A bill for an act

relating to operation of state government finance; changing a paid military leave provision; modifying provisions in the Veterans Service Office Grant Program; changing provisions in the Minnesota GI Bill program; establishing presumption of rehabilitation by an honorable discharge status from military service following a prior offense; providing for a bid preference for contracts for veteran-owned small businesses; allowing active duty service members to take a peace officer reciprocity exam; changing provisions for the Legislative Advisory Commission, Legislative Coordinating Commission, Legislative Commission on Pensions and Retirement, and the Legislative Audit Commission; granting authority for the secretary of state to accept funds from local government units; allowing the secretary of state to receive certain funds for the address confidentiality program; allowing the state auditor to charge a onetime user fee for a small city and town accounting system software; changing certain provisions pertaining to the state auditor; changing compensation council provisions; requiring determination of IT costs for certain projects; modifying performance measures for change items in the state budget proposal; providing for continuing appropriations under certain circumstances and federal contingency planning; changing certain Office of Enterprise Technology provisions; changing certain audit provisions from the state auditor to the legislative auditor; modifying provisions for general noncommercial radio station grants; providing a change to the state employee group insurance program under a certain circumstance; making Department of Revenue changes; repealing the Minnesota Sunset Act; appropriating money; amending Minnesota Statutes 2012, sections 3.30, subdivision 2; 3.303, by adding a subdivision; 3.85, subdivisions 8, 9; 3.971, subdivision 6, by adding subdivisions; 6.48; 6.56, subdivision 2; 15A.082, subdivisions 1, 2, 3; 16A.10, subdivision 1c; 16A.82; 32C.04; 43A.24, by adding a subdivision; 65B.84, subdivision 1; 129D.14, subdivisions 2, 3; 129D.155; 161.1419, subdivision 3; 192.26; 197.608, subdivisions 3, 4, 5, 6; 197.791, subdivisions 4, 5; 254A.035, subdivision 2; 254A.04; 256B.093, subdivision 1; 260.835, subdivision 2; 270C.69, subdivision 1; 289A.20, subdivisions 2, 4; 289A.26, subdivision 2a; 295.55, subdivision 4; 297F.09, subdivision 7; 297G.09, subdivision 6; 297I.30, by adding a subdivision; 297I.35, subdivision 2; 364.03, subdivision 3; 469.3201; 471.699; 473.843, subdivision 3; 626.8517; Laws 2012, chapter 278, article 1, section 5; proposing coding for new law in Minnesota Statutes, chapters 5; 5B; 6; 16A; 16E; 297I; 471; repealing Minnesota Statutes 2012, sections 3.304, subdivisions 1, 5; 3.885, subdivision 10; 3D.01; 3D.02; 3D.03; 3D.04; 3D.045; 3D.05; 3D.06; 3D.065; 3D.07; 3D.08; 3D.09; 3D.10; 3D.11; 3D.12; 3D.13; 3D.14; 3D.15; 3D.16; 3D.17; 3D.18; 3D.19; 3D.20; 3D.21, subdivisions 2, 3, 4, 5, 6, 7, 8; 6.58; 168A.40, subdivisions 3, 4; 197.608, subdivision 2a; 270C.145; Laws 2012, chapter 278, article 1, section 6.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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 "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	APPROPRIATIONS Available for the Year Ending June 30	
	2014	**2015**
Sec. 2. **LEGISLATURE**		
Subdivision 1. **Total Appropriation**	$ **67,708,000**	$ **67,710,000**

Appropriations by Fund	2014	2015
General	67,580,000	67,582,000
Health Care Access	128,000	128,000

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

	2014	2015
Subd. 2. **Senate**	22,212,000	22,212,000
Subd. 3. **House of Representatives**	29,862,000	29,863,000

During the biennium ending June 30, 2015, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

	2014	2015
Subd. 4. **Legislative Coordinating Commission**	15,634,000	15,635,000

Appropriations by Fund		
General	15,506,000	15,507,000
Health Care Access	128,000	128,000

$139,000 each year of the appropriation from the general fund is transferred from the Legislative Coordinating Commission operations budget to the budget for the office of the legislative auditor. The Legislative Audit Commission is requested to direct the legislative auditor to use the additional funds to conduct additional evaluations of executive branch state agencies to determine:

(1) the efficiency and effectiveness with which the agency operates;

(2) an identification of the mission, goals, and objectives intended for the agency, and the extent to which the mission, goals, and objectives have been achieved; and

(3) the extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies, the extent to which the agency coordinates with those agencies, and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR** **$ 3,217,000 $ 3,240,000**

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

(b) $19,000 the first year and $19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Government Innovation and Veterans Affairs Committee and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(d) During the biennium ending June 30, 2015, the Office of the Governor may not receive payments of more than $720,000 each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support office costs, not including the residence groundskeeper, incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor. The authority in this paragraph supersedes other law enacted in 2013 that limits the ability of the office to enter into agreements relating to office costs with other executive branch agencies or prevents the use of appropriations made to other agencies for agreements with the office under Minnesota Statutes, section 15.53.

Sec. 4. **STATE AUDITOR**	**$**	**1,980,000** **$**	**2,100,000**
Sec. 5. **ATTORNEY GENERAL**	**$**	**23,446,000** **$**	**23,606,000**

Appropriations by Fund

	2014	2015
General	21,229,000	21,389,000
State Government Special Revenue	1,822,000	1,822,000
Environmental	145,000	145,000
Remediation	250,000	250,000

Sec. 6. **SECRETARY OF STATE**	**$**	**5,707,000** **$**	**6,393,000**

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, are appropriated for the purposes and uses authorized by federal law.

Redistricting Case. $355,000 the first year is appropriated to the secretary of state to be used to pay attorney fees as ordered by the court in the legislative and congressional redistricting case Hippert et al v. Ritchie et al, A11-152, and interest thereon. This appropriation is available for expenditure the day following final enactment.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD**	**$**	**1,006,000** **$**	**1,013,000**
Sec. 8. **INVESTMENT BOARD**	**$**	**139,000** **$**	**139,000**
Sec. 9. **ADMINISTRATIVE HEARINGS**	**$**	**7,731,000** **$**	**7,507,000**

Appropriations by Fund

	2014	2015
General	481,000	257,000
Workers' Compensation	7,250,000	7,250,000

$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2016 is $130,000 to be available for the biennium, under the same terms.

Data practices hearings. $36,000 the first year is to cover the fiscal year 2013 costs for data practices hearings.

Campaign violations hearings. $60,000 the first year is to cover the costs of campaign violations hearings. This is a onetime appropriation.

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY**	**$**	**2,467,000**	**$**	**2,505,000**

During the biennium ending June 30, 2015, the Office of Enterprise Technology must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than $400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation**	**$**	**20,498,000**	**$**	**20,535,000**

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

Subd. 2. **Government and Citizen Services**	7,698,000	7,668,000

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

Nellie Stone Johnson bust or statue. $30,000 is to place a bust or statue of Nellie Stone Johnson in the State Capitol Building. This appropriation is contingent on receipt of an equal nonstate match. The commissioner must follow the process in Minnesota Statutes, sections 138.67 to 138.70, in the acquisition and placement of the bust or statue. This appropriation is available until expended.

Subd. 3. **Administrative Management Support**	1,823,000	1,890,000
Subd. 4. **Fiscal Agent**	10,977,000	10,977,000

The appropriations under this section are to the commissioner of administration for the purposes specified.

In Lieu of Rent

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

Public Broadcasting

(a) $1,685,000 the first year and $1,685,000 the second year are for matching grants for public television.

(b) $315,000 the first year and $315,000 the second year are for public television equipment grants. Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

(c) $392,000 the first year and $392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(d) $117,000 the first year and $117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under $500.

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

(f) $310,000 the first year and $310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

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

Sec. 12. **CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**	**$**	**328,000**	**$**	**330,000**
Sec. 13. **MINNESOTA MANAGEMENT AND BUDGET**	**$**	**24,172,000**	**$**	**20,627,000**

Statewide Budget System. $4,500,000 for the biennium is to continue development of the new statewide budget system and to develop new capabilities including, but not limited to, capital budget and fiscal notes.

Sec. 14. **REVENUE**

Subdivision 1. **Total Appropriation**			**$ 141,701,000**	**$ 142,203,000**

Appropriations by Fund		
	2014	2015
General	137,466,000	137,968,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

Subd. 2. **Tax System Management**	112,879,000	113,174,000

Appropriations by Fund		
General	108,644,000	108,939,000
Health Care Access	1,749,000	1,749,000
Highway User Tax Distribution	2,183,000	2,183,000
Environmental	303,000	303,000

County Technical Assistance Grants. (a) The commissioner of revenue may make technical assistance grants to counties to fund development, implementation, or maintenance of data collection and data processing systems that will facilitate improved reporting of property tax data on parcels and portions of parcels to the commissioner for analytical and administrative use. The grants may be made in the order they are requested, or on some other basis determined by the commissioner. The commissioner shall determine whether to require an application or recipient agreement and shall determine the form and content of the application or agreement.

(b) $300,000 is appropriated to the commissioner from the general fund in fiscal year 2014 to make grants to counties as provided in this section. This appropriation is available for fiscal years 2014 and 2015 only, and does not become part of the base.

Appropriation; taxpayer assistance. (a) $200,000 in fiscal year 2014, and $200,000 in fiscal year 2015, are appropriated from the general fund to the commissioner of revenue to make grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. **Debt Collection Management**		28,822,000		29,029,000
Sec. 15. **AMATEUR SPORTS COMMISSION**	**$**	**250,000**	**$**	**253,000**
Sec. 16. **COUNCIL ON BLACK MINNESOTANS**	**$**	**294,000**	**$**	**297,000**

Sec. 17. **COUNCIL ON ASIAN-PACIFIC MINNESOTANS**	**$**	**256,000**	**$**	**258,000**
Sec. 18. **COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE**	**$**	**277,000**	**$**	**280,000**
Sec. 19. **INDIAN AFFAIRS COUNCIL**	**$**	**466,000**	**$**	**469,000**
Sec. 20. **MINNESOTA HISTORICAL SOCIETY**				
Subdivision 1. **Total Appropriation**	**$**	**21,939,000**	**$**	**21,884,000**

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

Subd. 2. **Operations and Programs**	21,533,000	21,662,000

Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. **Fiscal Agent**

(a) Minnesota International Center	39,000	39,000
(b) Minnesota Air National Guard Museum	14,000	-0-
(c) Minnesota Military Museum	170,000	-0-
(d) Farmamerica	115,000	115,000
(e) Hockey Hall of Fame	68,000	68,000

Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 21. **BOARD OF THE ARTS**				
Subdivision 1. **Total Appropriation**	**$**	**7,508,000**	**$**	**7,510,000**

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

Subd. 2. **Operations and Services**	569,000	571,000
Subd. 3. **Grants Program**	4,800,000	4,800,000
Subd. 4. **Regional Arts Councils**	2,139,000	2,139,000

Unencumbered balance available. Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

Projects located in Minnesota; travel restriction. Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use the money to travel outside the state of Minnesota unless the cost of travel is less than five percent of the total grant. None of the funds appropriated may be used to travel outside the continental United States.

Sec. 22. **MINNESOTA HUMANITIES CENTER**	**$**	**251,000**	**$**	**251,000**
Sec. 23. **SCIENCE MUSEUM OF MINNESOTA**	**$**	**1,079,000**	**$**	**1,079,000**
Sec. 24. **GENERAL CONTINGENT ACCOUNTS**	**$**	**883,000**	**$**	**500,000**

Appropriations by Fund

	2014	2015
General	383,000	-0-
State Government Special Revenue	400,000	400,000
Workers' Compensation	100,000	100,000

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

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

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

Sec. 25. **TORT CLAIMS**	**$**	**161,000**	**$**	**161,000**

These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 26. **MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. **Total Appropriation**	**$**	**3,891,000**	**$**	**3,964,000**

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

Subd. 2. **Legislators**	3,406,000	3,475,000

Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. **Constitutional Officers**	485,000	489,000

Under Minnesota Statutes, section 352C.001, if an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 27. **MINNEAPOLIS EMPLOYEES RETIREMENT FUND DIVISION ACCOUNT**	**$**	**24,000,000**	**$**	**24,000,000**

These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 28. **TEACHERS RETIREMENT ASSOCIATION**	**$**	**15,454,000**	**$**	**15,454,000**

The amounts estimated to be needed are as follows:

(a) **Special direct state aid.** $12,954,000 the first year and $12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) **Special direct state matching aid.** $2,500,000 the first year and $2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 29. **ST. PAUL TEACHERS RETIREMENT FUND**	**$**	**2,827,000**	**$**	**2,827,000**

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

Sec. 30. **DULUTH TEACHERS RETIREMENT FUND**	**$**	**346,000**	**$**	**346,000**

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

Sec. 31. **TELECOMMUNICATIONS ACCESS MINNESOTA FUND; APPROPRIATIONS.**

In addition to the appropriation authorized in Minnesota Statutes, section 237.52, the following amounts are appropriated from the telecommunications access Minnesota fund:

(1) $290,000 each year is appropriated to the chief information officer for the purpose of coordinating technology accessibility and usability; and

(2) $150,000 each year is appropriated to the Legislative Coordinating Commission for the purpose of providing captioning of legislative activity on the commission's Web site and for a consolidated access fund for other state agencies.

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

ARTICLE 2

MILITARY AND VETERANS AFFAIRS

Section 1. **MILITARY AND VETERANS AFFAIRS 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 and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

		APPROPRIATIONS		
		Available for the Year Ending June 30		
		2014		**2015**
Sec. 2. **MILITARY AFFAIRS**				
Subdivision 1. **Total Appropriation**	**$**	**19,417,000**	**$**	**19,468,000**
The amounts that may be spent for each purpose are specified in the following subdivisions.				
Subd. 2. **Maintenance of Training Facilities**		6,710,000		6,761,000
Subd. 3. **General Support**		2,359,000		2,359,000
Subd. 4. **Enlistment Incentives**		10,348,000		10,348,000

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. **Total Appropriation**	**$ 63,133,000**	**$ 62,854,000**

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

Subd. 2. **Veterans Services**	16,101,000	16,341,000

Veterans in Crisis De-escalation Training. Of this amount, up to $100,000 each year of the biennium may be spent for training state and local community safety personnel in the use of crisis de-escalation techniques for use with Minnesota veterans following their return from active military service in a combat zone. The commissioner must consult with the director of the Minnesota Peace Officers and Training Board, and may consult with any other state or local governmental official or nongovernmental authority the commissioner determines to be relevant, when selecting a service provider for this training. Among any other criteria the commissioner may establish for the selection, the training provider must have a demonstrated understanding of the transitions and challenges that veterans may experience during their re-entry into society following combat service. The commissioner must ensure that training opportunities provided are reasonably distributed statewide.

IT Upgrades. $618,000 in fiscal year 2014 and $382,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

Veterans Cemetery in Fillmore County. $425,000 in fiscal year 2015 is for operation of the new veterans cemetery in Fillmore County. This amount is added to the program's base funding.

Honor Guards. $200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

Minnesota GI Bill. $200,000 each year is for the costs of administering the Minnesota GI Bill on-the-job training and apprenticeship program under Minnesota Statutes, section 197.791.

Gold Star Program. $100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans. This amount is added to the program's base funding.

County Veterans Service Office. $1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

Veterans Service Organizations. $353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Veterans Paramedic Apprenticeship Program. All unspent funds, estimated to be $110,000, from the Veterans Paramedic Apprenticeship Program, from the onetime appropriation under Laws 2009, chapter 79, article 13, section 7, are canceled to the general fund on July 1, 2013.

Subd. 3. **Veterans Homes**	47,032,000	46,513,000

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

IT Upgrades. $2,047,000 in fiscal year 2014 and $1,528,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

Maximize Federal Reimbursements. The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

ARTICLE 3

MILITARY AND VETERANS AFFAIRS PROVISIONS

Section 1. Minnesota Statutes 2012, section 192.26, is amended to read:

192.26 STATE AND MUNICIPAL OFFICERS AND EMPLOYEES NOT TO LOSE PAY WHILE ON MILITARY DUTY.

Subdivision 1. **Authorized leave.** Subject to the conditions hereinafter prescribed, any officer or employee of the state or of any political subdivision, municipal corporation, or other public agency of the state who shall be a member of the National Guard, or any other component of the militia of the state now or hereafter organized or constituted under state or federal law, or who shall be a member of the officers' reserve corps, the enlisted reserve corps, the Naval Reserve, the Marine Corps reserve, or any other reserve component of the military or naval forces of the United States now or hereafter organized or constituted under federal law, shall be entitled to leave of absence from the public office or employment without loss of pay, seniority status, efficiency rating, vacation, sick leave, or other benefits for all the time when engaged with such organization or component in training or active service ordered or authorized by proper authority pursuant to law, whether for state or federal purposes, but not exceeding a total of 15 days in any calendar year. The state or political subdivision, municipal corporation, or other public agency shall allow the officer or employee to choose when during the calendar year to take the 15 days of paid military leave. The officer or employee may choose to use all of the 15 days of paid military leave at one time or, in the alternative, the 15 days of paid military leave may be divided and taken throughout the calendar year at the discretion of the officer or employee. Such leave shall be allowed only in case the required military or naval service is satisfactorily performed, which shall be presumed unless the contrary is established. Such leave shall not be allowed unless the officer or employee (1) returns to the public position immediately on being relieved from such military or naval service and not later than the expiration of the time herein limited for such leave, or (2) is prevented from so returning by physical or mental disability or other cause not due to the officer's or employee's own fault, or (3) is required by proper authority to continue in such military or naval service beyond the time herein limited for such leave.

Sec. 2. Minnesota Statutes 2012, section 197.608, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To be eligible for a grant under ~~this program~~ subdivision 6, a county must employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner.

(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under subdivision ~~2a~~ 6 for one year from the date the county veterans service officer is appointed.

(c) ~~Except for the situation described in paragraph (b),~~ A county whose county veterans service officer does not receive certification ~~during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle~~ by the end of the first year of the county veterans service officer's appointment is ineligible for the grant under subdivision 6 until the county veterans service officer receives certification.

Sec. 3. Minnesota Statutes 2012, section 197.608, subdivision 4, is amended to read:

Subd. 4. **Grant process.** (a) The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the County Veterans Service Office.

(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant under subdivision 6 only for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant.

(c) The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.

Sec. 4. Minnesota Statutes 2012, section 197.608, subdivision 5, is amended to read:

Subd. 5. **Qualifying uses.** The commissioner shall consult with the Minnesota Association of County Veterans Service Officers in developing a list of qualifying uses for grants awarded under ~~this program~~ subdivision 6.

~~The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.~~

Sec. 5. Minnesota Statutes 2012, section 197.608, subdivision 6, is amended to read:

Subd. 6. **Grant amount.** (a) Each county is eligible to receive an annual grant of $7,500 for the following purposes:

(1) to provide outreach to the county's veterans;

(2) to assist in the reintegration of combat veterans into society;

(3) to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans;

(4) to reduce homelessness among veterans; and

(5) to enhance the operations of the county veterans service office.

(b) In addition to the grant amount in paragraph (a), each county is eligible to receive an additional annual grant under this paragraph. The amount of each additional annual grant must be determined by the commissioner and may not exceed:

(1) ~~$1,400~~ $0, if the county's veteran population is less than 1,000;

(2) ~~$2,800~~ $2,500, if the county's veteran population is 1,000 or more but less than 3,000;

(3) ~~$4,200~~ $5,000, if the county's veteran population is 3,000 or more but less ~~then 10,000~~ than 4,999; ~~or~~

(4) ~~$5,600~~ $7,500, if the county's veteran population is ~~10,000~~ 5,000 or more~~.~~ but less than 9,999;

(5) $10,000, if the county's veteran population is 10,000 or more but less than 19,999;

(6) $15,000, if the county's veteran population is 20,000 or more but less than 29,999; or

(7) $20,000, if the county's veteran population is 30,000 or more.

(c) The Minnesota Association of County Veterans Service Officers is eligible to receive an annual grant of $50,000. The grant shall be used for administrative costs of the association, certification of mandated county veterans service officer training and accreditation, and costs associated with reintegration services.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Sec. 6. Minnesota Statutes 2012, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time ~~on or after September 11, 2001~~;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military ~~at any time on or after September 11, 2001,~~ and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military at any time ~~on or after September 11, 2001,~~ and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 7. Minnesota Statutes 2012, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration<u> and payments made under the Veterans Retraining Assistance Program (VRAP)</u>.

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

(1) $1,000 per semester or term of enrollment;

(2) $3,000 per state fiscal year; and

(3) $10,000 in a lifetime.

For a part-time student, the amount of educational assistance must not exceed $500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is $50 per term.

Sec. 8. Minnesota Statutes 2012, section 364.03, subdivision 3, is amended to read:

Subd. 3. **Evidence of rehabilitation.** (a) A person who has been convicted of a crime or crimes which directly relate to the public employment sought or to the occupation for which a license is sought shall not be disqualified from the employment or occupation if the person can show competent evidence of sufficient rehabilitation and present fitness to perform the duties of the public employment sought or the occupation for which the license is sought. ~~Sufficient~~ Competent evidence of sufficient rehabilitation may be established by the production of the person's most recent certified copy of a United States Department of Defense form DD-214 showing the person's honorable discharge, or separation under honorable conditions, from the United States armed forces for military service rendered following conviction for any crime that would otherwise disqualify the person from the public employment sought or the occupation for which the license is sought, or:

(1) a copy of the local, state, or federal release order; and

(2) evidence showing that at least one year has elapsed since release from any local, state, or federal correctional institution without subsequent conviction of a crime; and evidence showing compliance with all terms and conditions of probation or parole; or

(3) a copy of the relevant Department of Corrections discharge order or other documents showing completion of probation or parole supervision.

(b) In addition to the documentary evidence presented, the licensing or hiring authority shall consider any evidence presented by the applicant regarding:

(1) the nature and seriousness of the crime or crimes for which convicted;

(2) all circumstances relative to the crime or crimes, including mitigating circumstances or social conditions surrounding the commission of the crime or crimes;

(3) the age of the person at the time the crime or crimes were committed;

(4) the length of time elapsed since the crime or crimes were committed; and

(5) all other competent evidence of rehabilitation and present fitness presented, including, but not limited to, letters of reference by persons who have been in contact with the applicant since the applicant's release from any local, state, or federal correctional institution.

(c) The certified copy of a person's United States Department of Defense form DD-214 showing the person's honorable discharge or separation under honorable conditions from the United States armed forces ceases to qualify as competent evidence of sufficient rehabilitation for purposes of this section upon the person's conviction for any gross misdemeanor or felony committed by the person subsequent to the effective date of that honorable discharge or separation from military service.

Sec. 9. **[471.3457] VETERAN-OWNED SMALL BUSINESS CONTRACTS.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "local government" means a town or home rule charter or statutory city; and

(2) "governing body" means the town board of supervisors or city council.

Subd. 2. **Authority.** The governing body of a local government may implement a program within its jurisdiction to provide a bid preference in awarding contracts as defined in section 471.345, and in awarding contracts for services, to designated veteran-owned small businesses, as provided in section 375.771.

Sec. 10. Minnesota Statutes 2012, section 626.8517, is amended to read:

626.8517 ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.

(a) For purposes of this section:

(1) "active service" has the meaning given in section 190.05, subdivision 5; and

(2) "relevant military experience" means:

(i) five years' active service experience in a military law enforcement occupational specialty;

(ii) three years' active service experience in a military law enforcement occupational specialty, and completion of a two-year or more degree from a regionally accredited postsecondary education institution; or

(iii) five years' cumulative experience as a full-time peace officer in another state combined with active service experience in a military law enforcement occupational specialty.

(b) A person ~~who has relevant military experience and who~~ is eligible to take the reciprocity examination if the person has relevant military experience and:

(1) has been honorably discharged from military active service as evidenced by ~~a~~ the most recent form DD-214 ~~is eligible to take the reciprocity examination.~~; or

(2) is currently in active service as evidenced by:

(i) active duty orders providing service time in military police specialty;

(ii) a United States Department of Defense Manpower Data Center status report pursuant to Service Members Civil Relief Act, active duty status report; or

(iii) Military Personnel Center assignment information.

(c) A person who passed the examination under paragraph (b), clause (2), shall not be eligible to be licensed as a peace officer until honorably discharged as evidenced by the most recent form DD-214.

Sec. 11. **REPEALER.**

Minnesota Statutes 2012, section 197.608, subdivision 2a, is repealed.

ARTICLE 4

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2012, section 3.30, subdivision 2, is amended to read:

Subd. 2. **Members; duties.** (a) The majority leader of the senate or a designee, the chair of the senate Committee on Finance, and the chair of the senate Division of Finance responsible for overseeing the items being considered by the commission, the speaker of the house or a designee, the chair of the house of representatives Committee on Ways and Means, and the chair of the appropriate finance committee, or division of the house of representatives committee responsible for overseeing the items being considered by the commissioner, constitute the Legislative Advisory Commission. The division chair of the Finance Committee in the senate and the division chair of the appropriate finance committee or division in the house of representatives shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house of representatives membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house of representatives Rules Committee, and by the last senate Committee on Committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of management and budget shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of management and budget shall transmit, under section 3.195, a report to the next legislature of all actions of the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

(b) The chair alternates between a member of the senate and a member of the house of representatives in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2012, section 3.303, is amended by adding a subdivision to read:

Subd. 11. **Acceptance of grants and gifts.** The commission may accept gifts and grants for purposes related to the duties of the commission. Money received by the commission from gifts and grants is appropriated to the commission for purposes specified in the gift or grant.

Sec. 3. Minnesota Statutes 2012, section 3.85, subdivision 8, is amended to read:

Subd. 8. **Expenses, reimbursement.** The members of the commission and its ~~assistants~~ staff shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. Reimbursement for expenses incurred shall be made ~~under the rules governing state employees~~ in accordance with policies adopted by the Legislative Coordinating Commission.

Sec. 4. Minnesota Statutes 2012, section 3.85, subdivision 9, is amended to read:

Subd. 9. **Expenses and reports.** Expenses of the commission shall be approved by the chair or another member as the rules of the commission provide. ~~The expenses shall then be paid like other state expenses. A general summary or statement of expenses incurred by the commission and paid shall be made to the legislature by November 15 of each even-numbered year.~~

Sec. 5. Minnesota Statutes 2012, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, ~~shall audit~~ Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, offices, courts, and other ~~state~~ organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, ~~Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission~~ ClearWay Minnesota, Minnesota Sports Facilities Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

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

Sec. 6. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 6a. **Data security audits.** The legislative auditor shall audit, as resources permit, information and data systems supported with public funds and operated by an organization listed in subdivision 6. The audits shall include an assessment of controls designed to protect government data, particularly government data classified as not public by chapter 13, from unauthorized access and use. The audits shall also include an assessment of organizations' compliance with other applicable legal requirements related to the operation of information and data systems and proper classification and protection of the data contained in the systems.

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

Sec. 7. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial, or information officers of an organization subject to audit under this section, must promptly notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose, or when the officer obtains information indicating that government data classified by chapter 13 as not public may have been accessed or used unlawfully. As necessary, the legislative auditor shall coordinate an investigation of the allegation with appropriate law enforcement officials.

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

Sec. 8. **[5.38] AUTHORITY TO ACCEPT FUNDS.**

The secretary of state may enter into agreements with a local governmental unit to provide a technological service or project to enhance the state's election system. The secretary of state and the local governmental unit shall agree to the amount of consideration to be paid under the agreement. In addition, the secretary of state may accept federal funds for election purposes. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for the uses authorized by this section. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city, town, or school district.

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

Sec. 9. **[5B.12] AUTHORITY TO ACCEPT FUNDS.**

Notwithstanding sections 16A.013 to 16A.016, the secretary of state may accept funds contributed by individuals and may apply for grants from charitable foundations, to be used for the address confidentiality program established in section 5B.03. In addition, the secretary of state may apply for grants from the federal government for purposes of the address confidentiality program. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for use in the address confidentiality program. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. Any contributions from program participants must be aggregated, and the names of program participants must not be reported.

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

Sec. 10. **[6.475] CITY AND TOWN ACCOUNTING SYSTEM SOFTWARE.**

(a) The state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, may charge a onetime user fee to cities, towns, and other government entities for the development, maintenance, and distribution of the small city and town accounting system software.

(b) A city and town accounting systems (CTAS) account is established in the special revenue fund.

(c) Amounts received under paragraph (a) shall be credited to the CTAS account in the special revenue fund and are appropriated to the state auditor for all costs associated with the development, maintenance, and distribution of the small city and town accounting system software. If at any time the small city and town accounting system software ceases to be offered by the state auditor, any amount remaining in the CTAS account shall be equitably refunded to users in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, and the account shall be closed.

Sec. 11. Minnesota Statutes 2012, section 6.48, is amended to read:

6.48 EXAMINATION OF COUNTIES; COST, FEES.

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

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

Sec. 12. Minnesota Statutes 2012, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision ~~monthly~~ periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~general~~ state auditor enterprise fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 13. **[6.581] STATE AUDITOR ENTERPRISE FUND.**

Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund is established in the state treasury. All amounts received for the costs and expenses of examinations performed under this chapter shall be credited to the fund. Amounts credited to the fund are annually appropriated to the state auditor to pay the costs and expenses related to the examinations performed, including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses.

Subd. 2. **Contract with private parties; equipment acquisition.** When full-time personnel are not available, the state auditor may contract with a private entity for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the Office of the State Auditor.

Subd. 3. **Schedule of charges.** The state auditor may adjust the schedule of charges for the examinations performed so that the charges are sufficient to cover all costs of the examinations performed and that the aggregate charges collected are sufficient to pay all salaries and other expenses, including the charges for the use of the equipment used in connection with the reimbursable examinations performed, and the cost of contracting for accounting and other technical services. The schedule of charges shall be based on an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for the examinations performed at least annually. All schedules of charges must be approved by the commissioner of management and budget before the charges are adopted to ensure that the amount collected is sufficient to pay all the costs connected with the examinations performed during the fiscal year.

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to these chairs and ranking minority members a summary of anticipated expenditures from the state auditor enterprise fund and rates charged to support the fund for the biennium ending June 30 of that year, and an estimate of expenditures from the fund and rates to be charged for the biennium beginning July 1 of that year. The summary must separately report amounts for salaries, office overhead, equipment, authorized contracts, and other expenses.

Sec. 14. Minnesota Statutes 2012, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each ~~even-numbered~~ odd-numbered year to assist the legislature in establishing the compensation of constitutional officers, members of the legislature, justices of the Supreme Court, judges of the Court of Appeals and district court, and the heads of state and metropolitan agencies included in section 15A.0815.

Sec. 15. Minnesota Statutes 2012, section 15A.082, subdivision 2, is amended to read:

Subd. 2. **Membership.** The Compensation Council consists of 16 members: two members of the house of representatives, appointed by the speaker of the house; two members of the senate, appointed by the majority leader of the senate; one member of the house of representatives, appointed by the minority leader of the house of representatives; one member of the senate, appointed by the minority leader of the senate; two nonjudges appointed by the chief justice of the Supreme Court; and one member from each congressional district appointed by the governor, of whom no more than four may belong to the same political party. Appointments must be made ~~by October 1~~ after the first Monday in January and before January 15. The compensation and removal of members appointed by the governor or the chief justice shall be as provided in section 15.059, subdivisions 3 and 4. The Legislative Coordinating Commission shall provide the council with administrative and support services.

Sec. 16. Minnesota Statutes 2012, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations.** (a) By ~~May 1~~ March 15 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house and the president of the senate salary recommendations for constitutional officers, legislators, justices of the Supreme Court, and judges of the Court of Appeals and district court. The recommended salary for each office must take effect on the first Monday in January of the next odd-numbered year, with no more than one adjustment, to take effect on January 1 of the year after that. The salary recommendations for legislators, judges, and constitutional officers take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected. The salary recommendations for legislators are subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.

(b) The council shall also submit to the speaker of the house and the president of the senate recommendations for the salary ranges of the heads of state and metropolitan agencies, to be effective retroactively from January 1 of that year if enacted into law. The recommendations shall include the appropriate group in section 15A.0815 to which each agency head should be assigned and the appropriate limitation on the maximum range of the salaries of the agency heads in each group, expressed as a percentage of the salary of the governor.

Sec. 17. Minnesota Statutes 2012, section 16A.10, subdivision 1c, is amended to read:

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

Sec. 18. **[16A.117] CONTINUING APPROPRIATIONS.**

Subdivision 1. **Appropriations continue for one year.** If a major appropriation bill is not enacted before July 1 of an odd-numbered year, the existing appropriation amounts pertaining to that bill for the fiscal year ending that June 30 are in effect again at the base level through the fiscal year beginning July 1 of that odd-numbered year. The base level is the amount appropriated for the fiscal year ending that June 30, except as otherwise provided by subdivision 2 or by other law. The amounts needed to implement this section are appropriated from each fund covered by this section.

Subd. 2. **Exceptions and adjustments.** (a) An appropriation remaining in effect under authority of subdivision 1 must be adjusted or discontinued as required by other law and according to paragraphs (b) to (e).

(b) In order to meet the fiscal obligations required under current law, the commissioner must adjust the appropriation for each forecasted program according to the forecast adjusted base spending level estimated by the commissioner in the preceding February forecast.

(c) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of management and budget determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(d) If an appropriation remains in effect under authority of subdivision 1, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of management and budget must prorate the appropriation consistent with the expiration date.

(e) The commissioner of management and budget may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this paragraph only if one or more of the following conditions is met:

(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts or to create new funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are necessary to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

The commissioner of management and budget must give the chairs and lead minority caucus members of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision.

Subd. 3. **Statutory appropriations.** All statutory appropriations from the general fund or another fund in the state treasury continue as required under current law and are not limited by subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 19. **[16A.503] FEDERAL CONTINGENCY PLANNING.**

Each executive branch state agency that receives federal funds must notify the budget committees of the legislature with jurisdiction over the agency by October 1 of each even-numbered year if the agency believes there is potential for a significant reduction in the amount of federal funds the agency will receive in the biennium beginning the following July 1. Each notice must include:

(1) the reasons for the potential reduction in federal funds, and the likelihood the reduction will occur;

(2) the impact to the agency's operations and to other state and local government services related to the potential reduction in federal funds; and

(3) any steps the agency is taking to adjust to and minimize the impact of a potential loss of federal funds.

Sec. 20. Minnesota Statutes 2012, section 16A.82, is amended to read:

16A.82 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.

The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for replacement of the state's accounting and procurement systems, provided that the state is not obligated to continue such appropriation of funds or to make lease payments in any future fiscal year.

Fiscal year 2010	$2,828,038
Fiscal year 2011	$3,063,950
Fiscal year 2012	$8,967,850
Fiscal year 2013	$8,968,950
Fiscal year 2014	$8,970,850
Fiscal year 2015	$8,971,150
Fiscal year 2016	$8,966,450
Fiscal year 2017	$8,967,500
Fiscal year 2018	$8,970,750
Fiscal year 2019	$8,968,500

Of these appropriations, up to $2,000 per year may be used to pay the annual trustee fees for the lease-purchase agreements authorized in this section ~~and section 270C.145~~. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

Sec. 21. **[16E.0466] STATE AGENCY TECHNOLOGY PROJECTS.**

Every state agency with an information or telecommunications project must consult with the Office of Enterprise Technology to determine what the IT cost of the project is, and transfer the IT cost portion to the Office of Enterprise Technology, unless the commissioner of the Office of Enterprise Technology determines that a transfer is not required. A transfer is not required under this section to the extent the transfer is prohibited by federal law or would cause a loss of federal funds. Agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

Sec. 22. Minnesota Statutes 2012, section 32C.04, is amended to read:

32C.04 ACCOUNTS; AUDITS.

The authority may establish funds and accounts that it determines to be reasonable and necessary to conduct the business of the authority. The board shall ~~provide for and pay the cost of an independent annual audit of its official books and records~~ be subject to audit by the ~~state~~ legislative auditor. A copy of ~~this~~ an audit must be filed with the secretary of state.

Sec. 23. Minnesota Statutes 2012, section 43A.24, is amended by adding a subdivision to read:

Subd. 2a. **Premiums for legislators.** If a legislator chooses to participate in the state employee group insurance program, the monthly premium to be paid by the legislator for individual coverage is ten percent of the total premium for individual coverage, and for dependent coverage 15 percent of the total premium for dependent coverage. However, a legislator must pay the monthly amount of the required employee premiums under the commissioner of management and budget's plan for unrepresented state employees if those premiums are higher than the rates set in this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 24. Minnesota Statutes 2012, section 129D.14, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "Corporation for Public Broadcasting" or "CPB" means the nonprofit organization established pursuant to United States Code, title 47, section 396.

(b) "Federal Communications Commission" or "FCC" means the federal agency established pursuant to United States Code, title 47, section 151.

(c) "Licensee" means ~~the individual or business~~ an entity to ~~whom~~ which the Federal Communications Commission has issued ~~the~~ a license to operate a noncommercial radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503.

(d) "Noncommercial radio station" means a station operated by a licensee of the FCC as a noncommercial educational radio station ~~under a license or program test authority from the Federal Communications Commission as a noncommercial educational radio station~~ as defined in Code of Federal Regulations, title 47, subpart D, section 73.503, licensed to a community within the state and serving a segment of the population of the state.

(e) "Operating income" may include:

(1) individual and other community contributions;

(2) all grants received from the Corporation for Public Broadcasting;

(3) grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;

(4) interest income;

(5) earned income;

(6) employee salaries paid through the federal Comprehensive Employment and Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(7) employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(8) direct operating costs provided by supporting educational institutions; and

(9) no more than $15,000 in volunteer time calculated at the federal minimum wage.

The following are specifically excluded in determining a station's operating income:

(1) dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;

(2) grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and

(3) noncommercial radio station grants received in the previous fiscal year pursuant to this section.

(f) "Local" means the area designated by the FCC's 60 dBu contour map.

Sec. 25. Minnesota Statutes 2012, section 129D.14, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To qualify for a grant under this section, the licensee ~~shall~~ must:

~~(a)~~ (1) hold a valid noncommercial ~~educational~~ radio station license ~~or program test authority~~ from the ~~Federal Communications Commission;~~ FCC that is a Class "A" or "C" FM, as defined in Code of Federal Regulations, title 47, subpart B, sections 73.210 and 73.211 or Class "C" or "D" AM, as defined in Code of Federal Regulations, title 47, subpart A, section 73.21. Stations with a Class "L1" and "LP100" are not eligible for this funding. The station must be licensed to a community in the state of Minnesota and must be operated as a noncommercial educational station.

~~(b)~~ (2) have facilities adequate to provide local program production and origination;

~~(c)~~ (3) employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;

~~(d)~~ (4) maintain a minimum daily broadcasting schedule of (1) the maximum allowed by its Federal Communications Commission license or (2) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;

~~(e)~~ (5) broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license with an exception for power outages and natural disasters;

~~(f)~~ (6) have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in-school or professional in-service audiences;

~~(g)~~ (7) originate significant, locally produced programming designed to serve its community of license;

~~(h)~~ (8) have a total annual operating income and budget of at least $50,000;

~~(i)~~ (9) have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;

~~(j)~~ (10) have a board of directors that: ~~(1)~~ (i) holds the portion of any meeting relating to the management or operation of the radio station open to the public and ~~(2)~~ (ii) permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and

~~(k)~~ (11) have met the criteria in clauses ~~(a)~~ (1) to ~~(j)~~ (10) for six months before it is eligible for state assistance under this section.

(b) The commissioner shall accept the judgment of Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the station is not qualified for assistance or is qualified for but not receiving funding from the Corporation for Public Broadcasting, an independent audit is required to verify eligibility under paragraph (a), clause (8). If neither is available, the commissioner may accept a written declaration of eligibility signed by an independent auditor, a certified public accountant, or the chief executive officer of the station's parent organization ~~if it is an institution of education~~.

Sec. 26. Minnesota Statutes 2012, section 129D.155, is amended to read:

129D.155 REPAYMENT OF FUNDS.

State funds distributed to public television or noncommercial radio stations and used to purchase equipment assets must be repaid to the state, without interest, if the assets purchased with these funds are sold within five years or otherwise converted to a person other than a nonprofit or municipal corporation. The amount due to the state shall be the net amount realized from the sale of the assets, but shall not exceed the amount of state funds advanced for the purchase of the asset. The commissioner of administration may approve the use of funds derived from the sale of such assets for the purchase of new equipment for similar purposes.

Sec. 27. Minnesota Statutes 2012, section 161.1419, subdivision 3, is amended to read:

Subd. 3. **~~Investigatory powers;~~ Chair, vice-chair, and secretary.** The commission may hold meetings and hearings at such time and places as it may designate to accomplish the purposes set forth in this section ~~and may subpoena witnesses and records~~. It shall select a chair, a vice-chair, and such other officers from its membership as it deems necessary. The commission shall appoint a secretary who shall also serve as a commission member.

Sec. 28. Minnesota Statutes 2012, section 469.3201, is amended to read:

469.3201 ~~STATE~~ LEGISLATIVE AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND BUSINESS SUBSIDY AGREEMENTS.

As resources allow, the ~~Office of the State Auditor~~ legislative auditor must ~~annually~~ audit the creation and operation of all job opportunity building zones and business subsidy agreements entered into under Minnesota Statutes, sections 469.310 to 469.320. ~~To the extent necessary to perform this audit, the state auditor may request from the commissioner of revenue tax return information of taxpayers who are eligible to receive tax benefits authorized under section 469.315. To the extent necessary to perform this audit, the state auditor may request from the commissioner of employment and economic development wage detail report information required under section 268.044 of taxpayers eligible to receive tax benefits authorized under section 469.315~~ All public officials and parties to the agreements shall provide the legislative auditor with all documents and data the legislative auditor deems necessary and in all other respects comply with the requirements of section 3.978, subdivision 2.

Sec. 29. Minnesota Statutes 2012, section 471.699, is amended to read:

471.699 ENFORCEMENT OF REPORTING REQUIREMENTS.

Failure of a city to timely file a statement or report under section 471.697 or 471.698 shall, in addition to any other penalties provided by law, authorize the state auditor to send full-time personnel to the city or to contract with private persons, firms, or corporations pursuant to section ~~6.58~~ 6.581, in order to complete and file the financial statement or report. The expenses related to the completion and filing of the financial statement or report shall be charged to the city. Upon failure by the city to pay the charge within 30 days of billing, the state auditor shall so certify to the commissioner of management and budget who shall forward the amount certified to the general fund and deduct the amount from any state funds due to the city under any shared taxes or aids. The state auditor's annual report on cities shall include a listing of all cities failing to file a statement or report.

Sec. 30. **LEGISLATIVE ADVISORY COMMISSION CHAIR; 2013.**

Under Minnesota Statutes, section 3.30, subdivision 2, the chair of the Legislative Advisory Commission must be a member of the senate in 2013.

Sec. 31. **AUDIT OF FINANCIAL STATEMENTS.**

The legislative auditor shall examine alternatives for achieving an annual independent audit of the financial statements of the state of Minnesota required by Minnesota Statutes, section 16A.50, and make recommendations to the Legislative Audit Commission and appropriate legislative committees by October 1, 2013.

Sec. 32. **REIMBURSEMENT TO CERTAIN EMPLOYEES DENIED COVERAGE.**

(a) This section applies to a participant in the state employee group insurance program who was denied dependent coverage between July 1, 2012, and December 31, 2012, because of a dependent audit conducted under Laws 2011, First Special Session chapter 10, article 3, section 40. Upon written request of a participant to whom this section applies, the commissioner of management and budget must determine, within 30 days of receiving the request, if the participant's dependents would have been eligible for coverage if the participant had responded in a timely manner to a letter requesting verification of dependent eligibility. As a condition of making a determination under this section, the commissioner may require a participant to submit statements or other evidence to support the participant's request. A request under this section must be made before September 30, 2013. The commissioner must notify the participant immediately after making a determination under this section. If the commissioner determines that the dependents would have been eligible for coverage, the commissioner must, within 60 days, reimburse the participant for the documented cost of other insurance that the participant purchased for dependents during the period of denial of coverage, minus the cost of dependent coverage the participant would have paid under the state employee group insurance program.

(b) The commissioner of management and budget must allocate the cost of this section to agencies and constitutional officers based on the proportionate positive variance between the general fund reductions allocated to agencies and constitutional officers under Laws 2011, First Special Session chapter 10, article 1, section 37, subdivision 1, to the actual general fund savings realized by those agencies and constitutional officers through the verification process required in that subdivision. The amount allocated to each agency is reduced from each agency's general fund appropriation and appropriated to the commissioner of management and budget to make the payments required in this section. The appropriation is available until June 30, 2014.

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

Sec. 33. **REPEALER.**

Minnesota Statutes 2012, sections 3.304, subdivisions 1 and 5; 3.885, subdivision 10; and 6.58, are repealed.

ARTICLE 5

REVENUE PROVISIONS

Section 1. Minnesota Statutes 2012, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of $1,300,000 each year to the general fund described in section ~~168A.40, subdivision 4~~ 297I.11, subdivision 2.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 2. Minnesota Statutes 2012, section 270C.69, subdivision 1, is amended to read:

Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270C.63, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any taxes, including penalties, interest, and costs. The commissioner can proceed under this section only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this section until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (2) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this section. The effect of the notice shall expire one year after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this section. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this section. The notice to the taxpayer's employer may be served by mail or by delivery by an agent of the department and shall be in substantially the same form as provided in section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270C.7109. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

(b) The "compensation due" any employee is defined in accordance with the provisions of section 571.921. The maximum withholding allowed under this section for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the commissioner of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the commissioner as noted in this section.

(c) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner~~, on a form and~~ in the manner prescribed by the commissioner, the amount withheld during each pay period under this section. The employer must file all wage levy disclosure forms and remit all wage levy payments by electronic means.

EFFECTIVE DATE. This section is effective for wage levy disclosures or wage levy payments filed or made after December 31, 2013.

Sec. 3. Minnesota Statutes 2012, section 289A.20, subdivision 2, is amended to read:

Subd. 2. **Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts.** (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than $1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is~~:~~

~~(1) $20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2)~~ $10,000 or more in ~~the~~ a fiscal year ending June 30, ~~2006, and fiscal years thereafter,~~

the employer must remit each required deposit for wages paid in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 4. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

(1) use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year; and

(2) except as provided in paragraph (f), for a vendor having a liability of $120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:

(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.

(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.

(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.

(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of $120,000 or more during the most recent fiscal year ending June 30.

(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).

(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.

(b) Notwithstanding paragraph (a), a vendor having a liability of $120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) $10,000 or more, but less than $120,000 during a fiscal year ending June 30, ~~2009~~ <u>2013</u>, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in ~~the~~ <u>all</u> subsequent calendar ~~year~~ <u>years</u> on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) $120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar year, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Whenever the liability is $120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.

(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of $120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 5. Minnesota Statutes 2012, section 289A.26, subdivision 2a, is amended to read:

Subd. 2a. **Electronic payments.** If the aggregate amount of estimated tax payments made is~~:~~

~~(1) $20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2)~~ $10,000 or more in ~~the~~ a fiscal year ending June 30, ~~2006, and fiscal years thereafter,~~

all estimated tax payments in ~~the~~ all subsequent calendar ~~year~~ years must be paid by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 6. Minnesota Statutes 2012, section 295.55, subdivision 4, is amended to read:

Subd. 4. **Electronic payments.** A taxpayer with an aggregate tax liability of~~:~~

~~(1) $20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2)~~ $10,000 or more in ~~the~~ a fiscal year ending June 30, ~~2006, and fiscal years thereafter,~~

must remit all liabilities by electronic means in ~~the~~ all subsequent calendar ~~year~~ years.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 7. Minnesota Statutes 2012, section 297F.09, subdivision 7, is amended to read:

Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a liability of $10,000 or more during a fiscal year ending June 30 must remit all liabilities in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 8. Minnesota Statutes 2012, section 297G.09, subdivision 6, is amended to read:

Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having an excise tax liability of $10,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 9. **[297I.11] AUTOMOBILE THEFT PREVENTION SURCHARGE.**

Subdivision 1. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge to the commissioner of revenue for purposes of the automobile theft prevention program described in section 65B.84. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

(1) a passenger automobile;

(2) a pickup truck;

(3) a van but not commuter vans as defined in section 168.126; or

(4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, $1,300,000 each year must be transferred to the general fund. Revenues in excess of $1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Subd. 3. **Collection and administration.** The commissioner shall collect and administer the surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 10. Minnesota Statutes 2012, section 297I.30, is amended by adding a subdivision to read:

Subd. 10. **Automobile theft prevention surcharge.** On or before May 1, August 1, November 1, and February 1 of each year, every insurer required to pay the surcharge under section 297I.11 shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, in the form prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 11. Minnesota Statutes 2012, section 297I.35, subdivision 2, is amended to read:

Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges due under this chapter during a fiscal year ending June 30 is equal to or exceeds $10,000, or if the taxpayer is required to make payment of any other tax to the commissioner by electronic means, then all tax and surcharge payments in ~~the~~ all subsequent calendar ~~year~~ years must be paid by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 12. Minnesota Statutes 2012, section 473.843, subdivision 3, is amended to read:

Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of $10,000 or more during a fiscal year ending June 30 must pay all fees in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 13. **DEBIT CARDS FOR REFUNDS REPORT.**

The commissioner of revenue must report by January 15, 2014, on potential data practices issues related to issuance of debit cards as payment for tax refunds. The report must include analysis of issues relating to collection, storage, and use of data, and access to data. The report must be sent to the chairs and ranking minority members of house and senate committees with jurisdiction over taxes, state government finance, and civil law, and to the chairs and ranking minority members of the data practices subcommittee of the house of representatives civil law committee.

Sec. 14. **REPEALER.**

(a) Minnesota Statutes 2012, section 168A.40, subdivisions 3 and 4, are repealed effective for premiums collected after June 30, 2013.

(b) Minnesota Statutes 2012, section 270C.145, is repealed the day following final enactment.

ARTICLE 6

SUNSET REPEAL

Section 1. Minnesota Statutes 2012, section 254A.035, subdivision 2, is amended to read:

Subd. 2. **Membership terms, compensation, removal and expiration.** The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian Advisory Council members shall be as provided in section 15.059. The council expires June 30, 2014~~, or in accordance with section 3D.21, whichever is later~~.

Sec. 2. Minnesota Statutes 2012, section 254A.04, is amended to read:

254A.04 CITIZENS ADVISORY COUNCIL.

There is hereby created an Alcohol and Other Drug Abuse Advisory Council to advise the Department of Human Services concerning the problems of alcohol and other drug dependency and abuse, composed of ten members. Five members shall be individuals whose interests or training are in the field of alcohol dependency and abuse; and five members whose interests or training are in the field of dependency and abuse of drugs other than alcohol. The terms, compensation and removal of members shall be as provided in section 15.059. The council expires June 30, 2014~~, or in accordance with section 3D.21, whichever is later~~. The commissioner of human services shall appoint members whose terms end in even-numbered years. The commissioner of health shall appoint members whose terms end in odd-numbered years.

Sec. 3. Minnesota Statutes 2012, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. **State traumatic brain injury program.** The commissioner of human services shall:

(1) maintain a statewide traumatic brain injury program;

(2) supervise and coordinate services and policies for persons with traumatic brain injuries;

(3) contract with qualified agencies or employ staff to provide statewide administrative case management and consultation;

(4) maintain an advisory committee to provide recommendations in reports to the commissioner regarding program and service needs of persons with brain injuries;

(5) investigate the need for the development of rules or statutes for the brain injury home and community-based services waiver;

(6) investigate present and potential models of service coordination which can be delivered at the local level; and

(7) the advisory committee required by clause (4) must consist of no fewer than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair. Notwithstanding section 15.059, subdivision 5, the advisory committee does not terminate until June 30, 2014~~, or in accordance with section 3D.21, whichever is later~~.

Sec. 4. Minnesota Statutes 2012, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** Notwithstanding section 15.059, subdivision 5, the American Indian Child Welfare Advisory Council expires June 30, 2014~~, or in accordance with section 3D.21, whichever is later~~.

Sec. 5. Laws 2012, chapter 278, article 1, section 5, is amended to read:

Sec. 5. **COUNCIL ON BLACK MINNESOTANS.**

The Office of the Legislative Auditor should conduct a financial audit of the Council on Black Minnesotans by December 1, 2013. In its next report to the ~~Sunset Advisory Commission~~ governor and legislature under Minnesota Statutes, section 3.9225, subdivision 7, the Council on Black Minnesotans must respond to any issues raised in this audit and to issues raised in previous audits.

Sec. 6. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall delete all references to "the Sunset Advisory Commission" wherever they appear in Minnesota Statutes, and shall make other changes as necessary in Minnesota Statutes as a result of the enactment of this article.

Sec. 7. **REPEALER.**

(a) Minnesota Statutes 2012, sections 3D.01; 3D.02; 3D.03; 3D.04; 3D.045; 3D.05; 3D.06; 3D.065; 3D.07; 3D.08; 3D.09; 3D.10; 3D.11; 3D.12; 3D.13; 3D.14; 3D.15; 3D.16; 3D.17; 3D.18; 3D.19; 3D.20; and 3D.21, subdivisions 2, 3, 4, 5, 6, 7, and 8, are repealed.

(b) Laws 2012, chapter 278, article 1, section 6, is repealed.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective the day following final enactment.

APPENDIX
Article locations in UES1589-2

3.304 OFFICE OF LEGISLATIVE RESEARCH.

Subdivision 1. **Revisor and Legislative Reference Library; jurisdiction of Legislative Coordinating Commission.** The Legislative Coordinating Commission may establish under its jurisdiction and control an office of legislative research and may include within it the Office of Revisor of Statutes and the Legislative Reference Library. The commission may appoint, set salaries for, and delegate authority to, the personnel it deems necessary to perform the functions required.

Subd. 5. **Expenses of Legislative Coordinating Commission.** One-half the expenses of the Legislative Coordinating Commission not including the expenses of the Office of the Revisor of Statutes and the Legislative Reference Library, as determined by the commission, shall be allocated from the legislative expense fund of each house of the legislature to a legislative research account. The expenses of the commission other than the expenses of the Office of the Revisor of Statutes and the Legislative Reference Library, shall be paid from the legislative research account upon vouchers signed by the chair of the commission.

3.885 LEGISLATIVE COMMISSION ON PLANNING AND FISCAL POLICY.

Subd. 10. **Subcommittee on Government Accountability.** The commission must form a Subcommittee on Government Accountability under section 3.3056 to review recommendations from the commissioner of management and budget under section 16A.10, subdivision 1c, and to review recommendations from the commissioners of management and budget and administration on how to improve the use of Minnesota Milestones and other statewide goals and indicators in state planning and budget documents. The subcommittee shall consider testimony from representatives from the following organizations and agencies: (1) nonprofit organizations involved in the preparation of Minnesota Milestones; (2) the University of Minnesota and other higher education institutions; (3) the Department of Management and Budget and other state agencies; and (4) other legislators. The subcommittee shall report to the commission by February 1 of each odd-numbered year with long-range recommendations for the further implementation and uses of Minnesota Milestones and other government accountability improvements.

3D.01 SHORT TITLE.

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

3D.02 DEFINITIONS.

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

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

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

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

3D.03 SUNSET ADVISORY COMMISSION.

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

(1) four senators, appointed according to the rules of the senate, with no more than three senators from the majority caucus;

(2) four members of the house of representatives, appointed by the speaker of the house, with no more than three of the house of representatives members from the majority caucus; and

(3) four members appointed by the governor.

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

Subd. 2. **Public member restrictions.** An individual is eligible for appointment by the governor if the individual or the individual's spouse is not:

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

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

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

Subd. 3. **Removal.** It is a ground for removal of a governor's appointee from the commission if the member is not qualified as required by subdivision 2 for appointment to the commission at the time of appointment or does not maintain the qualifications while serving on the commission. The validity of the commission's action is not affected by the fact that it was taken when a ground for removal of a governor's appointee from the commission existed.

Subd. 4. **Terms.** Legislative members serve at the pleasure of the appointing authority. Governor's appointees serve two-year terms expiring the first Monday in January of each odd-numbered year and may be removed at the pleasure of the governor.

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

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

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

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

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

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

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

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

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

3D.04 STAFF; CONTRACTS.

The Legislative Coordinating Commission shall provide staff and administrative services for the commission. The Sunset Advisory Commission may enter into contracts for evaluations of agencies under review.

3D.045 COORDINATION WITH LEGISLATIVE AUDITOR.

To the extent possible, the commission and the Office of the Legislative Auditor shall align their work so that audits and program evaluations conducted by the Office of the Legislative Auditor can inform the work of the commission. The commission may request the Office of the Legislative Auditor to provide updates on financial audits and program evaluations the Office of the Legislative Auditor has prepared on agencies scheduled for Sunset Advisory Commission review.

3D.05 RULES.

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

3D.06 AGENCY REPORT TO COMMISSION.

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

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

(2) an outcome-based budget for the agency;

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

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

(b) The outcome-based budget required by paragraph (a) must be for each of the agency's activities, as the term activity is used in state budgeting and must:

(1) identify the statutory authority for the activity;

(2) include one or more performance goals and associated performance measures that measure outcomes, not inputs;

(3) discuss the extent to which each performance measure is reliable and verifiable, and can be accurately measured;

(4) discuss the extent to which the agency has met each performance measure, and the extent to which the budget devoted to the activity has permitted or prevented the agency from meeting its performance goals;

(5) discuss efficiencies that would allow the agency to better meet its goals; and

(6) identify agencies at any level of government or private sector entities that provide the same activities, and describe agency interaction with the activities provided by others.

3D.065 REPORT ON PERSONNEL.

By September 1 of the odd-numbered year before the year in which a state agency is subject to sunset review, the commissioner of management and budget must report to the Sunset Advisory Commission on the number of full-time equivalent employees and the salary structure for each agency under review.

3D.07 COMMISSION DUTIES.

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

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

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

3D.08 PUBLIC HEARINGS.

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

3D.09 COMMISSION REPORT.

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

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

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

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

3D.10 CRITERIA FOR REVIEW.

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

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

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

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

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

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

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

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

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

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

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

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

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

3D.11 RECOMMENDATIONS.

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

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

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

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

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

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

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

3D.12 MONITORING OF RECOMMENDATIONS.

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

3D.13 REVIEW OF ADVISORY COMMITTEES.

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

3D.14 CONTINUATION BY LAW.

(a) The following departments and agencies must be reviewed according to the schedule in section 3D.21, but do not expire according to that schedule, unless another law is enacted providing that the entity does expire:

(1) a department or agency listed in section 15.01, or section 15.06, subdivision 1 or 1a; and

(2) the Office of Higher Education, Explore Minnesota Tourism, and the Public Utilities Commission.

(b) During the regular session immediately before the sunset of a state agency or an advisory committee that expires under section 3D.21, the legislature may enact legislation to continue the agency or advisory committee for a period not to exceed 12 years. This chapter does not prohibit the legislature from:

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

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

3D.15 PROCEDURE AFTER TERMINATION.

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

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

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

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

Subd. 2. **Funds of abolished agency or advisory committee.** (a) Except as provided by other law, any unobligated and unexpended appropriations of an abolished agency or advisory committee lapse on June 30 of the year after abolishment.

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

(c) If an appropriation exists in law for the functions or obligations transferred in subdivision 3 or 4, that appropriation is transferred to the commissioner of administration for the purposes of those subdivisions.

Subd. 3. **Property, rules, and functions of an abolished agency.** (a) Unless the governor designates an appropriate state agency as prescribed by subdivision 4, property and records in the custody of an abolished state agency or advisory committee on June 30 of the year after abolishment must be transferred to the commissioner of administration. If the governor designates an appropriate state agency, the property and records must be transferred to the designated state agency.

(b) Unless otherwise provided by law, statutory duties of an abolished state agency are transferred to the commissioner of administration, and section 16B.38 applies. All rules adopted by the abolished agency remain effective and shall be enforced by the commissioner of administration, and rulemaking authority of the abolished agency is transferred to the commissioner of administration. The commissioner of administration may use authority under section 16B.37 to transfer duties of an abolished agency that have been transferred to the commissioner of administration. Transfers under section 16B.37 are effective upon filing with the secretary of state, even if a reorganization order transfers all or substantially all of the powers or duties of a department.

Subd. 4. **Continuing obligations.** (a) The legislature recognizes the state's continuing obligation to pay bonded indebtedness and all other obligations, including lease, contract, and other written obligations, incurred by a state agency or advisory committee abolished under this chapter, and this chapter does not impair or impede the payment of bonded indebtedness and all other obligations, including lease, contract, and other written obligations, in accordance with their terms. If an abolished state agency or advisory committee has outstanding bonded indebtedness or other outstanding obligations, including lease, contract, and other written obligations, the bonds and all other obligations, including lease, contract, and other written obligations, remain valid and enforceable in accordance with their terms and subject to all applicable terms and conditions of the laws and proceedings authorizing the bonds and all other obligations, including lease, contract, and other written obligations.

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

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

3D.16 ASSISTANCE OF AND ACCESS TO STATE AGENCIES.

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

3D.17 RELOCATION OF EMPLOYEES.

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

3D.18 SAVING PROVISION.

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

3D.19 REVIEW OF PROPOSED LEGISLATION CREATING AN AGENCY.

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

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

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

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

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

3D.20 GIFTS AND GRANTS.

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

3D.21 SUNSET REVIEW.

Subd. 2. **Group 2.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2014: Department of Health, Department of Human Services, Department of Human Rights, Department of Education, Board of Teaching, Minnesota Office of Higher Education, Emergency Medical Services Regulatory Board, Council on Affairs of

Chicano/Latino People, Council on Black Minnesotans, Council on Asian-Pacific Minnesotans, Indian Affairs Council, and all advisory groups associated with these agencies.

Subd. 3. **Group 3.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2016: Department of Commerce, Department of Employment and Economic Development, Department of Labor and Industry, all non-health-related licensing boards listed in section 214.01 except as otherwise provided in this section, Explore Minnesota Tourism, Public Utilities Commission, Iron Range Resources and Rehabilitation Board, Bureau of Mediation Services, and all advisory groups associated with these agencies.

Subd. 4. **Group 4.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2018: Department of Corrections, Department of Public Safety, Department of Transportation, Peace Officer Standards and Training Board, Capitol Area Architectural and Planning Board, Amateur Sports Commission, all health-related licensing boards listed in section 214.01, Council on Disability, and all advisory groups associated with these agencies.

Subd. 5. **Group 5.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2020: Department of Agriculture, Department of Natural Resources, Pollution Control Agency, Board of Animal Health, Board of Water and Soil Resources, and all advisory groups associated with these agencies.

Subd. 6. **Group 6.** The following agencies are sunset and, except as provided in section 3D.14, expire on June 30, 2022: Department of Administration, Department of Management and Budget, Department of Military Affairs, Department of Revenue, Department of Veterans Affairs, Arts Board, Minnesota Zoo, Office of Administrative Hearings, Campaign Finance and Public Disclosure Board, Office of Enterprise Technology, Minnesota Racing Commission, and all advisory groups associated with these agencies.

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

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

6.58 GENERAL FUND.

The general fund shall be used to provide personnel, pay other expenses, and for the acquisition of equipment used in connection with reimbursable examinations and other duties pursuant to law. When full-time personnel are not available, the state auditor may contract with private persons, firms, or corporations for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the department. All receipts from such reimbursable examinations shall be deposited in the general fund. The state auditor is directed to adjust the schedule of charges for such examinations to provide that such charges shall be sufficient to cover all costs of such examinations and that the aggregate charges collected shall be sufficient to pay all salaries and other expenses including charges for the use of the equipment used in connection with such reimbursable examinations and including the cost of contracting for accounting and other technical services. The schedule of charges shall be based upon an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for such examinations at least annually and have all schedules of charges approved by the commissioner of management and budget before they are adopted so as to ensure that the amount collected shall be sufficient to pay all the costs connected with such examinations during the fiscal year.

168A.40 AUTOMOBILE THEFT PREVENTION PROGRAM.

Subd. 3. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the commissioner of public safety for purposes of the automobile theft prevention program described in section 65B.84. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

(1) a passenger automobile;

(2) a pickup truck;

(3) a van but not commuter vans as defined in section 168.126; or

(4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 4. **Automobile theft prevention account.** A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Of the revenue in the account, $1,300,000 each year must be transferred to the general fund. Revenues in excess of $1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

197.608 VETERANS SERVICE OFFICE GRANT PROGRAM.

Subd. 2a. **Grant cycle.** Counties may become eligible to receive grants on a three-year rotating basis according to a schedule to be developed and announced in advance by the commissioner. The schedule must list no more than one-third of the counties in each year of the three-year cycle. A county may be considered for a grant only in the year of its listing in the schedule.

270C.145 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.

The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for completing the purchase and development of an integrated tax software package; provided that the state is not obligated to continue the appropriation of funds or to make lease payments in any future fiscal year.

Fiscal year 2010	$ 670,213
Fiscal year 2011	$ 748,550
Fiscal year 2012	$ 2,250,150
Fiscal year 2013	$ 2,251,550
Fiscal year 2014	$ 2,250,350
Fiscal year 2015	$ 2,251,550
Fiscal year 2016	$ 2,249,950
Fiscal year 2017	$ 2,251,250
Fiscal year 2018	$ 2,249,000
Fiscal year 2019	$ 2,247,000

Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

Laws 2012, chapter 278, article 1, section 6

Sec. 6. **REVIEW OF SUNSET PROCESS.**

The Office of the Legislative Auditor is requested to conduct a review of the sunset process in Minnesota Statutes, chapter 3D. The review should be conducted in 2018. The legislative auditor is requested to present the result of the review in a report to the Legislative Audit Commission and Sunset Advisory Commission.