet  
31.4 recognized industry auditing standards or is not in the form required by the state auditor.

31.5 Sec. 24. Minnesota Statutes 2010, section 15.057, is amended to read:

31.6 **15.057 PUBLICITY REPRESENTATIVES AND LEGISLATIVE LIAISONS.**

31.7 **Subdivision 1. Publicity representatives.** No state department, bureau, or division,  
31.8 whether the same operates on funds appropriated or receipts or fees of any nature  
31.9 whatsoever, except the Department of Transportation, the Department of Employment  
31.10 and Economic Development, the Game and Fish Division, State Agricultural Society, and  
31.11 Explore Minnesota Tourism shall use any of such funds for the payment of the salary or  
31.12 expenses of a publicity representative. The head of any such department, bureau, or  
31.13 division shall be personally liable for funds used contrary to this provision. This ~~section~~  
31.14 subdivision shall not be construed, however, as preventing any such department, bureau,  
31.15 or division from sending out any bulletins or other publicity required by any state law or  
31.16 necessary for the satisfactory conduct of the business for which such department, bureau,  
31.17 or division was created.

31.18 **Subd. 2. Legislative liaisons.** No state agency may use any money appropriated to  
31.19 it for the salary or expenses of an individual serving as a liaison for the legislative affairs  
31.20 of the agency. This subdivision does not prevent any employee of a state agency from  
31.21 providing information requested by legislators and providing testimony at legislative  
31.22 hearings.

31.23 Sec. 25. Minnesota Statutes 2010, section 15.06, subdivision 8, is amended to read:

31.24 **Subd. 8. Number of deputy commissioners; no assistant commissioners.** ~~Unless~~  
31.25 ~~specifically authorized by statute, other than section 43A.08, subdivision 2~~ Except for the  
31.26 Department of Veterans Affairs, no department or agency specified in subdivision 1 shall  
31.27 have more than one deputy commissioner. Except for the Department of Veterans Affairs,  
31.28 no department or agency specified in subdivision 1 may employ an assistant commissioner.

31.29 Sec. 26. **[15.062] EMPLOYEE COMPETITION FOR STATE BUSINESS.**

31.30 If an agency decides to seek an outside vendor to perform work currently done by  
31.31 state employees, the agency must permit groups of state employees to compete for the  
31.32 business by submitting responses to the agency's solicitation documents. Notwithstanding  
31.33 section 16A.127 or any other law to the contrary, no statewide or agency indirect costs

32.1 may be assessed to a group of agency employees with respect to work performed under  
32.2 a contract awarded to a group of employees under this section. This section supersedes  
32.3 any provision of law preventing a state agency from entering into a contract with a state  
32.4 employee.

32.5 Sec. 27. **[15.76] SAVI PROGRAM.**

32.6 Subdivision 1. **Program established.** The state agency value initiative (SAVI)  
32.7 program is established to encourage state agencies to identify cost-effective and efficiency  
32.8 measures in agency programs and operations that result in cost savings for the state. All  
32.9 state agencies, including Minnesota State Colleges and Universities, may participate in  
32.10 this program.

32.11 Subd. 2. **Retained savings.** (a) In order to encourage innovation and creative  
32.12 cost savings by state employees, upon approval of the commissioner of management  
32.13 and budget, 50 percent of any appropriations for agency operations that remain unspent  
32.14 at the end of a biennium because of unanticipated innovation, efficiencies, or creative  
32.15 cost-savings may be carried forward and retained by the agency to fund specific agency  
32.16 proposals or projects. Agencies choosing to spend retained savings funds must ensure that  
32.17 project expenditures do not create future obligations beyond the amounts available from  
32.18 the retained savings. The retained savings must be used only to fund projects that directly  
32.19 support the agency's mission. This section does not restrict authority granted by other law  
32.20 to carry forward money for a different period or for different purposes.

32.21 (b) This section supersedes any contrary provision of section 16A.28.

32.22 Subd. 3. **Special peer review panel; review process.** (a) Each participating agency  
32.23 must organize a peer review panel that will determine which proposal or project receives  
32.24 funding from the SAVI program. The peer review panel must be comprised of department  
32.25 employees who are credited with cost-savings initiatives and department managers. The  
32.26 ratio between managers and department employees must be balanced.

32.27 (b) An agency may spend money for a project recommended for funding by the  
32.28 peer review panel after:

32.29 (1) the agency has posted notice of spending for the proposed project on the agency  
32.30 Web site for at least 30 days; and

32.31 (2) the commissioner of management and budget has approved spending money  
32.32 from the SAVI account for the project.

32.33 (c) Before approving a project, the commissioner of management and budget  
32.34 must submit the request to the Legislative Advisory Commission for its review and  
32.35 recommendation. Upon receiving a request from the commissioner, the Legislative



33.1 Advisory Commission shall post notice of the request on a legislative Web site for at least  
33.2 30 days. Failure of the commission to make a recommendation within this 30-day period  
33.3 is considered a negative recommendation. A recommendation of the commission must be  
33.4 made at a meeting of the commission unless a written recommendation is signed by all  
33.5 the members entitled to vote on the item.

33.6 Subd. 4. **SAVI-dedicated account.** Each agency that participates in the SAVI  
33.7 program shall have a SAVI-dedicated account in the special revenue fund, or other  
33.8 appropriate fund as determined by the commissioner of management and budget, into  
33.9 which the agency's savings are deposited. The agency will manage and review projects  
33.10 that are funded from this account. Money in the account is appropriated to the participating  
33.11 agency for purposes authorized by this section.

33.12 Subd. 5. **Expiration.** This section expires June 30, 2018.

33.13 **EFFECTIVE DATE.** This section is effective June 30, 2013, and first applies to  
33.14 funds to be carried forward from the biennium ending June 30, 2013, to the biennium  
33.15 beginning July 1, 2013.

33.16 Sec. 28. Minnesota Statutes 2010, section 16A.10, subdivision 1a, is amended to read:

33.17 Subd. 1a. **Purpose of performance data.** Performance data shall be presented in  
33.18 the budget proposal to:

33.19 (1) provide information so that the legislature can determine the extent to which  
33.20 state programs and activities are successful;

33.21 (2) encourage agencies to develop clear and measurable goals and objectives for  
33.22 their programs and activities; and

33.23 (3) strengthen accountability to Minnesotans by providing a record of state  
33.24 government's performance in providing effective and efficient services.

33.25 Sec. 29. Minnesota Statutes 2010, section 16A.10, subdivision 1b, is amended to read:

33.26 Subd. 1b. **Performance data format.** (a) As part of the budget proposal, agencies  
33.27 shall:

33.28 (1) describe the goals and objectives of each agency program and activity; and

33.29 (2) present performance data that measures the performance of programs and  
33.30 activities in meeting ~~program~~ goals and objectives.

33.31 (b) Measures reported must be outcome-based and objective, and may include  
33.32 indicators of outputs, efficiency, ~~outcomes~~, and other measures relevant to understanding  
33.33 each program and activity.

34.1 (c) Agencies shall present as much historical information as needed to understand  
34.2 major trends and shall set targets for future performance issues ~~where feasible and~~  
34.3 ~~appropriate~~. The information shall appropriately highlight agency performance issues that  
34.4 would assist legislative review and decision making.

34.5 (d) For purposes of this subdivision, subdivision 1a, and section 16A.106, the terms  
34.6 "program" and "activity" are used in the same manner as the terms are used in state  
34.7 budgeting. However, the commissioner may authorize an agency to define these terms in a  
34.8 different manner if that allows for a more effective presentation of performance data.

34.9 Sec. 30. Minnesota Statutes 2010, section 16A.10, subdivision 1c, is amended to read:

34.10 Subd. 1c. **Performance measures for change items.** For each change item in the  
34.11 budget proposal requesting new or increased funding, the budget document must present  
34.12 proposed performance measures that can be used to determine if the new or increased  
34.13 funding is accomplishing its goals. To the extent possible, each budget change item  
34.14 must identify relevant Minnesota Milestones and other statewide goals and indicators  
34.15 related to the proposed initiative. ~~The commissioner must report to the Subcommittee on~~  
34.16 ~~Government Accountability established under section 3.885, subdivision 10, regarding the~~  
34.17 ~~format to be used for the presentation and selection of Minnesota Milestones and other~~  
34.18 ~~statewide goals and indicators.~~

34.19 Sec. 31. Minnesota Statutes 2010, section 16A.103, subdivision 1a, is amended to read:

34.20 Subd. 1a. **Forecast parameters.** The forecast must assume the continuation of  
34.21 current laws and reasonable estimates of projected growth in the national and state  
34.22 economies and affected populations. Revenue must be estimated for all sources provided  
34.23 for in current law. Expenditures must be estimated for all obligations imposed by law and  
34.24 those projected to occur as a result of variables outside the control of the legislature.  
34.25 Expenditures for the current biennium must be based on actual appropriations or, for  
34.26 forecasted programs, the amount needed to fund the formula in law. The base for  
34.27 expenditures projections for the next biennium is the amount appropriated in the second  
34.28 year of the current biennium, except as provided by other law, or, for forecasted programs,  
34.29 the amount needed to fund the formula in law. Expenditure estimates must not include an  
34.30 allowance for inflation.

34.31 Sec. 32. **[16A.106] ZERO-BASED BUDGETING PRINCIPLES.**

34.32 (a) The detailed budget presented to the legislature must include:

35.1 (1) a description of each budget activity for which the agency or entity receives  
35.2 an appropriation in the current biennium or for which the agency or entity requests an  
35.3 appropriation in the next biennium;

35.4 (2) for each budget activity, three alternative funding levels or alternative ways of  
35.5 performing the budget activity, at least one of which is less than the previous biennium's  
35.6 actual expenditures for that budget activity, a summary of the priorities that would be  
35.7 accomplished within each level compared to a zero budget, and the additional increments  
35.8 of value that would be added by the higher funding levels compared to what would be  
35.9 accomplished if there were no funding for the activity; and

35.10 (3) for each budget activity, performance data as specified in section 16A.10,  
35.11 subdivision 1b, the predicted effect of the three alternative funding levels on future  
35.12 performance, and also one or more measures of cost efficiency and effectiveness of  
35.13 program delivery, which must include comparisons to other states or entities with similar  
35.14 programs.

35.15 (b) The commissioner's budget preparation guidelines and instructions must contain  
35.16 requirements, deadlines, and technical assistance to facilitate implementation of this  
35.17 section. After consultation with the legislative commission on planning and fiscal policy,  
35.18 the commissioner's instructions may establish parameters for the three alternative funding  
35.19 levels required in paragraph (a), clause (3).

35.20 (c) The governor's recommendations must prioritize the budget activities within an  
35.21 agency or program area. To the extent activities in more than one agency or program area  
35.22 are meeting the same goals, the recommendations must prioritize budget activities across  
35.23 agencies or programs with the same goals, and this prioritization must include agencies or  
35.24 programs not subject to zero-based budgeting principles that biennium.

35.25 (d) Expenditures for debt service under section 16A.641, subdivision 10, are not  
35.26 subject to zero-based budgeting principles.

35.27 **EFFECTIVE DATE.** (a) The zero-based budgeting principles in this section first  
35.28 apply to the following budget proposals for the biennium beginning July 1, 2013:

35.29 (1) legislative branch;

35.30 (2) judicial branch;

35.31 (3) Minnesota State Colleges and Universities system; and

35.32 (4) approximately half of expenditure programs in the executive branch, designated  
35.33 by the governor, in consultation with the chairs and lead minority members of the senate  
35.34 Finance Committee and the house of representatives Ways and Means Committee.

35.35 (b) The zero-based budgeting principles in this section apply to all budget proposals  
35.36 for the biennium beginning July 1, 2015, and after.

36.1 Sec. 33. Minnesota Statutes 2010, section 16A.11, subdivision 3, is amended to read:

36.2 Subd. 3. **Part two: detailed budget.** (a) Part two of the budget, the detailed budget  
36.3 estimates both of expenditures and revenues, must contain any statements on the financial  
36.4 plan which the governor believes desirable or which may be required by the legislature.  
36.5 The detailed estimates shall include the governor's budget arranged in tabular form.

36.6 (b) For programs designated for the zero-based budgeting principles under section  
36.7 16A.106, the budget must be prepared according to the requirements of that section.

36.8 (c) For programs not designated for zero-based budgeting principles under section  
36.9 16A.106, tables listing expenditures for the next biennium must show the appropriation  
36.10 base for each year as defined in section 16A.103, subdivision 1c. ~~The appropriation base~~  
36.11 ~~is the amount appropriated for the second year of the current biennium.~~ The tables must  
36.12 separately show any adjustments to the base required by current law or policies of the  
36.13 commissioner of management and budget. For forecasted programs, the tables must also  
36.14 show the amount of the forecast adjustments, based on the most recent forecast prepared  
36.15 by the commissioner of management and budget under section 16A.103. For all programs,  
36.16 the tables must show the amount of appropriation changes recommended by the governor,  
36.17 after adjustments to the base and forecast adjustments, and the total recommendation of  
36.18 the governor for that year.

36.19 ~~(e)~~ (d) The detailed estimates must include a separate line listing the total cost of  
36.20 professional and technical service contracts for the prior biennium and the projected costs  
36.21 of those contracts for the current and upcoming biennium. They must also include a  
36.22 summary of the personnel employed by the agency, reflected as full-time equivalent  
36.23 positions.

36.24 ~~(d)~~ (e) The detailed estimates for internal service funds must include the number of  
36.25 full-time equivalents by program; detail on any loans from the general fund, including  
36.26 dollar amounts by program; proposed investments in technology or equipment of \$100,000  
36.27 or more; an explanation of any operating losses or increases in retained earnings; and a  
36.28 history of the rates that have been charged, with an explanation of any rate changes and  
36.29 the impact of the rate changes on affected agencies.

36.30 Sec. 34. Minnesota Statutes 2010, section 16A.28, subdivision 3, is amended to read:

36.31 Subd. 3. **Lapse.** Any portion of any appropriation not carried forward and remaining  
36.32 unexpended and unencumbered at the close of a fiscal year lapses to the fund from which  
36.33 it was originally appropriated. Except as provided in section 15.76, any appropriation  
36.34 amounts not carried forward and remaining unexpended and unencumbered at the close of  
36.35 a biennium lapse to the fund from which the appropriation was made.

37.1 **EFFECTIVE DATE.** This section is effective June 30, 2013.

37.2 Sec. 35. **[16A.90] EMPLOYEE GAINSHARING SYSTEM.**

37.3 The commissioner shall establish a program to provide onetime bonus compensation  
37.4 to state employees for efforts made to reduce the costs of operating state government or for  
37.5 ways of providing better or more efficient state services. The commissioner may make a  
37.6 onetime award to an employee or group of employees whose suggestion or involvement in  
37.7 a project is determined by the commissioner to have resulted in documented cost-savings  
37.8 to the state. The maximum award is ten percent of the documented savings in the  
37.9 first fiscal year in which the savings are realized. The award must be paid from the  
37.10 appropriation to which the savings accrued.

37.11 Sec. 36. **[16A.93] MINNESOTA PAY FOR PERFORMANCE ACT.**

37.12 Sections 16A.93 to 16A.96 may be cited as the "Minnesota Pay for Performance  
37.13 Act of 2011."

37.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

37.15 Sec. 37. **[16A.94] PROGRAM.**

37.16 Subdivision 1. **Pilot program established.** The commissioner shall implement a  
37.17 pilot program to demonstrate the feasibility and desirability of using state appropriation  
37.18 bonds to pay for certain services based on performance and outcomes for the people served.

37.19 Subd. 2. **Oversight committee.** (a) The commissioner shall appoint an oversight  
37.20 committee to:

37.21 (1) identify criteria to select one or more services to be included in the pilot program;

37.22 (2) identify the conditions of performance and desired outcomes for the people  
37.23 served by each service selected;

37.24 (3) identify criteria to evaluate whether a service has met the performance  
37.25 conditions; and

37.26 (4) provide any other advice or assistance requested by the commissioner.

37.27 (b) The oversight committee must include the commissioners of the Departments  
37.28 of Human Services, Employment and Economic Development, and Administration, or  
37.29 their designees; a representative of a nonprofit organization that has participated in a  
37.30 pay-for-performance program; and any other person or organization that the commissioner  
37.31 determines would be of assistance in developing and implementing the pilot program.

37.32 Subd. 3. **Contracts.** The commissioner and the commissioner of the agency with  
37.33 a service to be provided through the pilot program shall enter into a contract with the

38.1 selected provider. The contract must specify the service to be provided, the time frame in  
38.2 which it is to be provided, the outcome required for payment, and any other terms deemed  
38.3 necessary or convenient for implementation of the pilot program. The commissioner  
38.4 shall pay a provider that has met the terms and conditions of a contract with money  
38.5 appropriated to the commissioner from the special appropriation bond proceeds account  
38.6 established in section 16A.96. At a minimum, before the commissioner pays a provider,  
38.7 the commissioner must determine that the state's return on investment is positive.

38.8 Subd. 4. **Return on investment calculation.** The commissioner, in consultation  
38.9 with the oversight committee, must establish the method and data required for calculating  
38.10 the state's return on investment. The data at a minimum must include:

38.11 (1) state income taxes and any other revenues collected in the year after the service  
38.12 was provided that would not have been collected without the service; and

38.13 (2) costs avoided by the state by providing the service.

38.14 A positive return on investment for the state will cover the state's costs in financing  
38.15 and administering the pilot program through documented increased state tax revenue  
38.16 or cost avoidance.

38.17 Subd. 5. **Report to governor and legislature.** The commissioner must report to the  
38.18 governor and legislative committees with jurisdiction over capital investment, finance, and  
38.19 ways and means, and the services included in the pilot program, by January 15 of each  
38.20 year following a year in which the pilot program is operating. The report must describe  
38.21 and discuss the criteria for selection and evaluation of services to be provided through  
38.22 the program, the net benefits to the state of the program, the state's return on investment,  
38.23 the cost of the services provided by other means in the most recent past, the time frame  
38.24 for payment for the services, and the timing and costs for sale and issuance of the bonds  
38.25 authorized in section 16A.96.

38.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

38.27 Sec. 38. **[16A.96] MINNESOTA PAY FOR PERFORMANCE PROGRAM;**  
38.28 **APPROPRIATION BONDS.**

38.29 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this  
38.30 section.

38.31 (b) "Appropriation bond" means a bond, note, or other similar instrument of the state  
38.32 payable during a biennium from one or more of the following sources:

38.33 (1) money appropriated by law in any biennium for debt service due with respect  
38.34 to obligations described in subdivision 2, paragraph (b);

38.35 (2) proceeds of the sale of obligations described in subdivision 2, paragraph (b);

39.1 (3) payments received for that purpose under agreements and ancillary arrangements  
39.2 described in subdivision 2, paragraph (d); and

39.3 (4) investment earnings on amounts in clauses (1) to (3).

39.4 (c) "Debt service" means the amount payable in any biennium of principal, premium,  
39.5 if any, and interest on appropriation bonds.

39.6 Subd. 2. Authority. (a) Subject to the limitations of this subdivision, the  
39.7 commissioner of management and budget may sell and issue appropriation bonds of the  
39.8 state under this section for the purposes of the Minnesota pay for performance program  
39.9 established in sections 16A.93 to 16A.96. Proceeds of the bonds must be credited to  
39.10 a special appropriation bond proceeds account in the state treasury. Net income from  
39.11 investment of the proceeds, as estimated by the commissioner, must be credited to the  
39.12 special appropriation bond proceeds account.

39.13 (b) Appropriation bonds may be sold and issued in amounts that, in the opinion of  
39.14 the commissioner, are necessary to provide sufficient funds for achieving the purposes  
39.15 authorized as provided under paragraph (a), and pay debt service, pay costs of issuance,  
39.16 make deposits to reserve funds, pay the costs of credit enhancement, or make payments  
39.17 under other agreements entered into under paragraph (d); provided, however, that bonds  
39.18 issued and unpaid shall not exceed \$20,000,000 in principal amount, excluding refunding  
39.19 bonds sold and issued under subdivision 4. During the biennium ending June 30, 2013,  
39.20 the commissioner may sell and issue bonds only in an amount that the commissioner  
39.21 determines will result in principal and interest payments less than the amount of savings to  
39.22 be generated through pay-for-performance contracts under section 16A.94. For programs  
39.23 achieving savings under a pay-for-performance contract, the commissioner must reduce  
39.24 general fund appropriations by at least the amount of principal and interest payments on  
39.25 bonds issued under this section.

39.26 (c) Appropriation bonds may be issued in one or more series on the terms and  
39.27 conditions the commissioner determines to be in the best interests of the state, but the term  
39.28 on any series of bonds may not exceed 20 years.

39.29 (d) At the time of, or in anticipation of, issuing the appropriation bonds, and at any  
39.30 time thereafter, so long as the appropriation bonds are outstanding, the commissioner  
39.31 may enter into agreements and ancillary arrangements relating to the appropriation  
39.32 bonds, including but not limited to trust indentures, liquidity facilities, remarketing or  
39.33 dealer agreements, letter of credit agreements, insurance policies, guaranty agreements,  
39.34 reimbursement agreements, indexing agreements, or interest exchange agreements. Any  
39.35 payments made or received according to the agreement or ancillary arrangement shall be  
39.36 made from or deposited as provided in the agreement or ancillary arrangement. The

40.1 determination of the commissioner included in an interest exchange agreement that the  
40.2 agreement relates to an appropriation bond shall be conclusive.

40.3 Subd. 3. **Form; procedure.** (a) Appropriation bonds may be issued in the form  
40.4 of bonds, notes, or other similar instruments, and in the manner provided in section  
40.5 16A.672. In the event that any provision of section 16A.672 conflicts with this section,  
40.6 this section shall control.

40.7 (b) Every appropriation bond shall include a conspicuous statement of the limitation  
40.8 established in subdivision 6.

40.9 (c) Appropriation bonds may be sold at either public or private sale upon such terms  
40.10 as the commissioner shall determine are not inconsistent with this section and may be sold  
40.11 at any price or percentage of par value. Any bid received may be rejected.

40.12 (d) Appropriation bonds may bear interest at a fixed or variable rate.

40.13 Subd. 4. **Refunding bonds.** The commissioner from time to time may issue  
40.14 appropriation bonds for the purpose of refunding any appropriation bonds then  
40.15 outstanding, including the payment of any redemption premiums on the bonds, any  
40.16 interest accrued or to accrue to the redemption date, and costs related to the issuance  
40.17 and sale of the refunding bonds. The proceeds of any refunding bonds may, in the  
40.18 discretion of the commissioner, be applied to the purchase or payment at maturity of the  
40.19 appropriation bonds to be refunded, to the redemption of the outstanding bonds on any  
40.20 redemption date, or to pay interest on the refunding bonds and may, pending application,  
40.21 be placed in escrow to be applied to the purchase, payment, retirement, or redemption.  
40.22 Any escrowed proceeds, pending such use, may be invested and reinvested in obligations  
40.23 that are authorized investments under section 11A.24. The income earned or realized on  
40.24 the investment may also be applied to the payment of the bonds to be refunded or interest  
40.25 or premiums on the refunded bonds, or to pay interest on the refunding bonds. After  
40.26 the terms of the escrow have been fully satisfied, any balance of the proceeds and any  
40.27 investment income may be returned to the general fund or, if applicable, the appropriation  
40.28 bond proceeds account for use in any lawful manner. All refunding bonds issued under  
40.29 this subdivision must be prepared, executed, delivered, and secured by appropriations in  
40.30 the same manner as the bonds to be refunded.

40.31 Subd. 5. **Appropriation bonds as legal investments.** Any of the following entities  
40.32 may legally invest any sinking funds, money, or other funds belonging to them or under  
40.33 their control in any appropriation bonds issued under this section:

40.34 (1) the state, the investment board, public officers, municipal corporations, political  
40.35 subdivisions, and public bodies;



41.1 (2) banks and bankers, savings and loan associations, credit unions, trust companies,  
41.2 savings banks and institutions, investment companies, insurance companies, insurance  
41.3 associations, and other persons carrying on a banking or insurance business; and

41.4 (3) personal representatives, guardians, trustees, and other fiduciaries.

41.5 **Subd. 6. No full faith and credit; state not required to make appropriations.**

41.6 The appropriation bonds are not public debt of the state, and the full faith, credit, and  
41.7 taxing powers of the state are not pledged to the payment of the appropriation bonds or to  
41.8 any payment that the state agrees to make under this section. Appropriation bonds shall  
41.9 not be obligations paid directly, in whole or in part, from a tax of statewide application  
41.10 on any class of property, income, transaction, or privilege. Appropriation bonds shall be  
41.11 payable in each fiscal year only from amounts that the legislature may appropriate for debt  
41.12 service for any fiscal year, provided that nothing in this section shall be construed to  
41.13 require the state to appropriate funds sufficient to make debt service payments with respect  
41.14 to the bonds in any fiscal year.

41.15 **Subd. 7. Appropriation of proceeds.** The proceeds of appropriation bonds and  
41.16 interest credited to the special appropriation bond proceeds account are appropriated to the  
41.17 commissioner for payment of contract obligations under the pay for performance program,  
41.18 as permitted by state and federal law, and nonsalary expenses incurred in conjunction  
41.19 with the sale of the appropriation bonds.

41.20 **Subd. 8. Appropriation for debt service.** The amount needed to pay principal and  
41.21 interest on appropriation bonds issued under this section is appropriated each year to the  
41.22 commissioner from the general fund subject to the repeal, unallotment under section  
41.23 16A.152, or cancellation otherwise pursuant to subdivision 6.

41.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

41.25 Sec. 39. Minnesota Statutes 2010, section 16B.03, is amended to read:

41.26 **16B.03 APPOINTMENTS.**

41.27 The commissioner is authorized to appoint staff, including ~~two~~ one deputy  
41.28 ~~commissioners~~ commissioner, in accordance with chapter 43A.

41.29 Sec. 40. **[16C.075] E-VERIFY.**

41.30 A contract for services valued in excess of \$50,000 must require certification from  
41.31 the vendor and any subcontractors that, as of the date services on behalf of the state of  
41.32 Minnesota will be performed, the vendor and all subcontractors have implemented or are  
41.33 in the process of implementing the federal E-Verify program for all newly hired employees

42.1 in the United States who will perform work on behalf of the state of Minnesota. This  
42.2 section does not apply to contracts entered into by the State Board of Investment.

42.3 **EFFECTIVE DATE.** This section is effective July 1, 2011, and applies to contracts  
42.4 entered into on or after that date.

42.5 Sec. 41. Minnesota Statutes 2010, section 16C.08, subdivision 2, is amended to read:

42.6 Subd. 2. **Duties of contracting agency.** (a) Before an agency may seek approval of  
42.7 a professional or technical services contract valued in excess of \$5,000, it must provide  
42.8 the following:

42.9 (1) a description of how the proposed contract or amendment is necessary and  
42.10 reasonable to advance the statutory mission of the agency;

42.11 (2) a description of the agency's plan to notify firms or individuals who may be  
42.12 available to perform the services called for in the solicitation;

42.13 (3) a description of the performance measures or other tools, including accessibility  
42.14 measures if applicable, that will be used to monitor and evaluate contract performance; and

42.15 (4) an explanation detailing, if applicable, why this procurement is being pursued  
42.16 unilaterally by the agency and not as an enterprise procurement.

42.17 (b) In addition to paragraph (a), the agency must certify that:

42.18 ~~(1) no current state employee is able and available to perform the services called~~  
42.19 ~~for by the contract;~~

42.20 ~~(2)~~ (1) the normal competitive bidding mechanisms will not provide for adequate  
42.21 performance of the services;

42.22 ~~(3)~~ (2) reasonable efforts will be made to publicize the availability of the contract  
42.23 to the public;

42.24 ~~(4)~~ (3) the agency will develop and implement a written plan providing for the  
42.25 assignment of specific agency personnel to manage the contract, including a monitoring  
42.26 and liaison function, the periodic review of interim reports or other indications of past  
42.27 performance, and the ultimate utilization of the final product of the services;

42.28 ~~(5)~~ (4) the agency will not allow the contractor to begin work before the contract is  
42.29 fully executed unless an exception under section 16C.05, subdivision 2a, has been granted  
42.30 by the commissioner and funds are fully encumbered;

42.31 ~~(6)~~ (5) the contract will not establish an employment relationship between the state  
42.32 or the agency and any persons performing under the contract; and

42.33 ~~(7)~~ (6) in the event the results of the contract work will be carried out or continued  
42.34 by state employees upon completion of the contract, the contractor is required to include  
42.35 state employees in development and training, to the extent necessary to ensure that after

43.1 completion of the contract, state employees can perform any ongoing work related to the  
43.2 same function; ~~and~~

43.3 ~~(8) the agency will not contract out its previously eliminated jobs for four years~~  
43.4 ~~without first considering the same former employees who are on the seniority unit layoff~~  
43.5 ~~list who meet the minimum qualifications determined by the agency.~~

43.6 (c) A contract establishes an employment relationship for purposes of paragraph (b),  
43.7 clause ~~(6)~~ (5), if, under federal laws governing the distinction between an employee and  
43.8 an independent contractor, a person would be considered an employee.

43.9 Sec. 42. **[16C.082] CONTRACTS FOR TAX-RELATED ACTIVITIES.**

43.10 An agency may not enter into a contract for tax fraud prevention or detection, or  
43.11 tax audit-related activities, that compensates a vendor based on a percentage of taxes  
43.12 assessed or collected.

43.13 **EFFECTIVE DATE.** This section is effective the day following final enactment  
43.14 and applies to contracts entered into on or after that date.

43.15 Sec. 43. Minnesota Statutes 2010, section 16C.09, is amended to read:

43.16 **16C.09 PROCEDURE FOR SERVICE CONTRACTS.**

43.17 (a) Before entering into or approving a service contract, the commissioner must  
43.18 determine, at least, that:

43.19 ~~(1) no current state employee is able and available to perform the services called~~  
43.20 ~~for by the contract;~~

43.21 ~~(2)~~ (1) the work to be performed under the contract is necessary to the agency's  
43.22 achievement of its statutory responsibilities and there is statutory authority to enter into  
43.23 the contract;

43.24 ~~(3)~~ (2) the contract will not establish an employment relationship between the state  
43.25 or the agency and any persons performing under the contract;

43.26 ~~(4)~~ (3) the contractor and agents are not employees of the state, except as authorized  
43.27 in section 15.062;

43.28 ~~(5)~~ (4) the contracting agency has specified a satisfactory method of evaluating and  
43.29 using the results of the work to be performed; and

43.30 ~~(6)~~ (5) the combined contract and amendments will not exceed five years without  
43.31 specific, written approval by the commissioner according to established policy, procedures,  
43.32 and standards, or unless otherwise provided for by law. The term of the original contract

44.1 must not exceed two years, unless the commissioner determines that a longer duration is  
44.2 in the best interest of the state.

44.3 ~~(b) For purposes of paragraph (a), clause (1), employees are available if qualified~~  
44.4 ~~and:~~

44.5 ~~(1) are already doing the work in question; or~~

44.6 ~~(2) are on layoff status in classes that can do the work in question.~~

44.7 ~~An employee is not available if the employee is doing other work, is retired, or has decided~~  
44.8 ~~not to do the work in question.~~

44.9 ~~(e)~~ (b) This section does not apply to an agency's use of inmates pursuant to sections  
44.10 241.20 to 241.23 or to an agency's use of persons required by a court to provide:

44.11 (1) community service; or

44.12 (2) conservation or maintenance services on lands under the jurisdiction and control  
44.13 of the state.

44.14 Sec. 44. **[16D.18] RECIPROCAL AGREEMENT.**

44.15 (a) The commissioner is authorized to enter into agreements with the federal  
44.16 Department of the Treasury that provide for offsetting state payments against federal  
44.17 nontax obligations. Except as provided in paragraph (d), the commissioner may charge a  
44.18 fee of \$20 per transaction for such offsets and may collect this offset fee from the debtor  
44.19 by deducting it from the state payment. The agreement may provide for offsetting federal  
44.20 payments, as authorized by federal law, against state tax and nontax obligations, and  
44.21 collecting the offset cost from the debtor. The agreement shall provide that the federal  
44.22 Department of the Treasury may deduct a fee from each administrative offset and state  
44.23 payment offset. Setoffs to collect state and other entity obligations under chapters 16D,  
44.24 270A, 270C, and any other provision of Minnesota Statutes occur before a state payment  
44.25 offset. For purposes of this paragraph "administrative offset" is any offset of federal  
44.26 payments to collect state debts and "state payment offset" is any offset of state payments  
44.27 to collect federal nontax debts.

44.28 (b) A debt is eligible for offset under this program if notice of intent to offset the  
44.29 debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if  
44.30 required by federal law or an agreement with the federal Department of the Treasury.  
44.31 When there is an agreement for scheduled payments on an account, the debtor must be  
44.32 sent this notice each time an additional debt is claimed.

44.33 (c) The debtor shall have the time period required for notice under paragraph (b) to  
44.34 contest the offset. An agreement under this section must not allow for offset of payments  
44.35 if the debt that would be subject to the offset is being contested or if the time for appealing

45.1 the determination of the debt has not yet expired. The treasury offset program agreement  
45.2 entered into by the state must not require federal agencies to provide different due process  
45.3 than the requirements under Code of Federal Regulations, title 31, section 285.6.

45.4 (d) Notwithstanding the fee authorized under paragraph (a), if the commissioner  
45.5 enters into a contingency fee agreement with a nonstate vendor to provide assistance  
45.6 under this section, the commissioner may charge a debtor a fee for the processing of state  
45.7 payment offsets for the recovery of federal nontax debts or the processing of federal  
45.8 payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt  
45.9 and may be withheld from any refund, reimbursement, or other money held for the debtor.  
45.10 The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply  
45.11 to fees charged under this paragraph.

45.12 **EFFECTIVE DATE.** This section is effective the day following final enactment. As  
45.13 soon as possible after that date, the commissioner must discuss an agreement authorized  
45.14 under this section with appropriate federal officials, and if an agreement is entered into,  
45.15 the commissioner must begin to implement it to collect debts owed to the state as soon as  
45.16 possible.

45.17 Sec. 45. Minnesota Statutes 2010, section 37.06, is amended to read:

45.18 **37.06 SECRETARY; LEGISLATIVE AUDITOR; DUTIES; REPORT.**

45.19 The secretary shall keep a complete record of the proceedings of the annual meetings  
45.20 of the State Agricultural Society and all meetings of the board of managers and any  
45.21 committee of the board, keep all accounts of the society other than those kept by the  
45.22 treasurer of the society, and perform other duties as directed by the board of managers. On  
45.23 or before December 31 each year, the secretary shall report to the governor for the fiscal  
45.24 year ending October 31 all the proceedings of the society during the current year and its  
45.25 financial condition as appears from its books. This report must contain a full, detailed  
45.26 statement of all receipts and expenditures during the year.

45.27 The books and accounts of the society for the fiscal year must be examined and  
45.28 audited annually by an independent auditor, either a private auditor or the legislative  
45.29 auditor. If the audit is conducted by the legislative auditor, the cost of the examination  
45.30 must be paid by the society to the state and credited to the general fund.

45.31 A summary of this examination, certified by the ~~legislative~~ auditor, must be  
45.32 appended to the secretary's report, along with the ~~legislative~~ auditor's recommendations  
45.33 and the proceedings of the first annual meeting of the society held following the secretary's  
45.34 report, including addresses made at the meeting as directed by the board of managers. The

46.1 summary, recommendations, and proceedings must be printed in the same manner as the  
46.2 reports of state officers. Copies of the report must be printed annually and distributed as  
46.3 follows: to each society or association entitled to membership in the society, to each  
46.4 newspaper in the state, and the remaining copies as directed by the board of managers.

46.5 Sec. 46. Minnesota Statutes 2010, section 43A.08, subdivision 1, is amended to read:

46.6 Subdivision 1. **Unclassified positions.** Unclassified positions are held by employees  
46.7 who are:

46.8 (1) chosen by election or appointed to fill an elective office;

46.9 (2) heads of agencies required by law to be appointed by the governor or other  
46.10 elective officers, and the executive or administrative heads of departments, bureaus,  
46.11 divisions, and institutions specifically established by law in the unclassified service;

46.12 (3) deputy ~~and assistant~~ agency heads and one confidential secretary in the agencies  
46.13 listed in ~~subdivision 1a and in the Office of Strategic and Long-Range Planning section~~  
46.14 15.06, subdivision 1;

46.15 (4) the confidential secretary to each of the elective officers of this state and, for the  
46.16 secretary of state and state auditor, an additional deputy, clerk, or employee;

46.17 (5) intermittent help employed by the commissioner of public safety to assist in  
46.18 the issuance of vehicle licenses;

46.19 (6) employees in the offices of the governor and of the lieutenant governor and one  
46.20 confidential employee for the governor in the Office of the Adjutant General;

46.21 (7) employees of the Washington, D.C., office of the state of Minnesota;

46.22 (8) employees of the legislature and of legislative committees or commissions;  
46.23 provided that employees of the Legislative Audit Commission, except for the legislative  
46.24 auditor, the deputy legislative auditors, and their confidential secretaries, shall be  
46.25 employees in the classified service;

46.26 (9) presidents, vice-presidents, deans, other managers and professionals in  
46.27 academic and academic support programs, administrative or service faculty, teachers,  
46.28 research assistants, and student employees eligible under terms of the federal Economic  
46.29 Opportunity Act work study program in the Perpich Center for Arts Education and the  
46.30 Minnesota State Colleges and Universities, but not the custodial, clerical, or maintenance  
46.31 employees, or any professional or managerial employee performing duties in connection  
46.32 with the business administration of these institutions;

46.33 (10) officers and enlisted persons in the National Guard;

46.34 (11) attorneys, legal assistants, and three confidential employees appointed by the  
46.35 attorney general or employed with the attorney general's authorization;

47.1 (12) judges and all employees of the judicial branch, referees, receivers, jurors, and  
47.2 notaries public, except referees and adjusters employed by the Department of Labor  
47.3 and Industry;

47.4 (13) members of the State Patrol; provided that selection and appointment of State  
47.5 Patrol troopers must be made in accordance with applicable laws governing the classified  
47.6 service;

47.7 (14) examination monitors and intermittent training instructors employed by the  
47.8 Departments of Management and Budget and Commerce and by professional examining  
47.9 boards and intermittent staff employed by the technical colleges for the administration of  
47.10 practical skills tests and for the staging of instructional demonstrations;

47.11 (15) student workers;

47.12 (16) executive directors or executive secretaries appointed by and reporting to any  
47.13 policy-making board or commission established by statute;

47.14 (17) employees unclassified pursuant to other statutory authority;

47.15 (18) intermittent help employed by the commissioner of agriculture to perform  
47.16 duties relating to pesticides, fertilizer, and seed regulation;

47.17 (19) the administrators and the deputy administrators at the State Academies for the  
47.18 Deaf and the Blind; and

47.19 (20) chief executive officers in the Department of Human Services.

47.20 Sec. 47. Minnesota Statutes 2010, section 43A.20, is amended to read:

47.21 **43A.20 PERFORMANCE APPRAISAL AND PAY.**

47.22 (a) The commissioner shall design and maintain a performance appraisal system  
47.23 under which each employee in the civil service in the executive branch shall be evaluated  
47.24 and counseled on work performance at least once a year. The performance appraisal  
47.25 system must include three components:

47.26 (1) evaluation of the individual employee's performance relative to goals for that  
47.27 individual, which must constitute a majority of the overall determination of an employee's  
47.28 performance;

47.29 (2) evaluation of the performance of the individual employee's program, defined by  
47.30 the agency head, toward meeting targeted outcomes for the program; and

47.31 (3) evaluation of the performance of the entire agency toward meeting targeted  
47.32 outcomes for the agency.

47.33 (b) Individual pay increases for all employees ~~not represented by an exclusive~~  
47.34 ~~representative certified pursuant to chapter 179A~~ shall be based on the ~~evaluation~~  
47.35 evaluations required by paragraph (a) and other factors consistent with paragraph (a)

48.1 that the commissioner negotiates in collective bargaining agreements or includes in the  
48.2 plans developed pursuant to section 43A.18. ~~Collective bargaining agreements entered~~  
48.3 ~~into pursuant to chapter 179A may, and are encouraged to, provide for pay increases~~  
48.4 ~~based on employee work performance.~~ An employee in the executive branch may not  
48.5 receive an increase in salary or wages based on cost of living or progression to another  
48.6 step or lane unless the employee's supervisor certifies that the employee's performance  
48.7 has been satisfactory.

48.8 (c) This section does not apply to faculty and administrators in the Minnesota State  
48.9 Colleges and University system.

48.10 (d) This section supersedes any conflicting provision of other law.

48.11 **EFFECTIVE DATE.** This section is effective July 1, 2011. For employees covered  
48.12 by a collective bargaining agreement, this section applies to collective bargaining  
48.13 agreements entered into on or after that date.

48.14 Sec. 48. **[43A.347] REDUCTION IN STATE WORK FORCE.**

48.15 Subdivision 1. **Required reduction.** (a) The number of full-time equivalent  
48.16 employees employed in the executive branch, and the costs directly associated with  
48.17 employing those persons, must be reduced by at least 15 percent by June 30, 2015, and  
48.18 thereafter, compared to the number of full-time equivalent positions and the costs directly  
48.19 associated with those positions on January 1, 2011.

48.20 (b) An appointing authority may use any or all of the following to achieve this  
48.21 requirement: attrition, a hard hiring freeze, furloughs, and layoffs.

48.22 (c) For purposes of this section:

48.23 (1) "costs directly associated" with employing people means the cost of salaries and  
48.24 benefits, including the costs of employer contributions to public pension plans; and

48.25 (2) "executive branch" does not include the Minnesota State Colleges and  
48.26 Universities, the Department of Military Affairs, or the Department of Veterans Affairs.

48.27 Subd. 2. **Savings.** Savings resulting from implementation of this section must  
48.28 cancel back to the fund in which the savings occurred.

48.29 Subd. 3. **Application of Public Employment Labor Relations Act.** Unilateral  
48.30 implementation of this section is not an unfair labor practice under chapter 179A.

48.31 Sec. 49. Minnesota Statutes 2010, section 45.013, is amended to read:

48.32 **45.013 POWER TO APPOINT STAFF.**



49.1 The commissioner of commerce may appoint ~~four~~ one deputy commissioners, ~~four~~  
49.2 ~~assistant commissioners, and an assistant to the commissioner. Those positions, as well as~~  
49.3 ~~that of~~ and a confidential secretary, are in the unclassified service. The commissioner may  
49.4 appoint other employees necessary to carry out the duties and responsibilities entrusted to  
49.5 the commissioner.

49.6 Sec. 50. Minnesota Statutes 2010, section 84.01, subdivision 3, is amended to read:

49.7 Subd. 3. **Employees; delegation.** ~~Subject to the provisions of Laws 1969, chapter~~  
49.8 ~~1129, and to other applicable laws~~ The commissioner shall organize the department and  
49.9 employ ~~up to three assistant commissioners, each of whom shall serve at the pleasure of~~  
49.10 ~~the commissioner in the unclassified service, one of whom shall have responsibility for~~  
49.11 ~~coordinating and directing the planning of every division within the agency, and such other~~  
49.12 officers, employees, and agents as the commissioner may deem necessary to discharge the  
49.13 functions of the department, define the duties of such officers, employees, and agents and  
49.14 to delegate to them any of the commissioner's powers, duties, and responsibilities subject  
49.15 to the control of, and under the conditions prescribed by, the commissioner. Appointments  
49.16 to exercise delegated power shall be by written order filed with the secretary of state.

49.17 Sec. 51. Minnesota Statutes 2010, section 116.03, subdivision 1, is amended to read:

49.18 Subdivision 1. **Office.** (a) The office of commissioner of the Pollution Control  
49.19 Agency is created and is under the supervision and control of the commissioner, who is  
49.20 appointed by the governor under the provisions of section 15.06.

49.21 (b) The commissioner may appoint a deputy commissioner ~~and assistant~~  
49.22 ~~commissioners~~ who shall be in the unclassified service.

49.23 (c) The commissioner shall make all decisions on behalf of the agency that are not  
49.24 required to be made by the agency under section 116.02.

49.25 Sec. 52. Minnesota Statutes 2010, section 116J.01, subdivision 5, is amended to read:

49.26 Subd. 5. **Departmental organization.** (a) The commissioner shall organize the  
49.27 department as provided in section 15.06.

49.28 (b) The commissioner may establish divisions and offices within the department.

49.29 ~~The commissioner may employ four deputy commissioners in the unclassified service.~~

49.30 (c) The commissioner shall:

49.31 (1) employ assistants and other officers, employees, and agents that the commissioner  
49.32 considers necessary to discharge the functions of the commissioner's office;

50.1 (2) define the duties of the officers, employees, and agents, and delegate to them any  
50.2 of the commissioner's powers, duties, and responsibilities, subject to the commissioner's  
50.3 control and under conditions prescribed by the commissioner.

50.4 (d) The commissioner shall ensure that there are at least three employment and  
50.5 economic development officers in state offices in nonmetropolitan areas of the state who  
50.6 will work with local units of government on developing local employment and economic  
50.7 development.

50.8 Sec. 53. Minnesota Statutes 2010, section 116J.035, subdivision 4, is amended to read:

50.9 Subd. 4. **Delegation of powers.** The commissioner may delegate, in written orders  
50.10 filed with the secretary of state, any powers or duties subject to the commissioner's  
50.11 control to officers and employees in the department. Regardless of any other law, the  
50.12 commissioner may delegate the execution of specific contracts or specific types of  
50.13 contracts to the commissioner's ~~deputies, an assistant commissioner,~~ deputy or a program  
50.14 director if the delegation has been approved by the commissioner of administration and  
50.15 filed with the secretary of state.

50.16 Sec. 54. Minnesota Statutes 2010, section 161.1419, subdivision 8, is amended to read:

50.17 Subd. 8. **Expiration.** The commission expires on June 30, ~~2012~~ 2016.

50.18 Sec. 55. Minnesota Statutes 2010, section 174.02, subdivision 2, is amended to read:

50.19 Subd. 2. **Unclassified positions.** The commissioner may ~~establish four positions~~  
50.20 ~~in the unclassified service at the~~ appoint a deputy and assistant commissioner, assistant  
50.21 ~~to commissioner or~~ and a personal secretary levels. No more than two of these positions  
50.22 ~~shall be at the deputy commissioner level in the unclassified service.~~

50.23 Sec. 56. Minnesota Statutes 2010, section 241.01, subdivision 2, is amended to read:

50.24 Subd. 2. ~~Deputies~~ **Deputy.** The commissioner of corrections may appoint and  
50.25 employ ~~no more than two~~ a deputy commissioner's commissioner. The commissioner may  
50.26 also appoint a personal secretary, who shall serve at the commissioner's pleasure in the  
50.27 unclassified civil service.

50.28 Sec. 57. Minnesota Statutes 2010, section 270C.41, is amended to read:

50.29 **270C.41 AGREEMENT WITH INTERNAL REVENUE SERVICE**  
50.30 **AGREEMENTS WITH FEDERAL GOVERNMENT.**

51.1            Subdivision 1. **Agreement with Internal Revenue Service.** Pursuant to section  
51.2 270B.12, the commissioner may enter into an agreement with the Internal Revenue  
51.3 Service to identify taxpayers who have refunds due from the department and liabilities  
51.4 owing to the Internal Revenue Service. In accordance with the procedures established in  
51.5 the agreement, the Internal Revenue Service may levy against the refunds to be paid by  
51.6 the department. For each refund levied upon, the commissioner shall first deduct from  
51.7 the refund a fee of \$20, and then remit the refund or the amount of the levy, whichever  
51.8 is less, to the Internal Revenue Service. The proceeds of fees shall be deposited into the  
51.9 Department of Revenue recapture revolving fund under section 270A.07, subdivision 1.

51.10           Subd. 2. **Reciprocal offset agreements.** (a) The commissioner is authorized  
51.11 to enter into agreements with the federal Department of the Treasury that provide for  
51.12 offsetting state payments against federal nontax obligations. Except as provided in  
51.13 paragraph (d), the commissioner may charge a fee of \$20 per transaction for such offsets  
51.14 and may collect this offset fee from the debtor by deducting it from the state payment.  
51.15 The agreement may provide for offsetting federal payments, as authorized by federal law,  
51.16 against state tax and nontax obligations, and collecting the offset cost from the debtor.  
51.17 The agreement shall provide that the federal Department of the Treasury may deduct a  
51.18 fee from each administrative offset and state payment offset. Setoffs to collect state and  
51.19 other entity obligations under chapters 16D, 270A, 270C, and any other provision of  
51.20 Minnesota Statutes, occur before a state payment offset. For purposes of this paragraph  
51.21 "administrative offset" is any offset of federal payments to collect state debts and "state  
51.22 payment offset" is any offset of state payments to collect federal nontax debts.

51.23           (b) A debt is eligible for offset under this program if notice of intent to offset the  
51.24 debt is sent at least 60 days prior to filing an offset claim or a shorter period of time, if  
51.25 required by federal law or an agreement with the federal Department of the Treasury.  
51.26 When there is an agreement for scheduled payments on an account, the debtor must be  
51.27 sent this notice each time an additional debt is claimed.

51.28           (c) The debtor shall have the time period required for notice under paragraph (b) to  
51.29 contest the offset. An agreement under this section must not allow for offset of payments  
51.30 if the debt that would be subject to the offset is being contested or if the time for appealing  
51.31 the determination of the debt has not yet expired. The treasury offset program agreement  
51.32 entered into by the state must not require federal agencies to provide different due process  
51.33 than the requirements under Code of Federal Regulations, title 31, section 285.6.

51.34           (d) Notwithstanding the fee authorized under paragraph (a), if the commissioner  
51.35 enters into a contingency fee agreement with a nonstate vendor to provide assistance  
51.36 under this section, the commissioner may charge a debtor a fee for the processing of state

52.1 payment offsets for the recovery of federal nontax debts or the processing of federal  
52.2 payment offsets for the recovery of state tax and nontax debt. The fee is a separate debt  
52.3 and may be withheld from any refund, reimbursement, or other money held for the debtor.  
52.4 The fee may not exceed 15 percent of the original debt. Section 16A.1283 does not apply  
52.5 to fees charged under this paragraph.

52.6 **EFFECTIVE DATE.** This section is effective the day following final enactment. As  
52.7 soon as possible after that date, the commissioner must discuss an agreement authorized  
52.8 under this section with appropriate federal officials, and if an agreement is entered into,  
52.9 the commissioner must begin to implement it to collect debts owed to the state as soon as  
52.10 possible.

52.11 Sec. 58. Minnesota Statutes 2010, section 270C.545, is amended to read:

52.12 **270C.545 FEDERAL TAX REFUND OFFSET FEES; TIME LIMIT FOR**  
52.13 **SUBMITTING CLAIMS FOR OFFSET.**

52.14 ~~For~~ If fees are charged by the Department of the Treasury of the United States for  
52.15 the offset of federal tax refunds ~~that~~ or the offset of federal payments and these fees are  
52.16 deducted from the refund or the federal payment amounts remitted to the commissioner,  
52.17 then the unpaid debts of the taxpayers whose refunds or federal payments are being  
52.18 offset to satisfy the debts are reduced only by the actual amount of the refund payments  
52.19 or federal payments received by the commissioner. Notwithstanding any other provision  
52.20 of law to the contrary, a claim for the offset of a federal tax refund must be submitted to  
52.21 the Department of the Treasury of the United States within ten years after the date of the  
52.22 assessment of the tax owed by the taxpayer whose refund is to be offset to satisfy the  
52.23 debt. For court debts referred to the commissioner under section 16D.04, subdivision 2,  
52.24 paragraph (a), the federal refund offset fees are deducted as provided in this section, but  
52.25 the ten-year time limit prescribed in this section for tax debts does not apply.

52.26 Sec. 59. Minnesota Statutes 2010, section 471.697, subdivision 2, is amended to read:

52.27 Subd. 2. **First class city audits.** ~~The state auditor shall continue to audit cities of the~~  
52.28 ~~first class pursuant to~~ Notwithstanding section 6.49, a city of the first class may provide for  
52.29 an audit to be performed by a certified public accountant firm meeting the requirements  
52.30 of section 326A.05. The audit performed by a certified public accountant must meet the  
52.31 standards and be in the form required by the state auditor. The state auditor may require  
52.32 additional information from the certified public accountant firm as the state auditor deems

53.1 in the public interest, but the state auditor must accept the audit unless the state auditor  
53.2 determines that it does not meet recognized industry auditing standards.

53.3 Sec. 60. Laws 2010, chapter 361, article 3, section 8, is amended to read:

53.4 Sec. 8. **USE OF CARRYFORWARD.**

53.5 The restrictions in Minnesota Statutes, section 16A.281, on the use of money carried  
53.6 forward from one biennium to another shall not apply to money the legislative auditor  
53.7 carried forward from the ~~previous biennium for use in fiscal years 2010 and 2011~~ ending  
53.8 June 30, 2009, or the biennium ending June 30, 2011. The legislative auditor may use the  
53.9 carry forward money for costs related to the conduct of audits related to funds authorized  
53.10 in the Minnesota Constitution, Article XI, section 15, and audits related to the institutions,  
53.11 offices, and functions of the Minnesota State Colleges and Universities.

53.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

53.13 Sec. 61. **STATE BUILDING EFFICIENCY.**

53.14 **Subdivision 1. Request for proposals.** By July 1, 2011, the commissioner  
53.15 of administration shall issue a request for proposals for a contract to provide  
53.16 recommendations for efficiencies in state building management to the commissioner. The  
53.17 request for proposals shall require the vendor to provide a system that will overlay existing  
53.18 building controls and instrumentation that influence energy consumption, including space,  
53.19 equipment and system performance, facility operations, and facility maintenance. The  
53.20 request for proposals shall require the vendor to provide a system that provides concurrent  
53.21 building monitoring, energy consumption optimization, space utilization, and equipment  
53.22 performance information.

53.23 **Subd. 2. Standards-based platform system with data analytics.** The request for  
53.24 proposals must require the vendor to provide: (1) a standards-based platform system with  
53.25 the capability to integrate and coordinate a variety of control systems, including their data,  
53.26 and the ability to manage all state buildings and their control systems; and (2) a system that  
53.27 uses data analytics to integrate corrective action notification and work order management.

53.28 **Subd. 3. Proof of concept phase.** The request for proposals shall require the  
53.29 selected vendor, at no cost to the state, to begin work on the contract by implementing  
53.30 its proposed system on one to three instrumented state buildings to demonstrate the  
53.31 savings provided by the system. The system provided by the vendor must be capable of  
53.32 application to all instrumented state-owned buildings. During this proof of concept phase,

54.1 the vendor and the state must agree on how savings during the full implementation phase  
54.2 will be defined, measured, and verified, to ensure that the contract will provide the highest  
54.3 possible return on investment to the state.

54.4 Subd. 4. **Full implementation and payment.** The request for proposal must  
54.5 require the state to implement the system provided by the vendor in all instrumented  
54.6 buildings owned by the state if the state and the vendor have agreed on how savings  
54.7 will be defined, measured, and verified, and the work done under the requirements of  
54.8 subdivision 3 provides material savings to the state. After the full implementation of the  
54.9 system provided by the vendor, the vendor shall be paid by the state from the savings  
54.10 attributable to the work done by the vendor, according to the terms and performance  
54.11 measures negotiated in the contract.

54.12 Subd. 5. **Selection of vendor.** The commissioner of administration shall select a  
54.13 vendor from the responses to the request for proposal by September 1, 2011.

54.14 Subd. 6. **Progress report.** The commissioner shall provide a report describing the  
54.15 progress made under this section to the governor and the chairs and ranking minority  
54.16 members of the legislative committees with jurisdiction over the commissioner of  
54.17 administration by January 15, 2012. The report shall provide a dynamic scoring analysis  
54.18 of the work described in the report.

54.19 Sec. 62. **FLEET MANAGEMENT IMPROVEMENTS.**

54.20 Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of  
54.21 administration shall issue a request for proposals to improve the procurement, allocation,  
54.22 control, energy efficiency, maintenance, and in-service life of state vehicles. The request  
54.23 for proposal shall require the vendor to provide a system for:

54.24 (1) a life-cycle solution for vehicle management, covering all stages from  
54.25 procurement through disposal of state vehicles; and

54.26 (2) the integration of data analytics to provide vehicle tracking, usage, and proactive  
54.27 maintenance management.

54.28 Subd. 2. **Proof of concept phase.** The request for proposals must specify that the  
54.29 vendor, at no cost to the state, must implement its system in one vehicle maintenance  
54.30 facility on a sample group of vehicles to demonstrate the cost-savings potential of the  
54.31 recommendations. During this proof of concept phase, the vendor and the state must  
54.32 agree on how savings during the full implementation phase will be defined, measured,

55.1 and verified, to ensure that the contract will provide the highest possible return on  
55.2 investment to the state.

55.3 Subd. 3. **Full implementation and payment.** The request for proposal must require  
55.4 the state to implement the recommendations provided by the vendor if the state and the  
55.5 vendor have agreed on how savings will be defined, measured, and verified, and the work  
55.6 done under the requirements of subdivision 2 provides material savings to the state. After  
55.7 the full implementation of the system provided by the vendor, the vendor shall be paid by  
55.8 the state from the savings attributable to the work done by the vendor, according to the  
55.9 terms and performance measures negotiated in the contract.

55.10 Subd. 4. **Selection of vendor.** The commissioner of administration shall select a  
55.11 vendor from the responses to the request for proposal by September 1, 2011.

55.12 Subd. 5. **Progress report.** The commissioner shall provide a report describing the  
55.13 progress made under this section to the governor and the chairs and ranking minority  
55.14 members of the legislative committees with jurisdiction over the commissioner of  
55.15 administration by January 15, 2012. The report shall provide a dynamic scoring analysis  
55.16 of the work described in the report.

55.17 Sec. 63. **SALARY FREEZE.**

55.18 (a) Effective July 1, 2011, and until June 30, 2013, a state employee may not receive  
55.19 a salary or wage increase. This section prohibits any increases, including but not limited  
55.20 to: across-the-board increases; cost-of-living adjustments; increases based on longevity;  
55.21 step increases; increases in the form of lump-sum payments; increases in employer  
55.22 contributions to deferred compensation plans; or any other pay grade adjustments of  
55.23 any kind. For purposes of this section, "salary or wage" does not include employer  
55.24 contributions toward the cost of medical or dental insurance premiums, provided that  
55.25 employee contributions to the costs of medical or dental insurance premiums are not  
55.26 decreased. This section does not prohibit an increase in the rate of salary and wages for an  
55.27 employee who is promoted or transferred to a position with greater responsibilities and  
55.28 with a higher salary or wage rate. For purposes of this section, state employee means an  
55.29 employee as defined in Minnesota Statutes, section 43A.02, subdivision 21, but does not  
55.30 include faculty or administrators in the Minnesota State Colleges and Universities system.

55.31 (b) A state appointing authority may not enter into a collective bargaining agreement  
55.32 or implement a compensation plan that increases salary or wages in a manner prohibited  
55.33 by this section. Neither a state appointing authority nor an exclusive representative of state  
55.34 employees may request interest arbitration in relation to an increase in salary or wages that

56.1 is prohibited by this section, and an arbitrator may not issue an award that would increase  
56.2 salary or wages in a manner prohibited by this section.

56.3 (c) This section supersedes Minnesota Statutes, section 179A.20, subdivision 6, or  
56.4 other law, to the extent those laws would authorize an increase prohibited by this section.

56.5 **EFFECTIVE DATE.** Paragraph (b) is effective the day following final enactment.  
56.6 Paragraphs (a) and (c) are effective June 30, 2011.

56.7 Sec. 64. **STATE EMPLOYEE EFFICIENT USE OF HEALTH CARE**  
56.8 **INCENTIVE PROGRAM.**

56.9 The commissioner of management and budget may develop and implement a  
56.10 program that creates an incentive for efficient use by state employees of State Employee  
56.11 Group Insurance Program (SEGIP). The program may reward employees covered by  
56.12 SEGIP as a group if per capita employee health care costs paid by SEGIP for a calendar  
56.13 year prove to be less than estimated by the commissioner prior to the beginning of the  
56.14 calendar year. The reward may consist of payments of one-half of the cost-savings into  
56.15 the employees' health reimbursement accounts, to be made no later than June 30 of the  
56.16 following calendar year.

56.17 Sec. 65. **STATE EMPLOYEE GROUP INSURANCE PLAN DEPENDENT**  
56.18 **ELIGIBILITY VERIFICATION AUDIT SERVICES.**

56.19 Subdivision 1. **Request for proposals.** By August 1, 2011, the commissioner of  
56.20 management and budget shall issue a request for proposals for a contract to provide  
56.21 dependent eligibility verification audit services for state-paid hospital, medical, and dental  
56.22 benefits provided to participants in the state employee group insurance program and their  
56.23 dependents. The request for proposals must require that the vendor will:

56.24 (1) conduct a document-model dependent eligibility verification audit of all plans  
56.25 offered under Minnesota Statutes, sections 43A.22 to 43A.31;

56.26 (2) identify ineligible dependents covered by the plans and report those findings to  
56.27 the commissioner and third-party administrators of the state's employee health plans, as  
56.28 directed by the commissioner; and

56.29 (3) implement a process for ongoing eligibility verification following the conclusion  
56.30 of the dependent eligibility verification audit required by this section.

56.31 Subd. 2. **Additional vendor criteria.** The request for proposals required by  
56.32 subdivision 1 must require the vendor to provide the following minimum capabilities and  
56.33 experience in performing the services described in subdivision 1:



- 57.1 (1) a rules-based process for making objective eligibility determinations;  
57.2 (2) assigned eligibility advocates to assist employees through the verification  
57.3 process;  
57.4 (3) a formal claims and appeals process; and  
57.5 (4) experience in the performance of dependent eligibility verification audits.

57.6 Subd. 3. **Contract required.** By November 1, 2011, the commissioner must enter  
57.7 into a contract for the services specified in subdivision 1. The contract must incorporate  
57.8 a performance-based vendor financing option that compensates the vendor based on the  
57.9 amount of savings generated by the work performed under the contract.

57.10 Sec. 66. **SEGIS SAVINGS.**

57.11 The commissioner of management and budget must negotiate and implement  
57.12 changes to the state employee group insurance program that will result in reduced general  
57.13 fund contributions from state employers subject to appropriation reductions under article  
57.14 1, section 39, of at least \$90,009,000 during the biennium ending June 30, 2013.

57.15 Sec. 67. **TAX FRAUD PREVENTION AND DETECTION.**

57.16 Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of  
57.17 revenue shall issue a request for proposals to prevent and detect tax fraud and increase  
57.18 delinquent tax revenue collection. The request for proposals shall require the vendor to  
57.19 provide data analytics capabilities, including, but not limited to, predictive modeling  
57.20 techniques and other forms of advanced analytics that will integrate into the current tax  
57.21 processing system to detect compliance issues before tax return processing is completed,  
57.22 and optimization algorithms that will assist the commissioner in maximizing revenues  
57.23 collected with current levels of compliance staff.

57.24 Subd. 2. **Proof of concept phase.** The selected vendor, at no cost to the state, shall  
57.25 implement its recommendations on a subset of data provided by the commissioner to  
57.26 demonstrate the cost-savings potential of the recommendations.

57.27 Subd. 3. **Data.** Data provided to the vendor by the commissioner for the proof of  
57.28 concept phase must not include not public data, as defined in section 13.02, subdivision 8a.

57.29 Subd. 4. **Full implementation phase.** The request for proposal must require the  
57.30 state to implement the recommendations provided by the vendor if the work done under  
57.31 the requirements of subdivision 2 provides material savings to the state. After the full  
57.32 implementation of the system provided by the vendor, the vendor shall be paid by the state

58.1 from the savings attributable to the work done by the vendor, according to the terms and  
58.2 performance measures negotiated in the contract. The contract shall not compensate the  
58.3 vendor based on a percentage of taxes assessed or collected.

58.4 Subd. 5. **Selection of vendor.** The commissioner of administration shall select a  
58.5 vendor from the responses to the request for proposal by September 1, 2011.

58.6 Subd. 6. **Progress report.** The commissioner shall provide a report describing the  
58.7 progress made under this section to the governor and the chairs and ranking minority  
58.8 members of the legislative committees with jurisdiction over the commissioner of revenue  
58.9 and data practices by January 15, 2012. The report shall provide a dynamic scoring  
58.10 analysis of the work described in the report and address data access and privacy issues  
58.11 involved in implementation of the system.

58.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

58.13 Sec. 68. **STRATEGIC SOURCING REQUEST FOR PROPOSALS.**

58.14 Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner  
58.15 of administration shall issue a request for proposals for a contract to provide  
58.16 recommendations for efficiencies in strategic sourcing to the commissioner. For the  
58.17 purposes of this section, "strategic sourcing" has the meaning given in Minnesota Statutes,  
58.18 section 16C.02, subdivision 20. The request for proposals shall require the vendor to  
58.19 provide recommendations for improvements to methods used by the commissioner  
58.20 to analyze and reduce spending on goods and services, including, but not limited to,  
58.21 spend analysis, product standardization, contract consolidation, negotiations, multiple  
58.22 jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and  
58.23 other techniques.

58.24 Subd. 2. **Proof of concept phase.** The request for proposal shall require the selected  
58.25 vendor, at no cost to the state, to begin work on the contract by assisting the commissioner  
58.26 in implementing its proposed solution on selected state procurement processes to  
58.27 demonstrate the savings provided by the recommendations. The system provided by the  
58.28 vendor must be capable of application to the state procurement system.

58.29 Subd. 3. **Full implementation and payment.** The request for proposal must require  
58.30 the state to implement the recommendations provided by the vendor in the entire state  
58.31 procurement system if the work done under the requirements of subdivision 2 provides  
58.32 material savings to the state. After the full implementation of the system provided by the

59.1 vendor, the vendor shall be paid by the state from the savings attributable to the work done  
59.2 by the vendor, according to the terms and performance measures negotiated in the contract.

59.3 Subd. 4. **Selection of vendor.** The commissioner of administration shall select,  
59.4 from qualified respondents, a vendor from the responses to the request for proposal by  
59.5 September 1, 2011.

59.6 Subd. 5. **Progress report.** The commissioner shall provide a report describing the  
59.7 progress made under this section to the governor and the chairs and ranking minority  
59.8 members of the legislative committees with jurisdiction over the commissioner of  
59.9 administration by January 15, 2012.

59.10 Sec. 69. **STATE JOB CLASSIFICATIONS.**

59.11 The commissioner of management and budget shall report to the legislature by  
59.12 January 15, 2012, on a process to redesign and consolidate the job classification plan for  
59.13 executive branch employees, with a goal of assigning all classified positions to no more  
59.14 than 50 job families. The process must lead to development of a new job classification  
59.15 plan designed to enhance the ability of state agencies to flexibly manage their workforces  
59.16 to meet changing needs and demands of the agency, and to enhance the ability of state  
59.17 employees to transfer to other positions for which they are qualified. In developing this  
59.18 process, the commissioner must meet and confer with the exclusive representatives of each  
59.19 affected bargaining unit. The report to the legislature must identify implementation issues.

59.20 Sec. 70. **HELP AMERICA VOTE ACT.**

59.21 (a) If the secretary of state determines that this state is otherwise eligible to receive  
59.22 an additional requirements payment of federal money under the Help America Vote Act,  
59.23 Public Law 107-252, the secretary must certify to the commissioner of management and  
59.24 budget the amount, if any, needed to meet the matching requirement of section 253(b)(5)  
59.25 of the Help America Vote Act. In the certification, the secretary shall specify the portion  
59.26 of the match that should be taken from an unencumbered general fund appropriation to  
59.27 the Office of the Secretary of State not designated for a different purpose. Upon receipt  
59.28 of that certification, or as soon as an unencumbered general fund appropriation becomes  
59.29 available, whichever occurs later, the commissioner must transfer the specified amount  
59.30 to the Help America Vote Act account. Funds under the Help America Vote Act may be  
59.31 spent only following legislative approval.

59.32 (b) This section expires on June 30, 2013.

59.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

60.1 Sec. 71. **ESTIMATED REVENUE.**

60.2 The initiatives in sections 44, 57, 58, and 67 are expected to result in new general  
60.3 fund revenues of \$169,900,000 for the biennium ending June 30, 2013.

60.4 Sec. 72. **REPEALER.**

60.5 Minnesota Statutes 2010, sections 16C.085; 43A.047; and 179A.23, are repealed.

60.6 **ARTICLE 4**

60.7 **CONSOLIDATION OF INFORMATION TECHNOLOGY SERVICES**

60.8 Section 1. Minnesota Statutes 2010, section 16B.99, is amended to read:

60.9 **16B.99 GEOSPATIAL INFORMATION OFFICE.**

60.10 Subdivision 1. **Creation.** The Minnesota Geospatial Information Office is created  
60.11 under the supervision of the ~~commissioner of administration~~ chief geospatial information  
60.12 officer, who is appointed by the chief information officer.

60.13 Subd. 2. **Responsibilities; authority.** The office has authority to provide  
60.14 coordination, guidance, and leadership, and to plan the implementation of Minnesota's  
60.15 geospatial information technology. The office must identify, coordinate, and guide  
60.16 strategic investments in geospatial information technology systems, data, and services to  
60.17 ensure effective implementation and use of Geospatial Information Systems (GIS) by state  
60.18 agencies to maximize benefits for state government as an enterprise.

60.19 Subd. 3. **Duties.** The office must:

60.20 (1) coordinate and guide the efficient and effective use of available federal,  
60.21 state, local, and public-private resources to develop statewide geospatial information  
60.22 technology, data, and services;

60.23 (2) provide leadership and outreach, and ensure cooperation and coordination for all  
60.24 Geospatial Information Systems (GIS) functions in state and local government, including  
60.25 coordination between state agencies, intergovernment coordination between state and local  
60.26 units of government, and extragovernment coordination, which includes coordination with  
60.27 academic and other private and nonprofit sector GIS stakeholders;

60.28 (3) review state agency and intergovernment geospatial technology, data, and  
60.29 services development efforts involving state or intergovernment funding, including federal  
60.30 funding;

60.31 (4) provide information to the legislature regarding projects reviewed, and  
60.32 recommend projects for inclusion in the governor's budget under section 16A.11;

60.33 (5) coordinate management of geospatial technology, data, and services between  
60.34 state and local governments;

61.1 (6) provide coordination, leadership, and consultation to integrate government  
61.2 technology services with GIS infrastructure and GIS programs;

61.3 (7) work to avoid or eliminate unnecessary duplication of existing GIS technology  
61.4 services and systems, including services provided by other public and private organizations  
61.5 while building on existing governmental infrastructures;

61.6 (8) promote and coordinate consolidated geospatial technology, data, and services  
61.7 and shared geospatial Web services for state and local governments; and

61.8 (9) promote and coordinate geospatial technology training, technical guidance, and  
61.9 project support for state and local governments.

61.10 Subd. 4. **Duties of chief ~~geospatial~~ information officer.** (a) In consultation with the  
61.11 state geospatial advisory council, the commissioner of administration, the commissioner  
61.12 of management and budget, and the ~~Minnesota~~ chief geospatial information officer, the  
61.13 chief ~~geospatial~~ information officer must identify when it is cost-effective for agencies to  
61.14 develop and use shared information and geospatial technology systems, data, and services.  
61.15 The chief ~~geospatial~~ information officer may require agencies to use shared information  
61.16 and geospatial technology systems, data, and services.

61.17 (b) The chief ~~geospatial~~ information officer, in consultation with the state  
61.18 geospatial advisory council, must establish reimbursement rates in cooperation with the  
61.19 commissioner of management and budget to bill agencies and other governmental entities  
61.20 sufficient to cover the actual development, operation, maintenance, and administrative  
61.21 costs of the shared systems. The methodology for billing may include the use of  
61.22 interagency agreements, or other means as allowed by law.

61.23 Subd. 5. **Fees.** (a) The chief ~~geospatial~~ information officer must set fees under  
61.24 section 16A.1285 that reflect the actual cost of providing information products and  
61.25 services to clients. Fees collected must be deposited in the state treasury and credited to  
61.26 the Minnesota Geospatial Information Office revolving account. Money in the account  
61.27 is appropriated to the chief ~~geospatial~~ information officer for providing Geospatial  
61.28 Information Systems (GIS) consulting services, software, data, Web services, and map  
61.29 products on a cost-recovery basis, including the cost of services, supplies, material, labor,  
61.30 and equipment as well as the portion of the general support costs and statewide indirect  
61.31 costs of the office that is attributable to the delivery of these products and services. Money  
61.32 in the account must not be used for the general operation of the Minnesota Geospatial  
61.33 Information Office.

61.34 (b) The chief ~~geospatial~~ information officer may require a state agency to make an  
61.35 advance payment to the revolving account sufficient to cover the agency's estimated  
61.36 obligation for a period of 60 days or more. If the revolving account is abolished or

62.1 liquidated, the total net profit from the operation of the account must be distributed to the  
62.2 various funds from which purchases were made. For a given period of time, the amount of  
62.3 total net profit to be distributed to each fund must reflect the same ratio of total purchases  
62.4 attributable to each fund divided by the total purchases from all funds.

62.5 Subd. 6. **Accountability.** The chief geospatial information officer is appointed by  
62.6 the ~~commissioner of administration and must work closely with the~~ Minnesota chief  
62.7 information officer who shall advise on technology projects, standards, and services.

62.8 Subd. 7. **Discretionary powers.** The office may:

62.9 (1) enter into contracts for goods or services with public or private organizations  
62.10 and charge fees for services it provides;

62.11 (2) apply for, receive, and expend money from public agencies;

62.12 (3) apply for, accept, and disburse grants and other aids from the federal government  
62.13 and other public or private sources;

62.14 (4) enter into contracts with agencies of the federal government, local government  
62.15 units, the University of Minnesota and other educational institutions, and private persons  
62.16 and other nongovernment organizations as necessary to perform its statutory duties;

62.17 (5) appoint committees and task forces to assist the office in carrying out its duties;

62.18 (6) sponsor and conduct conferences and studies, collect and disseminate  
62.19 information, and issue reports relating to geospatial information and technology issues;

62.20 (7) participate in the activities and conferences related to geospatial information  
62.21 and communications technology issues;

62.22 (8) review the Geospatial Information Systems (GIS) technology infrastructure  
62.23 of regions of the state and cooperate with and make recommendations to the governor,  
62.24 legislature, state agencies, local governments, local technology development agencies,  
62.25 the federal government, private businesses, and individuals for the realization of GIS  
62.26 information and technology infrastructure development potential;

62.27 (9) sponsor, support, and facilitate innovative and collaborative geospatial systems  
62.28 technology, data, and services projects; and

62.29 (10) review and recommend alternative sourcing strategies for state geospatial  
62.30 information systems technology, data, and services.

62.31 Subd. 8. **Geospatial advisory councils created.** The chief ~~geospatial~~ information  
62.32 officer must establish a governance structure that includes advisory councils to provide  
62.33 recommendations for improving the operations and management of geospatial technology  
62.34 within state government and also on issues of importance to users of geospatial technology  
62.35 throughout the state.

63.1 (a) A statewide geospatial advisory council must advise the Minnesota Geospatial  
63.2 Information Office regarding the improvement of services statewide through the  
63.3 coordinated, affordable, reliable, and effective use of geospatial technology. The  
63.4 ~~commissioner of administration~~ chief information officer must appoint the members of the  
63.5 council. The members must represent a cross-section of organizations including counties,  
63.6 cities, universities, business, nonprofit organizations, federal agencies, and state agencies.  
63.7 No more than 20 percent of the members may be employees of a state agency. In addition,  
63.8 the chief geospatial information officer must be a nonvoting member.

63.9 (b) A state government geospatial advisory council must advise the Minnesota  
63.10 Geospatial Information Office on issues concerning improving state government services  
63.11 through the coordinated, affordable, reliable, and effective use of geospatial technology.  
63.12 The ~~commissioner of administration~~ chief information officer must appoint the members  
63.13 of the council. The members must represent up to 15 state government agencies and  
63.14 constitutional offices, including the Office of Enterprise Technology and the Minnesota  
63.15 Geospatial Information Office. The council must be chaired by the chief geographic  
63.16 information officer. A representative of the statewide geospatial advisory council must  
63.17 serve as a nonvoting member.

63.18 (c) Members of both the statewide geospatial advisory council and the state  
63.19 government advisory council must be recommended by a process that ensures that each  
63.20 member is designated to represent a clearly identified agency or interested party category  
63.21 and that complies with the state's open appointment process. Members shall serve a  
63.22 term of two years.

63.23 (d) The Minnesota Geospatial Information Office must provide administrative  
63.24 support for both geospatial advisory councils.

63.25 (e) This subdivision expires June 30, 2011.

63.26 ~~Subd. 9. **Report to legislature.** By January 15, 2010, the chief geospatial~~  
63.27 ~~information officer must provide a report to the chairs and ranking minority members of~~  
63.28 ~~the legislative committees with jurisdiction over the policy and budget for the office. The~~  
63.29 ~~report must address all statutes that refer to the Minnesota Geospatial Information Office~~  
63.30 ~~or land management information system and provide any necessary draft legislation to~~  
63.31 ~~implement any recommendations.~~

63.32 **Sec. 2. [16E.0151] RESPONSIBILITY FOR INFORMATION TECHNOLOGY**  
63.33 **SERVICES AND EQUIPMENT.**

- 64.1           (a) The chief information officer is responsible for providing or entering into  
64.2 managed services contracts for the provision of the following information technology  
64.3 systems and services to state agencies:
- 64.4           (1) state data centers;  
64.5           (2) mainframes including system software;  
64.6           (3) servers including system software;  
64.7           (4) desktops including system software;  
64.8           (5) laptop computers including system software;  
64.9           (6) a data network including system software;  
64.10          (7) database, electronic mail, office systems, reporting, and other standard software  
64.11 tools;  
64.12          (8) business application software and related technical support services;  
64.13          (9) help desk for the components listed in clauses (1) to (8);  
64.14          (10) maintenance, problem resolution, and break-fix for the components listed in  
64.15 clauses (1) to (8);  
64.16          (11) regular upgrades and replacement for the components listed in clauses (1)  
64.17 to (8); and  
64.18          (12) network-connected output devices.
- 64.19          (b) All state agency employees whose work primarily involves functions specified  
64.20 in paragraph (a) are employees of the Office of Enterprise Technology. This includes  
64.21 employees who directly perform the functions in paragraph (a), as well as employees  
64.22 whose work primarily involves managing, supervising, or providing administrative  
64.23 services or support services to employees who directly perform these functions. The  
64.24 chief information officer may assign employees of the office to perform work exclusively  
64.25 for another state agency.
- 64.26          (c) The chief information officer may allow a state agency to obtain services  
64.27 specified in paragraph (a) through a contract with an outside vendor when the chief  
64.28 information officer and the agency head agree that a contract would provide best value,  
64.29 as defined in section 16C.02, under the service-level agreement. The chief information  
64.30 officer must require that agency contracts with outside vendors ensure that systems and  
64.31 services are compatible with standards established by the Office of Enterprise Technology.
- 64.32          (d) In exercising authority under this section, the chief information officer  
64.33 must cooperate with the commissioner of administration on contracts for acquisition  
64.34 of information technology systems and services. The authority granted to the chief  
64.35 information officer does not limit the procurement, contract management, and contract  
64.36 review authority of the commissioner of administration under chapter 16C, including



65.1 authority of the commissioner to enter into and manage cooperative purchasing  
65.2 agreements with other states.

65.3 (e) The Minnesota State Retirement System, the Public Employees Retirement  
65.4 Association, the Teachers Retirement Association, the State Board of Investment, the  
65.5 Campaign Finance and Public Disclosure Board, the State Lottery, and the Statewide  
65.6 Radio Board are not state agencies for purposes of this section.

65.7 Sec. 3. **[16E.036] ADVISORY COMMITTEE.**

65.8 (a) The Technology Advisory Committee is created to advise the chief information  
65.9 officer. The committee consists of six members appointed by the governor who are  
65.10 individuals actively involved in business planning for state executive branch agencies,  
65.11 one county member designated by the Association of Minnesota Counties, one member  
65.12 appointed by the governor as a representative of a union that represents state information  
65.13 technology employees, and one member appointed by the governor to represent private  
65.14 businesses.

65.15 (b) Membership terms, removal of members, and filling of vacancies are as provided  
65.16 in section 15.059. Members do not receive compensation or reimbursement for expenses.

65.17 (c) The committee shall select a chair from its members. The chief information  
65.18 officer shall provide administrative support to the committee.

65.19 (d) The committee shall advise the chief information officer on:

65.20 (1) development and implementation of the state information technology strategic  
65.21 plan;

65.22 (2) critical information technology initiatives for the state;

65.23 (3) standards for state information architecture;

65.24 (4) identification of business and technical needs of state agencies;

65.25 (5) strategic information technology portfolio management, project prioritization,  
65.26 and investment decisions;

65.27 (6) the office's performance measures and fees for service agreements with executive  
65.28 branch agencies;

65.29 (7) management of the state enterprise technology revolving fund; and

65.30 (8) the efficient and effective operation of the office.

65.31 Sec. 4. Minnesota Statutes 2010, section 16E.14, is amended by adding a subdivision  
65.32 to read:

65.33 Subd. 6. **Technology improvement account.** The technology improvement account  
65.34 is established as an account in the enterprise technology fund. Money in the account is

66.1 appropriated to the chief information officer for the purpose of funding a project that will  
66.2 result in improvements in state information and telecommunications technology. The  
66.3 chief information officer may spend money from the account on behalf of a state agency  
66.4 or group of agencies or may transfer money in the account to a state agency or group of  
66.5 agencies only according to an agreement under which: (1) the chief information officer  
66.6 has determined that savings generated by the project to be funded from the account will  
66.7 exceed the cost of the project; and (2) the agency or agencies sponsoring the project have  
66.8 developed a plan for recouping the project costs to the fund.

66.9 **Sec. 5. [16E.145] INFORMATION TECHNOLOGY APPROPRIATION.**

66.10 An appropriation for a state agency information and telecommunications technology  
66.11 project must be made to the chief information officer. The chief information officer must  
66.12 manage and disburse the appropriation on behalf of the sponsoring state agency. Any  
66.13 appropriation for an information and telecommunications technology project made to a  
66.14 state agency other than the Office of Enterprise Technology is transferred to the chief  
66.15 information officer.

66.16 **EFFECTIVE DATE.** This section is effective July 1, 2011, and applies to  
66.17 appropriations made before or after that date. The remainder of any appropriation subject  
66.18 to this section made before July 1, 2011, is transferred to the chief information officer on  
66.19 July 1, 2011. Ten percent of the unspent and unencumbered appropriations made before  
66.20 June 30, 2011, that would not otherwise cancel on June 30, 2011, that are transferred to  
66.21 the chief information officer, may be used for expenses relating to the transfer of functions  
66.22 under sections 1 to 8.

66.23 **Sec. 6. TRANSFERS; TRANSITION.**

66.24 (a) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations  
66.25 relating to functions assigned to the chief information officer in Minnesota Statutes,  
66.26 section 16E.0151, are transferred to the Office of Enterprise Technology from all other  
66.27 state agencies, as defined in Minnesota Statutes, section 16E.03, subdivision 1, paragraph  
66.28 (e), effective July 1, 2011. All reporting relationships associated with the transferred  
66.29 powers, duties, responsibilities, assets, personnel, and unexpended appropriations are also  
66.30 transferred to the Office of Enterprise Technology on July 1, 2011. By January 15, 2012,  
66.31 the chief information officer shall submit to the legislature any statutory changes needed  
66.32 to complete implementation of the transfer in this section.

66.33 (b) Prior to the transfer mandated by paragraph (a), the chief information officer  
66.34 must enter into a service-level agreement with each state agency governing the provision

67.1 of information technology systems and services in Minnesota Statutes, section 16E.0151.  
67.2 The agreements must specify the services to be provided and the charges for these  
67.3 services. As specified in Minnesota Statutes, section 16E.0151, an agency may choose to  
67.4 obtain these services from an outside vendor, rather than from the Office of Enterprise  
67.5 Technology. Authority to enter into agreements under this paragraph is effective the day  
67.6 following final enactment, with the resulting agreements effective July 1, 2011.

67.7 (c) Powers, duties, responsibilities, assets, personnel, and unexpended appropriations  
67.8 relating to geospatial information systems are transferred from the commissioner of  
67.9 administration to the Office of Enterprise Technology.

67.10 (d) Minnesota Statutes, section 15.039, applies to transfers in this section. Executive  
67.11 branch officials may use authority under Minnesota Statutes, section 16B.37, as necessary  
67.12 to implement this section.

67.13 (e) The transfer of authority to the Office of Enterprise Technology in this article  
67.14 does not require expansion or consolidation of office space, data centers, help desks,  
67.15 or other systems. The chief information officer may implement expansion, relocation,  
67.16 or consolidation to the extent feasible and desirable with existing resources, or to the  
67.17 extent that savings resulting from the expansions or consolidations will pay for the costs  
67.18 associated with these activities during the biennium ending June 30, 2013.

67.19 (f) Expenses relating to transfer of functions and other implementation of sections 1  
67.20 to 8 must be paid from the enterprise technology revolving fund.

67.21 (g) The chief information officer must reduce the number of agency chief  
67.22 information officer positions to 15 by December 31, 2011. The chief information officer,  
67.23 in consultation with the commissioner of management and budget, must determine the  
67.24 general fund savings resulting from elimination of each chief information officer position,  
67.25 and the amount determined is transferred from the general fund appropriation to the  
67.26 agency to the enterprise technology revolving fund.

67.27 **Sec. 7. STUDY.**

67.28 The chief information officer in the Office of Enterprise Technology shall report  
67.29 to the chairs and ranking minority members of the house of representatives and senate  
67.30 committees with jurisdiction over state government finance by January 15, 2012, on  
67.31 the feasibility and desirability of the office entering into service-level agreements with  
67.32 the State Lottery and the Statewide Radio Board regarding provision of information  
67.33 technology systems and services to those entities.

67.34 **Sec. 8. REVISOR'S INSTRUCTION.**

68.1 The revisor of statutes shall recodify Minnesota Statutes, section 16B.99, into  
68.2 Minnesota Statutes, chapter 16E.

68.3 **Sec. 9. EFFECTIVE DATE.**

68.4 Sections 1 to 8 are effective July 1, 2011. However, the chief information officer  
68.5 may phase in the transfer of functions required by sections 1 to 8 between July 1, 2011,  
68.6 and July 1, 2012."

68.7 Delete the title and insert:

68.8 "A bill for an act  
68.9 relating to state government operations; reducing general fund appropriations  
68.10 to executive agencies; requiring contributions to enterprise real property  
68.11 technology system; establishing the Sunset Advisory Commission; allowing  
68.12 counties and cities to use a certified public accountant for audits; prohibiting  
68.13 legislative liaisons; eliminating assistant commissioner positions and reducing  
68.14 deputy commissioner positions; allowing state employees to compete for state  
68.15 business; establishing the SAVI program; changing provisions of performance  
68.16 data required in the budget proposal; requiring specific funding information for  
68.17 forecasted programs; implementing zero-based budgeting principles; establishing  
68.18 employee gainsharing program; establishing the Minnesota Pay for Performance  
68.19 Act; permitting selling and issuing appropriations bonds; establishing e-verify  
68.20 program for vendors and subcontractors; placing limitation on contracts for  
68.21 tax-related activities; changing procedures for service contracts; extending  
68.22 expiration date for Mississippi River Parkway Commission; implementing  
68.23 federal offset program for collection of debts owed to state agencies; changing  
68.24 provisions for performance appraisal system; requiring reduction in state work  
68.25 force; allowing reciprocal offset agreements with the federal government;  
68.26 requiring a request for proposals for recommendations on state building  
68.27 efficiency, state vehicle management, tax fraud prevention, and strategic  
68.28 sourcing; continuing state employee salary freeze; implementing state employee  
68.29 efficient use of health care incentive program; requiring a verification audit  
68.30 for dependent eligibility for state employee health insurance; requiring state  
68.31 job classification redesign; determining funds for Help America Vote Act;  
68.32 estimating new general fund revenues; consolidating information technology  
68.33 services; requiring reports; appropriating money; amending Minnesota Statutes  
68.34 2010, sections 3.85, subdivision 3; 6.48; 15.057; 15.06, subdivision 8; 16A.10,  
68.35 subdivisions 1a, 1b, 1c; 16A.103, subdivision 1a; 16A.11, subdivision 3;  
68.36 16A.28, subdivision 3; 16B.03; 16B.99; 16C.08, subdivision 2; 16C.09;  
68.37 16E.14, by adding a subdivision; 37.06; 43A.08, subdivision 1; 43A.20;  
68.38 45.013; 84.01, subdivision 3; 116.03, subdivision 1; 116J.01, subdivision  
68.39 5; 116J.035, subdivision 4; 161.1419, subdivision 8; 174.02, subdivision 2;  
68.40 241.01, subdivision 2; 270C.41; 270C.545; 471.697, subdivision 2; Laws 2009,  
68.41 chapter 101, article 2, section 106; Laws 2010, chapter 215, article 6, section 4;  
68.42 Laws 2010, chapter 361, article 3, section 8; proposing coding for new law in  
68.43 Minnesota Statutes, chapters 15; 16A; 16C; 16D; 16E; 43A; proposing coding  
68.44 for new law as Minnesota Statutes, chapter 3D; repealing Minnesota Statutes  
68.45 2010, sections 16C.085; 43A.047; 179A.23; 197.585, subdivision 5."

69.1 We request the adoption of this report and repassage of the bill.

69.2 Senate Conferees:

69.3 .....  
69.4 Mike Parry Paul Gazelka

69.5 .....  
69.6 Dave A. Thompson Theodore J. "Ted" Daley

69.7 .....  
69.8 Ray Vandever

69.9 House Conferees:

69.10 .....  
69.11 Morrie Lanning Bruce Anderson

69.12 .....  
69.13 Mike Benson Keith Downey

69.14 .....  
69.15 Kirk Stensrud