

CHAPTER 148—H.F.No. 548

An act relating to government operations; appropriating money for general legislative and administrative expenses of state government; regulating state and local government operations; directing the Legislative Coordinating Commission to assist in fostering an understanding of ethnic and cultural diversity and assist in issues related to preparedness for terrorism and disasters; creating the position of poet laureate; imposing a temporary technology surcharge; establishing provisions for grants management; requiring a state Web site with a searchable database on state contracts and grants; promoting use of persons with disabilities for document imaging services; modifying secretary of state provisions; creating a state employees electronic health records pilot project; abolishing the Department of Employee Relations and transferring duties; establishing a state budget trends study commission; requiring best value contracts and procurement for certain purposes; requiring reports; amending Minnesota Statutes 2006, sections 3.303, by adding subdivisions; 4.035, subdivision 3; 5.12, subdivision 1; 15.06, subdivision 2; 15B.17, subdivision 1; 16A.102, subdivision 4; 16A.103, subdivision 1e; 16A.1286, subdivision 2; 16A.695, subdivisions 2, 3, by adding subdivisions; 16B.24, subdivision 5; 16B.35, subdivision 1; 16C.02, subdivisions 4, 12, 14, by adding subdivisions; 16C.03, subdivisions 2, 3, 4, 8, 16, by adding subdivisions; 16C.05, subdivisions 1, 2; 16C.08, subdivisions 2, 4, by adding subdivisions; 16C.10, subdivision 7; 16C.26; 16C.27, subdivision 1; 16C.28; 43A.346, subdivision 1; 103D.811, subdivision 3; 103E.505, subdivision 5; 116A.13, subdivision 5; 123B.52, subdivision 1, by adding a subdivision; 160.17, by adding a subdivision; 160.262, by adding a subdivision; 161.1419, subdivision 8; 161.32, by adding a subdivision; 161.3412, subdivision 1; 161.38, subdivision 4; 270B.14, by adding a subdivision; 270C.03, subdivision 1; 302A.821, subdivision 4; 308A.995, subdivision 4; 308B.121, subdivision 4; 308B.215, subdivision 2; 317A.823, subdivision 1; 321.0206; 321.0210; 323A.1003; 336.1-110; 336.9-516; 336.9-525; 358.41; 358.42; 358.50; 359.085, subdivisions 2, 3; 365.37, by adding a subdivision; 374.13; 375.21, by adding a subdivision; 383C.094, by adding a subdivision; 412.311; 429.041, by adding a subdivision; 458D.21, by adding a subdivision; 469.015, by adding a subdivision; 469.068, subdivision 1, by adding a subdivision; 469.101, by adding a subdivision; 471.345, subdivision 5, by adding subdivisions; 473.523, by adding a subdivision; 473.756, subdivision 12; 477A.014, subdivision 4; 491A.02, subdivision 4; 507.24, subdivision 2; 517.08, subdivisions 1b, 1c; Laws 2005, chapter 156, article 2, section 45; Laws 2006, chapter 253, section 22, subdivision 1; Laws 2006, chapter 282, article 14, section 5; proposing coding for new law in Minnesota Statutes, chapters 4; 5; 11A; 13; 16B; 16C; 161; 270C; 308B; 321; repealing Minnesota Statutes 2006, sections 16A.102, subdivisions 1, 2, 3; 16C.055, subdivision 1; 16C.08, subdivision 4a; 69.051, subdivision 1c; 359.085, subdivision 8.

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

<u>General</u>	<u>74,516,000</u>	<u>71,366,000</u>
<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>

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

<u>Subd. 2. Senate</u>	<u>25,820,000</u>	<u>23,677,000</u>
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The base budget for the Senate shall be \$23,427,000 in fiscal year 2010 and \$23,427,000 in fiscal year 2011.

<u>Subd. 3. House of Representatives</u>	<u>32,686,000</u>	<u>31,746,000</u>
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The base budget for the house of representatives shall be \$31,496,000 in fiscal year 2010 and \$31,496,000 in fiscal year 2011.

During the biennium ending June 30, 2009, any revenues received by the house of representatives from sponsorship notices in broadcast or print media are appropriated to the house of representatives.

<u>Subd. 4. Legislative Coordinating Commission</u>	<u>16,188,000</u>	<u>16,121,000</u>
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Appropriations by Fund

<u>General</u>	<u>16,010,000</u>	<u>15,943,000</u>
<u>Health Care Access</u>	<u>178,000</u>	<u>178,000</u>

The base general fund budget for the Legislative Coordinating Commission shall be \$15,893,000 in fiscal year 2010 and \$15,893,000 in fiscal year 2011.

(a) \$5,624,000 the first year and \$5,469,000 the second year are for the Office of the Revisor of Statutes.

(b) \$1,257,000 the first year and \$1,254,000 the second year are for the Legislative Reference Library.

(c) \$5,719,000 the first year and \$5,720,000 the second year are for the Office of the Legislative Auditor.

(d) \$250,000 the first year is to the Legislative Coordinating Commission for a facilitated

planning process relating to the Capitol building and the Capitol complex. The process must be conducted in cooperation with the Capitol Area Architectural and Planning Board and the commissioner of administration, and must include consideration of issues relating to renovation and possible expansion of the Capitol building, phasing strategies relating to renovation of the Capitol, and related Capitol complex planning issues. The process must include consideration of as many options as feasible relating to renovation of the Capitol and related Capitol complex buildings. The process must be completed by September 30, 2007. Beginning October 1, 2007, the Legislative Coordinating Commission may transfer any unexpended balance from this appropriation to the commissioner of administration for additional planning and design for the renovation of the Capitol complex.

(e) All legislative offices should, whenever possible, implement information technology systems that are compatible and work seamlessly across the legislature. Wherever possible, single systems should be implemented to avoid unnecessary duplication and inefficiency. The directors of information technology for the senate, house of representatives, and the Legislative Coordinating Commission must submit a written report describing their efforts to collaborate on implementing shared information technology systems. The report must be submitted to the chairs of the house of representatives and senate committees with jurisdiction over rules and to the Legislative Coordinating Commission on January 15, 2008, and January 15, 2009.

Sec. 4. GOVERNOR AND LIEUTENANT GOVERNOR

\$ 3,679,000 \$ 3,777,000

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

\$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.

(b) By September 1 of each year, the commissioner of finance shall report to the chairs of the senate Governmental Operations Budget Division and the house State Government Finance Division any personnel costs incurred by the Office 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 of the divisions before initiating any interagency agreements.

Sec. 5. <u>STATE AUDITOR</u>	<u>\$</u>	<u>9,234,000</u>	<u>\$</u>	<u>9,220,000</u>
Sec. 6. <u>ATTORNEY GENERAL</u>	<u>\$</u>	<u>26,162,000</u>	<u>\$</u>	<u>27,093,000</u>

	<u>Appropriations by Fund</u>	
	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>24,048,000</u>	<u>24,974,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>1,719,000</u>	<u>1,724,000</u>
<u>Environmental</u>	<u>145,000</u>	<u>145,000</u>
<u>Remediation</u>	<u>250,000</u>	<u>250,000</u>

Sec. 7. <u>SECRETARY OF STATE</u>	<u>\$</u>	<u>9,019,000</u>	<u>\$</u>	<u>6,497,000</u>
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	<u>Appropriations by Fund</u>	
	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>6,175,000</u>	<u>6,497,000</u>
<u>Special Revenue</u>	<u>2,844,000</u>	

(a) \$310,000 of this appropriation must be transferred to the Help America Vote Act account and is designated as a portion of the match required by section 253(b)(5) of the Help America Vote Act.

(b) \$2,844,000 the first year is appropriated from the Help America Vote Act account for the purposes and uses authorized by federal law. This appropriation is available until June 30, 2009.

(c) Notwithstanding Laws 2005, chapter 162, section 34, subdivision 7, any balance remaining in the Help America Vote Act account after previous appropriations and the appropriations in this section is appropriated to the secretary of state for the purposes of the account. This appropriation is available until June 30, 2011.

Sec. 8. CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD

\$ 714,000 \$ 735,000

Sec. 9. INVESTMENT BOARD

\$ 151,000 \$ 151,000

Sec. 10. OFFICE OF ENTERPRISE TECHNOLOGY

\$ 16,445,000 \$ 7,829,000

(a) \$7,500,000 the first year is for the first phase of an electronic licensing system. This is a onetime appropriation. This appropriation carries forward to the second year.

(b) \$4,000,000 the first year and \$4,000,000 the second year are for information technology security. The base appropriation is \$2,500,000 in fiscal year 2010 and \$2,500,000 in fiscal year 2011.

(c) \$1,000,000 the first year is for small agency technology infrastructure projects. During the biennium, these amounts are intended to include hardware and software improvements for the Asian-Pacific Council, the Capitol Area Architectural and Planning Board, the Minnesota Library for the Blind, the Minnesota State Academies, and the Ombudsman for Mental Health and Disabilities.

(d) \$180,000 the first year is for grants to be distributed to the counties participating in the development of the integrated financial system for enhancements to the system. Enhancements include:

- (1) systems to improve the tracking and reporting of state and federal grants;
- (2) electronic payments to vendors;

(3) electronic posting of state payments to the financial system;

(4) automating revenue collection and posting through check conversion, automatic clearing house transactions, or credit card processing;

(5) improvements to county budgetary systems;

(6) storage or linkage of electronic documents;

(7) improved executive level reporting and extraction of data; and

(8) improved information and reporting for audits.

The grant funds shall be distributed on a pro rata basis to each of the counties participating in the development of the integrated financial system. The Minnesota Counties Computer Cooperative, acting as a fiscal agent for the participating counties, shall receive the grant money for the counties. The grants will only be distributed after \$540,000 is expended or provided from other sources. The chief information officer may require a report or such other information as the chief information officer deems appropriate to verify that the requirements of this section have been met. This appropriation is available until June 30, 2011, and cancels on that date.

The chief information officer shall report to the legislative committees and divisions with jurisdiction over state government policy and finance and economic development programs.

(e) By June 30, 2010, and June 30, 2011, the commissioner of finance, in consultation with the chief information officer, must determine the savings attributable to implementing the electronic licensing system in paragraph (a) and the information technology security improvements provided for in paragraph (b) in fiscal year 2010 and 2011, respectively. The savings are estimated to be \$2,551,000 for the biennium. The commissioner must

(a) \$60,000 the first year and \$240,000 the second year are to fund activities to prepare for and promote the 2010 census. Base funding for this activity is \$260,000 in fiscal year 2010 and \$180,000 in fiscal year 2011.

(b) \$889,000 the first year and \$895,000 the second year are for the Land Management Information Center.

(c) \$196,000 the first year and \$196,000 the second year are for the Office of the State Archaeologist.

(d) \$79,000 the first year is for the genetic information work group and report. This appropriation is available until June 30, 2009.

Subd. 4. Administrative Management Services

5,672,000

5,218,000

(a) \$125,000 the first year is to create an Office of Grants Management to standardize state grants management policies and procedures. For the fiscal year beginning July 1, 2008, the commissioner must deduct up to \$125,000 from state grants to nongovernmental entities, as necessary to fund the commissioner's duties under new Minnesota Statutes, sections 16B.97 and 16B.98. The amount deducted from appropriations for these grants is transferred to the commissioner for purposes of administering these sections.

(b) \$250,000 the first year and \$250,000 the second year are to establish a small agency resource team to consolidate and streamline the human resources and financial management activities for small state agencies, boards, and councils.

(c) \$500,000 the first year is a onetime appropriation for a targeted group business disparity study. The commissioner must cooperate with units of local government conducting similar studies. The commissioner shall ensure that the results of the study are kept current and that any new or upgraded accounting or procurement systems properly record purchases from minority and female-owned businesses through the use of state contracts, and the availability of bids from those businesses.

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

(e) \$140,000 in fiscal year 2008 and \$140,000 in fiscal year 2009 are for a grant to the Council on Developmental Disabilities for the purpose of establishing a statewide self-advocacy network for persons with intellectual and developmental disabilities (ID/DD). The self-advocacy network shall:

(1) ensure that persons with ID/DD are informed of their rights in employment, housing, transportation, voting, government policy, and other issues pertinent to the ID/DD community;

(2) provide public education and awareness of the civil and human rights issues persons with ID/DD face;

(3) provide funds, technical assistance, and other resources for self-advocacy groups across the state; and

(4) organize systems of communications to facilitate an exchange of information between self-advocacy groups.

This appropriation is in addition to any other appropriations and must be added to the base appropriation beginning in fiscal year 2010.

Subd. 5. Fiscal Agent

500,000

\$500,000 is for a grant to Washington County for capital improvements detailed in the approved planned unit development for the Disabled Veteran's Rest Camp to provide increased capacity, amenities, access, and safety for Minnesota veterans. This appropriation is available until spent.

Subd. 6. Public Broadcasting

12,971,000

1,955,000

(a) \$6,650,000 is for grants to noncommercial television stations to assist with the continued conversion to a digital broadcast signal as mandated by the federal government. This appropriation must be used to assist each station to complete its digital production facilities and interconnect with other

Minnesota public television stations. In order to qualify for these grants, a station must meet the criteria established for grants in Minnesota Statutes, section 129D.12, subdivision 2.

(b) \$2,000,000 is for grants to Minnesota Public Radio to assist with conversion to a digital broadcast signal.

(c) \$2,461,000 the first year and \$1,161,000 the second year are for matching grants for public television.

(d) \$200,000 the first year and \$200,000 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.

(e) \$17,000 the first year and \$17,000 the second year are for grants to the Twin Cities regional cable channel.

(f) \$413,000 in fiscal year 2008 and \$287,000 in fiscal year 2009 are for community service grants to public educational radio stations.

(g) \$400,000 in fiscal year 2008 and \$100,000 in fiscal year 2009 are for equipment grants to public educational radio stations.

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

(i) \$830,000 the first year and \$190,000 the second year are for equipment grants to Minnesota Public Radio, Inc.

(j) 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. 13. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

\$

427,000 \$

373,000

\$65,000 in fiscal year 2008 is for the decennial expenses related to the board's duties under Minnesota Statutes, section

473.864, subdivisions 1 and 2. Money appropriated in fiscal year 2008 is available until June 30, 2009. This is a onetime appropriation.

Sec. 14. **FINANCE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>15,796,000</u>	<u>\$</u>	<u>15,596,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. State Financial Management</u>		<u>8,773,000</u>		<u>8,905,000</u>
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\$100,000 the first year is for the state's share of the cost of bankruptcy counsel representing joint interests of the state and the city of Duluth in the Northwest Airlines bankruptcy. This is a onetime appropriation.

<u>Subd. 3. Information and Management Services</u>		<u>7,023,000</u>		<u>6,691,000</u>
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\$500,000 the first year is for costs related to the Minnesota Accounting and Procurement System (MAPS).

Sec. 15. <u>EMPLOYEE RELATIONS</u>	<u>\$</u>	<u>5,545,000</u>	<u>\$</u>	<u>5,589,000</u>
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Sec. 16. **REVENUE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>129,420,000</u>	<u>\$</u>	<u>123,224,000</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>125,291,000</u>	<u>119,004,000</u>
<u>Health Care Access</u>	<u>1,693,000</u>	<u>1,734,000</u>
<u>Highway User Tax Distribution</u>	<u>2,139,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>297,000</u>	<u>303,000</u>

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

<u>Subd. 2. Tax System Management</u>		<u>109,098,000</u>		<u>101,045,000</u>
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<u>Appropriations by Fund</u>		
<u>General</u>	<u>104,969,000</u>	<u>96,825,000</u>
<u>Health Care Access</u>	<u>1,693,000</u>	<u>1,734,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,139,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>297,000</u>	<u>303,000</u>

(a) \$6,910,000 the first year and \$8,704,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$42,400,000 for the biennium ending June 30, 2009.

(b) The department must report to the chairs of the house of representatives Ways and Means and senate Finance Committees by March 1, 2008, and January 15, 2009, on the following performance indicators:

(1) the number of corporations noncompliant with the corporate tax system each year and the percentage and dollar amounts of valid tax liabilities collected;

(2) the number of businesses noncompliant with the sales and use tax system and the percentage and dollar amount of the valid tax liabilities collected; and

(3) the number of individual noncompliant cases resolved and the percentage and dollar amounts of valid tax liabilities collected.

(c) The reports must also identify base-level expenditures and staff positions related to compliance and audit activities, including baseline information as of January 1, 2006. The information must be provided at the budget activity level.

(d) \$12,000,000 the first year is for the purchase and development of an integrated tax software package.

By June 30, 2010, and June 30, 2011, the commissioner of finance, in consultation with the commissioner of revenue, must determine the savings attributable to implementing the integrated tax software package in fiscal year

2010 and 2011, respectively. The savings are estimated to be \$1,975,000 for the biennium. The commissioner must deposit the amount determined for each year in the general fund.

(e) \$75,000 the first year and \$75,000 the second year are for 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. For purposes of this paragraph, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and may include providing personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. Accounts Receivable Management

20,322,000

22,179,000

\$1,750,000 the first year and \$3,110,000 the second year are for additional activities to identify and collect tax liabilities from individuals and businesses that currently do not pay all taxes owed. This initiative is expected to result in new general fund revenues of \$60,000,000 for the biennium ending June 30, 2009.

Sec. 17. GAMBLING CONTROL

\$

2,869,000

\$

2,940,000

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

Sec. 18. RACING COMMISSION

\$

1,130,000

\$

899,000

(a) These appropriations are from racing and card playing regulation accounts in the special revenue fund.

(b) \$295,000 the first year and \$64,000 the second year and thereafter are for information technology improvements implemented in consultation with the Office of Enterprise

Technology as part of the small agency technology initiative.

Sec. 19. **STATE LOTTERY**

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$27,378,000 in fiscal year 2008 and \$28,141,000 in fiscal year 2009.

Sec. 20. <u>TORT CLAIMS</u>	<u>\$</u>	<u>161,000</u>	<u>\$</u>	<u>161,000</u>
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To be spent by the commissioner of finance. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 21. **MINNESOTA STATE RETIREMENT SYSTEM**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>1,608,000</u>	<u>\$</u>	<u>1,649,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Legislators</u>		<u>1,170,000</u>		<u>1,200,000</u>
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. <u>Constitutional Officers</u>		<u>438,000</u>		<u>449,000</u>
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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. 22. <u>MINNEAPOLIS EMPLOYEES RETIREMENT FUND</u>	<u>\$</u>	<u>9,000,000</u>	<u>\$</u>	<u>9,000,000</u>
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These amounts are estimated to be needed under Minnesota Statutes, section 422A.101, subdivision 3.

Sec. 23. <u>TEACHERS RETIREMENT ASSOCIATION</u>	<u>\$</u>	<u>15,800,000</u>	<u>\$</u>	<u>15,800,000</u>
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The amounts estimated to be needed are as follows:

(a) Special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

13,300,000 13,300,000

(b) Special direct state matching aid authorized under Minnesota Statutes, section 354A.12, subdivision 3b.

2,500,000 2,500,000

Sec. 24. ST. PAUL TEACHERS RETIREMENT FUND

\$ 2,967,000 \$ 2,967,000

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. 25. AMATEUR SPORTS COMMISSION

\$ 303,000 \$ 305,000

(a) The base budget for the Amateur Sports Commission shall be \$220,000 in fiscal year 2010 and \$220,000 in fiscal year 2011.

(b) The amount available for appropriation to the commission under Laws 2005, chapter 156, article 2, section 43, is reduced in the first year and the second year by the amounts appropriated in this section.

Sec. 26. COUNCIL ON BLACK MINNESOTANS

\$ 325,000 \$ 333,000

Sec. 27. COUNCIL ON CHICANO/LATINO AFFAIRS

\$ 308,000 \$ 314,000

Sec. 28. COUNCIL ON ASIAN-PACIFIC MINNESOTANS

\$ 289,000 \$ 289,000

Sec. 29. INDIAN AFFAIRS COUNCIL

\$ 654,000 \$ 493,000

(a) \$80,000 in the first year is for the acquisition of an Indian burial site in Becker County. The Indian Affairs Council shall solicit donations from federal, state, nonprofit, private, and tribal sources for this purpose. This is a onetime appropriation and is available for expenditure until June 30, 2009. * (The preceding text beginning "(a)

\$80,000 in the first year" was indicated as vetoed by the governor.)

(b) \$90,000 in the first year is for transfer to the director of the Minnesota Office of Higher Education for a grant for the Dakota/Ojibwe Language Revitalization Project to expand an existing pilot project to promote activities and programs that are specific to promoting revitalization of indigenous language for American Indian children who do not live on an Indian reservation. The pilot project shall focus on developing programs that meet the language needs of children in prekindergarten through grade 12. This is a onetime appropriation.

Sec. 30. GENERAL CONTINGENT ACCOUNTS

\$ 1,000,000 \$ 500,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers'</u>		
<u>Compensation</u>	<u>100,000</u>	<u>100,000</u>

(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. 31. CARRYFORWARD AUTHORIZATION FOR TECHNOLOGY.

With the approval of the commissioner of finance, agencies may carry forward up to \$5,756,000 of unexpended and unencumbered nongrant operating balances from fiscal year 2007 to fiscal year 2008. Money carried forward under this section must be deposited in accounts in the special revenue fund. Money in the accounts created under this section is appropriated to the commissioner of finance in fiscal year 2008 for onetime costs associated with technology infrastructure and technology systems development projects.

The commissioner of finance must report to the legislative committees with jurisdiction over finance regarding the use of the authority provided in this section, including a report on July 15, 2007, regarding the money carried forward under this section and a report on July 15, 2008, and July 15, 2009, regarding the uses of the money.

Sec. 32. **BALANCE CARRIED FORWARD.**

Notwithstanding Minnesota Statutes, section 16A.1522, subdivision 4, any positive unrestricted general fund budgetary balance as of June 30, 2007, is carried forward to the fiscal year ending June 30, 2008.

ARTICLE 2

STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2006, section 3.303, is amended by adding a subdivision to read:

Subd. 8. **Ethnic heritage and new Americans.** The commission shall undertake activities it determines are necessary to assist state government to foster an understanding and appreciation of ethnic and cultural diversity in Minnesota, to identify underutilized resources within the immigrant community, and to facilitate the full participation of immigrants in social, cultural, and political life in this state. The commission may appoint a working group under section 3.305, subdivision 6, to assist the commission in these duties. A working group under this subdivision may include legislators and public members. The commission may provide compensation for public members as provided in section 15.0575. In performing duties under this subdivision, the commission shall collaborate with the councils established in sections 3.9223, 3.9225, and 3.9226. This subdivision expires June 30, 2009.

Sec. 2. Minnesota Statutes 2006, section 3.303, is amended by adding a subdivision to read:

Subd. 9. **Preparedness for terrorism and disasters.** The commission shall undertake activities it determines are necessary to advise the legislature and oversee executive activities on issues related to homeland security, emergency management, man-made and natural disasters, terrorism, bioterrorism, public health emergencies, and vulnerabilities in public and private infrastructures. The commission may appoint a working group under section 3.305, subdivision 6, to assist the commission in these duties. A working group under this subdivision may include legislators and public members. The commission may provide compensation for public members as provided in section 15.0575. This subdivision expires June 30, 2011.

Sec. 3. Minnesota Statutes 2006, section 4.035, subdivision 3, is amended to read:

Subd. 3. **Expiration date.** Unless an earlier date is specified by statute or by executive order, an executive order shall expire 90 days after the date that the governor who issued the order ~~vacates~~ leaves office.

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

Sec. 4. **[4.60] POET LAUREATE.**

(a) The position of poet laureate of the state of Minnesota is established. The Minnesota Humanities Commission must solicit nominations for the poet laureate appointment and must make recommendations to the governor. After receiving recommendations from the Minnesota Humanities Commission, the governor shall appoint a state poet laureate and conduct appropriate ceremonies to honor the person appointed. The person appointed as poet laureate continues to serve in this position until the governor appoints another person.

(b) State agencies and officers are encouraged to use the services of the poet laureate for appropriate ceremonies and celebrations.

Sec. 5. Minnesota Statutes 2006, section 5.12, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The secretary of state shall charge a fee of \$5 for each certificate or certification of a copy of any document filed in the Office of the Secretary of State. The secretary of state shall charge a fee of \$3 for a copy of an original filing of a corporation, limited partnership, assumed name, or trade or service mark, or for the complete record of a certificate of assumed name. The secretary of state shall charge a fee of \$3 for a copy of any or all subsequent filings of a corporation, limited partnership, assumed name, or trade or service mark. The secretary of state shall charge a fee of \$1 per page for copies of other nonuniform commercial code documents filed with the secretary of state. At the time of filing, the secretary of state may provide at the public counter, without charge, a copy of a filing, ten or fewer pages in length, to the person making the filing.

Sec. 6. **[5.32] TEMPORARY TECHNOLOGY SURCHARGE.**

Subdivision 1. **Surcharge.** For fiscal years 2008 and 2009, the following technology surcharges are imposed on the filing fees required under the following statutes:

(1) \$25 for articles of incorporation filed under section 302A.151;

(2) \$25 for articles of organization filed under section 322B.17;

(3) \$25 for applications for certificates of authority to transact business in Minnesota filed under section 303.06;

(4) \$20 for annual reports filed by non-Minnesota corporations under section 303.14; and

(5) \$50 for reinstatements to authority to transact business in Minnesota filed under section 303.19.

Subd. 2. **Deposit.** The surcharges listed in subdivision 1 shall be deposited into the uniform commercial code account.

Subd. 3. **Expiration.** This section expires June 30, 2009.

Sec. 7. **[11A.27] REPORT ON INVESTMENT CONSULTANT ACTIVITIES AND DELIVERABLES.**

(a) Annually, on or before November 1, the State Board of Investment shall file a report with the Legislative Reference Library on the activities and work product during that year of any investment consultants retained by the board.

(b) The report must include the following items:

(1) the total contract fee paid to each investment consultant;

(2) a listing of the projects in which the investment consultant was involved; and

(3) examples of the written work product provided by the investment consultant on those projects during the report coverage period.

EFFECTIVE DATE. This section is effective June 30, 2007.

Sec. 8. **[13.599] GRANTS.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given them.

(a) "Completion of the evaluation process" means that the granting agency has completed negotiating the grant agreement with the selected grantee.

(b) "Grant agreement" has the meaning given in section 16B.97, subdivision 1.

(c) "Grantee" means a person that applies for or receives a grant.

(d) "Granting agency" means the state agency that provides the grant.

(e) "Opened" means the act that occurs once the deadline for submitting a response to a proposal to the granting agency has been reached.

(f) "Request for proposal" means the data outlining the responsibilities the granting agency wants the grantee to assume.

(g) "Response" means the data submitted by a grantee as required by a request for proposal.

Subd. 2. **Request for applications.** Data created by a granting agency to create a request for proposal is classified as nonpublic until the request for proposal is published. To the extent that a granting agency involves persons outside the granting agency to create the request for proposal, the data remain nonpublic in the hands of all persons who may not further disseminate any data that are created or reviewed as part of the request for proposal development. At publication, the data in the request for proposal is public.

Subd. 3. **Responses to request for proposals.** (a) Responses submitted by a grantee are private or nonpublic until the responses are opened. Once the responses are opened, the name and address of the grantee and the amount requested is public. All other data in a response is private or nonpublic data until completion of the evaluation process. After a granting agency has completed the evaluation process, all remaining data in the responses is public with the exception of trade secret data as defined and classified in section 13.37. A statement by a grantee that the response is copyrighted or otherwise protected does not prevent public access to the response.

(b) If all responses are rejected prior to completion of the evaluation process, all data, other than that made public at the opening, remain private or nonpublic until a resolicitation of proposals results in completion of the evaluation process or a determination is made to abandon the grant. If the rejection occurs after the completion of the evaluation process, the data remain public. If a resolicitation of proposals does not occur within one year of the grant opening date, the remaining data become public.

Subd. 4. **Evaluation data.** (a) Data created or maintained by a granting agency as part of the evaluation process referred to in this section are protected nonpublic data until completion of the evaluation process at which time the data are public with the exception of trade secret data as defined and classified in section 13.37.

(b) If a granting agency asks individuals outside the granting agency to assist with the evaluation of the responses, the granting agency may share not public data in the responses with those individuals. The individuals participating in the evaluation may not further disseminate the not public data they review.

Sec. 9. Minnesota Statutes 2006, section 15.06, subdivision 2, is amended to read:

Subd. 2. **Term of office; successor.** The term of a commissioner shall end with the term of the office of governor. ~~If the appointing authority is the governor~~ In addition, the term shall end ~~on the date the governor who appointed the commissioner~~ if the governor vacates office. The appointing authority shall submit to the president of the senate the name of an appointee as permanent commissioner as provided by section 15.066, subdivision 2, within 45 legislative days after the end of the term of a commissioner and within 45 legislative days after the occurrence of a vacancy. The appointee shall take office as permanent commissioner when the senate notifies the appointing authority that it has consented to the appointment. A commissioner shall serve at the pleasure of the appointing authority.

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

Sec. 10. Minnesota Statutes 2006, section 15B.17, subdivision 1, is amended to read:

Subdivision 1. **Proposals.** (a) Before a state agency or other public body develops; ~~to submit to the legislature and the governor;~~ a budget proposal or plans for capital improvements within the Capitol Area to submit to the legislature and the governor, it must consult with the board.

(b) The public body must provide enough money for the board's review and planning if the board decides its review and planning services are necessary. Money received by the board under this subdivision is deposited in the special revenue fund and appropriated to the board.

Sec. 11. Minnesota Statutes 2006, section 16A.102, subdivision 4, is amended to read:

Subd. 4. **Reporting information.** ~~When updated information is available~~ At the time of a state revenue and expenditure forecast as specified in section 16A.103, subdivision 1, and after the completion of a legislative session, the Department of Finance must report on revenue relative to personal income ~~as specified in subdivision 1.~~ The information must specify (1) the share of personal income to be collected in taxes and other revenues to pay for state and local government services and (2) the division of that revenue between state and local government revenues.

Sec. 12. Minnesota Statutes 2006, section 16A.103, subdivision 1e, is amended to read:

Subd. 1e. **Economic information.** The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate ~~State Government~~ Finance Committee and the house Ways and Means Committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Sec. 13. Minnesota Statutes 2006, section 16A.1286, subdivision 2, is amended to read:

Subd. 2. **Billing procedures.** The commissioner may bill up to \$7,520,000 in each fiscal year for statewide systems services provided to state agencies, judicial branch agencies, the University of Minnesota, the Minnesota State Colleges and Universities, and other entities. ~~Billing must be based only on usage of services relating to statewide systems provided by the Intertechnologies Division.~~ Each agency shall transfer from agency operating appropriations to the statewide systems account the amount billed by the commissioner. Billing policies and procedures related to statewide systems services must be developed by the commissioner in consultation with the commissioners of employee relations and administration, the University of Minnesota, and the Minnesota State Colleges and Universities.

Sec. 14. Minnesota Statutes 2006, section 16A.695, subdivision 2, is amended to read:

Subd. 2. **Leases and management contracts.** (a) A public officer or agency that is authorized by law to lease or enter into a management contract with respect to state bond financed property shall comply with this subdivision. A reference to a lease or management contract in this subdivision includes any amendments, modifications, or alterations to the referenced lease or management contract and refers to the lease wherein the public officer or agency is the lessor of the state bond financed property and the other contracting party is the lessee.

(b) The lease or management contract may be entered into for the express purpose of carrying out a governmental program established or authorized by law and established by official action of the contracting public officer or agency, in accordance with orders of the commissioner intended to ensure the legality and tax-exempt status of bonds issued to finance the property, and with the approval of the commissioner. ~~A lease or management contract, including any renewals that are solely at the option of the lessee,~~ must be for a term substantially less than the useful life of the property, but may allow renewal beyond that term upon a determination by the lessor that the lessee has demonstrated that the use continues to carry out the governmental program. If the lessor and lessee do not renew the lease or management contract and if the lessee has contributed to the land and the capital improvements on the state bond financed property, the lessor may agree to reimburse the lessee for its investment in the land and capital improvements. The reimbursement may be paid, at the option of the lessor and lessee, at the time of nonrenewal without a requirement for a prior escrow of funds or at a later date and on additional terms agreed to by the lessor and the lessee. A lease or management contract must be terminable by the contracting public officer or agency if the other contracting party defaults under the contract or if the governmental program is terminated or changed, and must provide for program oversight by the contracting public officer or agency. The expiration or termination of a lease or management agreement does not require that the state bond proceeds be repaid or that the property be sold, so long as the property continues to be operated by, or on behalf of, the public officer or agency for the intended governmental program. Money received by the public officer or agency under the lease or management contract that is not needed to pay and not authorized to be used to pay operating costs of the property, or to pay the principal, interest, redemption premiums, and other expenses when due on debt related to the property other than state bonds, must be:

(1) paid to the commissioner in the same proportion as the state bond financing is to the total public debt financing for the property, excluding debt issued by a unit of government for which it has no financial liability;

(2) deposited in the state bond fund; and

(3) used to pay or redeem or defease bonds issued to finance the property in accordance with the commissioner's order authorizing their issuance.

The money paid to the commissioner is appropriated for this purpose.

(c) With the approval of the commissioner, a lease or management contract between a city and a nonprofit corporation under section 471.191, subdivision 1, need not require the lessee to pay rentals sufficient to pay the principal, interest, redemption premiums, and other expenses when due with respect to state bonds issued to acquire and better the facilities.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2006, and applies to leases, grant agreements, or management agreements entered into on or after that date.

Sec. 15. Minnesota Statutes 2006, section 16A.695, subdivision 3, is amended to read:

Subd. 3. **Sale of property.** A public officer or agency shall not sell any state bond financed property unless the public officer or agency determines by official action that the property is no longer usable or needed by the public officer or agency to carry out the governmental program for which it was acquired or constructed, the sale is made as authorized by law, the sale is made for fair market value, and the sale is approved by the commissioner. If any state bonds issued to purchase or better the state bond financed property that is sold remain outstanding on the date of sale, the net proceeds of sale must be applied as follows:

(1) if the state bond financed property was acquired and bettered solely with state bond proceeds, the net proceeds of sale must be paid to the commissioner, ~~and deposited in the state bond fund, and used to pay or redeem or defease the outstanding state bonds in accordance with the commissioner's order authorizing their issuance, and the proceeds are appropriated for this purpose~~ treasury; or

(2) if the state bond financed property was acquired or bettered partly with state bond proceeds and partly with other money, the net proceeds of sale must be used: first, to pay to the state the amount of state bond proceeds used to acquire or better the property; second, to pay in full any outstanding public or private debt incurred to acquire or better the property; ~~and~~ third, to pay interested public and private entities, other than any public officer or agency or any private lender already paid in full, the amount of money contributed to the acquisition or betterment of the property; and fourth, any excess over the amount needed for those purposes must be divided in proportion to the shares contributed to the acquisition or betterment of the property and paid to the interested public and private entities, other than any private lender already paid in full, and the proceeds are appropriated for this purpose. In calculating the share contributed by each entity, the amount to be attributed to the owner of the property shall be the fair market value of the property that was bettered by state bond proceeds at the time the betterment began.

When all of the net proceeds of sale have been applied as provided in this subdivision, this section no longer applies to the property.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2006, and applies to leases, grant agreements, or management agreements entered into on or after that date.

Sec. 16. Minnesota Statutes 2006, section 16A.695, is amended by adding a subdivision to read:

Subd. 6. **Match requirements.** Recipients of grants from money appropriated from the bond proceeds fund may be required to demonstrate a commitment of money from nonstate sources. This matching money may be pledged payments that have been deposited into a segregated account or multiyear pledges that are converted into cash or cash equivalent through a loan or irrevocable letter of credit from a financial institution. The loan or irrevocable letter of credit may be secured by a lien on the state bond financed property.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2006, and applies to leases, grant agreements, or management agreements entered into on or after that date.

Sec. 17. Minnesota Statutes 2006, section 16A.695, is amended by adding a subdivision to read:

Subd. 7. **Ground lease for state bond financed property.** A public officer or agency, as lessee, may lease real property and improvements that are to be acquired or improved with state bond proceeds. The lease must be for a term equal to or longer than 125 percent of the useful life of the property. The expiration of the lease upon the end of its term does not require that the state be repaid or that the property be sold and upon the expiration the real property and improvements are no longer state bond financed property.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2006, and applies to leases, grant agreements, or management agreements entered into on or after that date.

Sec. 18. Minnesota Statutes 2006, section 16A.695, is amended by adding a subdivision to read:

Subd. 8. **General applicability.** (a) This section establishes requirements for the receipt and use of general obligation grants and the ownership and operation of state bond-financed property. General obligation grants may only be issued and used to finance the acquisition and betterment of public lands and buildings and other public improvements of a capital nature that are used to operate a governmental program, and for predesign and design activities for specifically identified projects that involve the operation of a governmental program or activity. A general obligation grant may not be used for general operating expenses, staffing, or general master planning. A public officer or agency that is the recipient of a general obligation grant must comply with this section in its use of the general obligation grant and operation, management, lease, and sale of state bond-financed property. A public officer or agency that uses the proceeds of a general obligation grant for any unauthorized purpose or in violation of this section must immediately repay the outstanding balance of the grant to the commissioner, and a failure to comply authorizes the commissioner to recover the outstanding balance as a setoff against any state aid provided to the public officer or agency.

(b) This section does not create any new authority regarding the ownership, construction, rehabilitation, use, operation, lease management, or sale of state bond-financed property, or the operation of the governmental program that will be operated on the property. Any authority that is needed to enter into a management contract

or lease of property, to sell property, or to operate a governmental program or carry out any activity contained in the law that appropriates money for a general obligation grant must be provided by as contained in some other law.

EFFECTIVE DATE. This section is effective on and after July 1, 2007.

Sec. 19. Minnesota Statutes 2006, section 16A.695, is amended by adding a subdivision to read:

Subd. 9. Grant agreement. All general obligation grants must be evidenced by a grant agreement that specifies:

(1) how the general obligation grant will be used;

(2) the governmental program that will be operated on the state bond-financed property; and

(3) that the state bond-financed property must be operated in compliance with this section, all state and federal laws, and in a manner that will not cause the interest on the state general obligation bonds to be or become subject to federal income taxation for any reason. A grant agreement must comply with this section, the Minnesota Constitution, and all commissioner's orders, and also contain other provisions the commissioner of the agency making the grant deems appropriate. The commissioner shall draft and make available forms for grant agreements that satisfy the requirements of this subdivision.

EFFECTIVE DATE. This section is effective on and after July 1, 2007.

Sec. 20. Minnesota Statutes 2006, section 16B.24, subdivision 5, is amended to read:

Subd. 5. Renting out state property. (a) **Authority.** The commissioner may rent out state property, real or personal, that is not needed for public use, if the rental is not otherwise provided for or prohibited by law. The property may not be rented out for more than five years at a time without the approval of the State Executive Council and may never be rented out for more than 25 years. A rental agreement may provide that the state will reimburse a tenant for a portion of capital improvements that the tenant makes to state real property if the state does not permit the tenant to renew the lease at the end of the rental agreement.

(b) **Restrictions.** Paragraph (a) does not apply to state trust fund lands, other state lands under the jurisdiction of the Department of Natural Resources, lands forfeited for delinquent taxes, lands acquired under section 298.22, or lands acquired under section 41.56 which are under the jurisdiction of the Department of Agriculture.

(c) **Rental of living accommodations.** The commissioner shall establish rental rates for all living accommodations provided by the state for its employees. Money collected as rent by state agencies pursuant to this paragraph must be deposited in the state treasury and credited to the general fund.

(d) **Lease of space in certain state buildings to state agencies.** The commissioner may lease portions of the state-owned buildings ~~in the Capitol complex, the Capitol Square Building, the Health Building, and the building at 1246 University Avenue, St. Paul, Minnesota,~~ under the custodial control of the commissioner to state agencies and the court administrator on behalf of the judicial branch of state government and charge rent on the basis of space occupied. Notwithstanding any law to the contrary, all money

collected as rent pursuant to the terms of this section shall be deposited in the state treasury. Money collected as rent to recover the bond interest costs of a building funded from the state bond proceeds fund shall be credited to the general fund. Money collected as rent to recover the depreciation costs of a building funded from the state bond proceeds fund and money collected as rent to recover capital expenditures from capital asset preservation and replacement appropriations and statewide building access appropriations shall be credited to a segregated asset preservation and replacement account in a special revenue fund. Fifty percent of the money credited to the account each fiscal year must be transferred to the general fund. The remaining money in the account is appropriated to the commissioner to be expended for asset preservation projects as determined by the commissioner. Money collected as rent to recover the depreciation and interest costs of a building built with other state dedicated funds shall be credited to the dedicated fund which funded the original acquisition or construction. All other money received shall be credited to the general services revolving fund.

(e) Lease of space in Andersen and Freeman buildings. The commissioner may lease space in the Elmer L. Andersen and Orville L. Freeman buildings to state agencies and charge rent on the basis of space occupied. Money collected as rent under this paragraph to fund future building repairs must be credited to a segregated account for each building in the special revenue fund and is appropriated to the commissioner to make the repairs. When the state acquires title to each building, the account for that building must be abolished and any balance remaining in the account must be transferred to the appropriate asset preservation and replacement account created under paragraph (d).

Sec. 21. Minnesota Statutes 2006, section 16B.35, subdivision 1, is amended to read:

Subdivision 1. **Percent of appropriations for art.** An appropriation for the construction or alteration of any state building may contain an amount not to exceed ~~the lesser of \$100,000 or~~ one percent of the total appropriation for the building for the acquisition of works of art, excluding landscaping, which may be an integral part of the building or its grounds, attached to the building or grounds or capable of being displayed in other state buildings. ~~If the appropriation for works of art is limited by the \$100,000 cap in this section, the appropriation for the construction or alteration of the building must be reduced to reflect the reduced amount that will be spent on works of art.~~ Money used for this purpose is available only for the acquisition of works of art to be exhibited in areas of a building or its grounds accessible, on a regular basis, to members of the public. No more than ten percent of the total amount available each fiscal year under this subdivision may be used for administrative expenses, either by the commissioner of administration or by any other entity to whom the commissioner delegates administrative authority. For the purposes of this section "state building" means a building the construction or alteration of which is paid for wholly or in part by the state.

EFFECTIVE DATE. This section is effective July 1, 2007. The repeal of the \$100,000 limit in this section applies to appropriations made before, on, or after that date.

Sec. 22. **[16B.97] GRANTS MANAGEMENT.**

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by

professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to capital project grants to political subdivisions as defined by section 16A.86.

Subd. 2. **Grants governance.** The commissioner shall provide leadership and direction for policy related to grants management in Minnesota in order to foster more consistent, streamlined interaction between executive agencies, funders, and grantees that will enhance access to grant opportunities and information and lead to greater program accountability and transparency. The commissioner has the duties and powers stated in this section. An executive agency must do what the commissioner requires under this section.

Subd. 3. **Discretionary powers.** The commissioner has the authority to:

(1) review grants management practices and propose policy and procedure improvements to the governor, legislature, executive agencies, and the federal government;

(2) sponsor, support, and facilitate innovative and collaborative grants management projects with public and private organizations;

(3) review, recommend, and implement alternative strategies for grants management;

(4) collect and disseminate information, issue reports relating to grants management, and sponsor and conduct conferences and studies; and

(5) participate in conferences and other appropriate activities related to grants management issues.

Subd. 4. **Duties.** (a) The commissioner shall:

(1) create general grants management policies and procedures that are applicable to all executive agencies. The commissioner may approve exceptions to these policies and procedures for particular grant programs. Exceptions shall expire or be renewed after five years. Executive agencies shall retain management of individual grants programs;

(2) provide a central point of contact concerning statewide grants management policies and procedures;

(3) serve as a resource to executive agencies in such areas as training, evaluation, collaboration, and best practices in grants management;

(4) ensure grants management needs are considered in the development, upgrade, and use of statewide administrative systems and leverage existing technology wherever possible;

(5) oversee and approve future professional and technical service contracts and other information technology spending related to executive agency grants management activities;

(6) provide a central point of contact for comments about executive agencies violating statewide grants governance policies and about fraud and waste in grants processes;

(7) forward received comments to the appropriate agency for further action, and may follow up as necessary;

(8) provide a single listing of all available executive agency competitive grant opportunities and resulting grant recipients;

(9) selectively review development and implementation of executive agency grants, policies, and practices; and

(10) selectively review executive agency compliance with best practices.

(b) The commissioner may determine that it is cost-effective for agencies to develop and use shared grants management technology systems. This system would be governed under section 16E.01, subdivision 3, paragraph (b).

Sec. 23. **[16B.98] GRANTS MANAGEMENT PROCESS.**

Subdivision 1. **Limitation.** As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

Subd. 2. **Ethical practices and conflict of interest.** An employee of the executive branch involved directly or indirectly in grants processes, at any level, is subject to the code of ethics in section 43A.38.

Subd. 3. **Conflict of interest.** (a) The commissioner must develop policies regarding code of ethics and conflict of interest designed to prevent conflicts of interest for employees, committee members, or others involved in the recommendation, awarding, and administration of grants. The policies must apply to employees who are directly or indirectly in the grants process, which may include the following:

(1) developing request for proposals or evaluation criteria;

(2) drafting, recommending, awarding, amending, revising, or entering into grant agreements;

(3) evaluating or monitoring performance; or

(4) authorizing payments.

(b) The policies must include:

(1) a process to make all parties to the grant aware of policies and laws relating to conflict of interest, and training on how to avoid and address potential conflicts; and

(2) a process under which those who have a conflict of interest or a potential conflict of interest must disclose the matter.

(c) If the employee, appointing authority, or commissioner determines that a conflict of interest exists, the matter shall be assigned to another employee who does not have a conflict of interest. If it is not possible to assign the matter to an employee who does not have a conflict of interest, interested personnel shall be notified of the conflict and the employee may proceed with the assignment.

Subd. 4. **Reporting of violations.** A state employee who discovers evidence of violation of laws or rules governing grants is encouraged to report the violation or suspected violation to the employee's supervisor, the commissioner or the commissioner's designee, or the legislative auditor. The legislative auditor shall report to the Legislative Audit Commission if there are multiple complaints about the same agency. The auditor's report to the Legislative Audit Commission under this section must disclose only the number and type of violations alleged. An employee making a good faith report under this

section has the protections provided for under section 181.932, prohibiting the employer from discriminating against the employee.

Subd. 5. **Creation and validity of grant agreements.** (a) A grant agreement is not valid and the state is not bound by the grant unless:

(1) the grant has been executed by the head of the agency or a delegate who is party to the grant; and

(2) the accounting system shows an encumbrance for the amount of the grant in accordance with policy approved by the commissioner.

(b) The combined grant agreement and amendments must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless the commissioner determines that a longer duration is in the best interest of the state.

(c) A fully executed copy of the grant agreement with all amendments and other required records relating to the grant must be kept on file at the granting agency for a time equal to that required of grantees in subdivision 8.

(d) Grant agreements must comply with policies established by the commissioner for minimum grant agreement standards and practices.

(e) The attorney general may periodically review and evaluate a sample of state agency grants to ensure compliance with applicable laws.

Subd. 6. **Grant administration.** A granting agency shall diligently administer and monitor any grant it has entered into.

Subd. 7. **Grant payments.** Payments to the grantee may not be issued until the grant agreement is fully executed.

Subd. 8. **Audit.** (a) A grant agreement made by an executive agency must include an audit clause that provides that the books, records, documents, and accounting procedures and practices of the grantee or other party that are relevant to the grant or transaction are subject to examination by the granting agency and either the legislative auditor or the state auditor, as appropriate, for a minimum of six years from the grant agreement end date, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later. If a grant agreement does not include an express audit clause, the audit authority under this subdivision is implied.

(b) If the granting agency is a local unit of government, and the governing body of the local unit of government requests that the state auditor examine the books, records, documents, and accounting procedures and practices of the grantee or other party according to this subdivision, the granting agency shall be liable for the cost of the examination. If the granting agency is a local unit of government, and the grantee or other party requests that the state auditor examine all books, records, documents, and accounting procedures and practices related to the grant, the grantee or other party that requested the examination shall be liable for the cost of the examination.

Subd. 9. **Authority of attorney general.** The attorney general may pursue remedies available by law to avoid the obligation of an agency to pay under a grant or to recover payments made if activities under the grant are so unsatisfactory, incomplete, or inconsistent that payment would involve unjust enrichment. The contrary opinion of the granting agency does not affect the power of the attorney general under this subdivision.

Subd. 10. **Grants with Indian tribes and bands.** Notwithstanding any other law, an agency may not require an Indian tribe or band to deny its sovereignty as a requirement or condition of a grant with an agency.

Sec. 24. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 3a. **Best and final offer.** "Best and final offer" means an optional step in the solicitation process in which responders are requested to improve their response by methods including, but not limited to, the reduction of cost, clarification or modification of the response, or the provision of additional information.

Sec. 25. Minnesota Statutes 2006, section 16C.02, subdivision 4, is amended to read:

Subd. 4. **Best value.** "Best value" describes a result intended in the acquisition of all goods and services. Price must be one of the evaluation criteria when acquiring goods and services. Other evaluation criteria may include, but are not limited to, environmental considerations, quality, and vendor performance. In achieving "best value" strategic sourcing tools, including but not limited to best and final offers, negotiations, contract consolidation, product standardization, and mandatory-use enterprise contracts shall be used at the commissioner's discretion.

Sec. 26. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 6a. **Enterprise procurement.** "Enterprise procurement" means the process undertaken by the commissioner to leverage economies of scale of multiple end users to achieve cost savings and other favorable terms in contracts for goods and services.

Sec. 27. Minnesota Statutes 2006, section 16C.02, subdivision 12, is amended to read:

Subd. 12. **Request for proposal or RFP.** "Request for proposal" or "RFP" means a solicitation in which it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation and responses are ~~subject to negotiation~~ negotiated to achieve best value for the state.

Sec. 28. Minnesota Statutes 2006, section 16C.02, subdivision 14, is amended to read:

Subd. 14. **Response.** "Response" means the offer received from a vendor in response to a solicitation. A response includes submissions commonly referred to as "offers," "bids," "quotes," or "proposals;" ~~"best and final offers,"~~ or "negotiated offers."

Sec. 29. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 20. **Strategic sourcing.** "Strategic sourcing" means methods used to analyze and reduce spending on goods and services, including but not limited to spend analysis, product standardization, contract consolidation, negotiations, multiple jurisdiction purchasing alliances, reverse and forward auctions, life-cycle costing, and other techniques.

Sec. 30. Minnesota Statutes 2006, section 16C.03, subdivision 2, is amended to read:

Subd. 2. **Rulemaking authority.** Subject to chapter 14, the commissioner may adopt rules, consistent with this chapter and chapter 16B, relating to the following topics:

- (1) procurement process including solicitations and responses to solicitations, bid security, vendor errors, opening of responses, award of contracts, tied bids, and award protest process;
- (2) contract performance and failure to perform;
- (3) authority to debar or suspend vendors, and reinstatement of vendors;
- (4) contract cancellation;
- (5) procurement from rehabilitation facilities; and
- (6) organizational conflicts of interest.

Sec. 31. Minnesota Statutes 2006, section 16C.03, subdivision 4, is amended to read:

Subd. 4. **Contracting authority.** The commissioner shall conduct all contracting by, for, and between agencies and perform all contract management and review functions for contracts, except those functions specifically delegated to be performed by the contracting agency, the attorney general, or otherwise provided for by law. The commissioner may require that agency staff participate in the development of enterprise procurements including the development of product standards, specifications and other requirements.

Sec. 32. Minnesota Statutes 2006, section 16C.03, subdivision 8, is amended to read:

Subd. 8. **Policy and procedures.** The commissioner is authorized to issue policies, procedures, and standards applicable to all acquisition activities by and for agencies. Consistent with the authority specified in this chapter, the commissioner shall develop and implement policies, procedures, and standards ensuring the optimal use of strategic sourcing techniques.

Sec. 33. Minnesota Statutes 2006, section 16C.03, subdivision 16, is amended to read:

Subd. 16. **Delegation of duties.** The commissioner may delegate duties imposed by this chapter to the head of an agency and to any subordinate of the agency head. Delegated duties shall be exercised in the name of the commissioner and under the commissioner's direct supervision and control. A delegation of duties may include, but is not limited to, allowing individuals within agencies to acquire goods, services, and utilities within dollar limitations and for designated types of acquisitions. Delegation of contract management and review functions must be filed with the secretary of state and may not, except with respect to delegations within the Department of Administration, exceed two years in duration. The commissioner may withdraw any delegation at the commissioner's sole discretion. The commissioner may require an agency head or subordinate to accept delegated responsibility to procure goods or services intended for the exclusive use of the agency receiving the delegation.

Sec. 34. **[16C.046] WEB SITE WITH SEARCHABLE DATABASE ON STATE CONTRACTS AND GRANTS.**

(a) The commissioner of administration must maintain a Web site with a searchable database providing the public with information on state contracts, including grant

contracts. The database must include the following information for each state contract valued in excess of \$25,000:

(1) the name and address of the entity receiving the contract;

(2) the name of the agency entering into the contract;

(3) whether the contract is:

(i) for goods;

(ii) for professional or technical services;

(iii) for services other than professional and technical services; or

(iv) a grant;

(4) a brief statement of the purpose of the contract or grant;

(5) the amount of the contract or grant and the fund from which this amount will be paid; and

(6) the dollar value of state contracts, other than grants, the entity has received in each fiscal year and the dollar value of state grants the entity has received in each fiscal year.

(b) Required information on a new contract or grant must be entered into the database within 30 days of the time the contract is entered into.

(c) For purposes of this section, a "grant" is a contract between a state agency and a recipient, the primary purpose of which is to transfer cash or a thing of value to the recipient to support a public purpose. Grant does not include payments to units of local government, payments to state employees, or payments made under laws providing for assistance to individuals.

(d) The database must include information on grants and contracts entered into beginning with fiscal year 2008 funds, and must retain that data for ten years.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 35. Minnesota Statutes 2006, section 16C.05, subdivision 1, is amended to read:

Subdivision 1. **Agency cooperation.** Agencies shall fully cooperate with the commissioner in the management and review of state contracts and in the development and implementation of strategic sourcing techniques.

Sec. 36. Minnesota Statutes 2006, section 16C.05, subdivision 2, is amended to read:

Subd. 2. **Creation and validity of contracts.** (a) A contract is not valid and the state is not bound by it and no agency, without the prior written approval of the commissioner granted pursuant to subdivision 2a, may authorize work to begin on it unless:

(1) it has first been executed by the head of the agency or a delegate who is a party to the contract;

(2) it has been approved by the commissioner; and

(3) the accounting system shows an encumbrance for the amount of the contract liability, except as allowed by policy approved by the commissioner and commissioner of finance for routine, low-dollar procurements.

(b) The combined contract and amendments must not exceed five years without specific, written approval by the commissioner according to established policy, procedures, and standards, or unless otherwise provided for by law. The term of the original contract must not exceed two years unless the commissioner determines that a longer duration is in the best interest of the state.

(c) Grants, interagency agreements, purchase orders, work orders, and annual plans need not, in the discretion of the commissioner and attorney general, require the signature of the commissioner and/or the attorney general. A signature is not required for work orders and amendments to work orders related to Department of Transportation contracts. Bond purchase agreements by the Minnesota Public Facilities Authority do not require the approval of the commissioner.

(d) Amendments to contracts must entail tasks that are substantially similar to those in the original contract or involve tasks that are so closely related to the original contract that it would be impracticable for a different contractor to perform the work. The commissioner or an agency official to whom the commissioner has delegated contracting authority under section 16C.03, subdivision 16, must determine that an amendment would serve the interest of the state better than a new contract and would cost no more.

(e) A fully executed copy of every contract, amendments to the contract, and performance evaluations relating to the contract must be kept on file at the contracting agency for a time equal to that specified for contract vendors and other parties in subdivision 5.

(f) The attorney general must periodically review and evaluate a sample of state agency contracts to ensure compliance with laws.

Sec. 37. Minnesota Statutes 2006, section 16C.08, is amended by adding a subdivision to read:

Subd. 1a. **Enterprise procurement.** Notwithstanding section 15.061 or any other law, the commissioner shall, to the fullest extent practicable, conduct enterprise procurements that result in the establishment of professional or technical contracts for use by multiple state agencies. The commissioner is authorized to mandate use of any contract entered into as a result of an enterprise procurement process. Agencies shall fully cooperate in the development and use of contracts entered into under this section.

Sec. 38. Minnesota Statutes 2006, section 16C.08, subdivision 2, is amended to read:

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

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

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

(3) a description of the performance measures or other tools that will be used to monitor and evaluate contract performance; ~~and~~

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

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

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

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

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

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

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

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

(7) in the event the results of the contract work will be carried out or continued by state employees upon completion of the contract, the contractor is required to include state employees in development and training, to the extent necessary to ensure that after completion of the contract, state employees can perform any ongoing work related to the same function; and

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

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

Sec. 39. Minnesota Statutes 2006, section 16C.08, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) The commissioner shall submit to the governor, the chairs of the house Ways and Means and senate Finance Committees, and the Legislative Reference Library a yearly listing of all contracts for professional or technical services executed. The report must identify the contractor, contract amount, duration, and services to be provided. The commissioner shall also issue yearly reports summarizing the contract review activities of the department by fiscal year.

(b) The fiscal year report must be submitted by September 1 of each year and must:

(1) be sorted by agency and by contractor;

(2) show the aggregate value of contracts issued by each agency and issued to each contractor;

(3) distinguish between contracts that are being issued for the first time and contracts that are being extended;

(4) state the termination date of each contract;

(5) identify services by commodity code, including topics such as contracts for training, contracts for research and opinions, and contracts for computer systems; and

(6) identify which contracts were awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services.

(c) Within 30 days of final completion of a contract over \$50,000 covered by this subdivision, the head of the agency entering into the contract must submit a one-page report to the commissioner who must submit a copy to the Legislative Reference Library. The report must:

(1) summarize the purpose of the contract, including why it was necessary to enter into a contract;

(2) state the amount spent on the contract;

~~(3) be accompanied by the performance evaluation prepared according to subdivision 4a, and~~

~~(4) (3) if the contract was awarded without following the solicitation process in this chapter because it was determined that there was only a single source for the services, explain why the agency determined there was only a single source for the services; and~~

(4) include a written performance evaluation of the work done under the contract. The evaluation must include an appraisal of the contractor's timeliness, quality, cost, and overall performance in meeting the terms and objectives of the contract. Contractors may request copies of evaluations prepared under this subdivision and may respond in writing. Contractor responses must be maintained with the contract file.

Sec. 40. Minnesota Statutes 2006, section 16C.08, is amended by adding a subdivision to read:

Subd. 4b. **Limitations on actions.** No action may be maintained by a contractor against an employee or agency who discloses information about a current or former contractor under subdivision 4, unless the contractor demonstrates by clear and convincing evidence that:

(1) the information was false and defamatory;

(2) the employee or agency knew or should have known the information was false and acted with malicious intent to injure the current or former contractor; and

(3) the information was acted upon in a manner that caused harm to the current or former contractor.

Sec. 41. **[16C.086] CALL-CENTER.**

An agency may not enter into a contract for operation of a call-center, or a contract whose primary purpose is to provide similar services answering or responding to telephone calls on behalf of an agency without determining if the service can be provided by state employees, and the services must be provided at offices located in the United States. For purposes of this section, "agency" includes the Minnesota State Colleges and Universities.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to a contract entered into or renewed or otherwise extended after that date.

Sec. 42. Minnesota Statutes 2006, section 16C.10, subdivision 7, is amended to read:

Subd. 7. **Reverse auction.** (a) For the purpose of this subdivision, "reverse auction" means a purchasing process in which vendors compete to provide goods or ~~computer~~ services at the lowest selling price in an open and interactive environment. Reverse auctions may not be utilized to procure engineering design services or architectural services or to establish building and construction contracts under sections 16C.26 to 16C.29.

(b) The provisions of sections 13.591, subdivision 3, and 16C.06, subdivision 2, do not apply when the commissioner determines that a reverse auction is the appropriate purchasing process.

Sec. 43. **[16C.147] DOCUMENT IMAGING; USE OF PERSONS WITH DEVELOPMENTAL DISABILITIES.**

The commissioner shall promote the use of persons with developmental disabilities to provide document imaging services for state and local government agencies.

Sec. 44. **[16C.251] BEST AND FINAL OFFER.**

A "best and final offer" solicitation process may not be used for building and construction contracts.

Sec. 45. Minnesota Statutes 2006, section 43A.346, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section, "state employee" means a person currently occupying a civil service position in the executive or legislative branch of state government, the Minnesota State Retirement System, or the Office of the Legislative Auditor, or a person employed by the Metropolitan Council.

Sec. 46. Minnesota Statutes 2006, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2007~~ 2012.

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

Sec. 47. Minnesota Statutes 2006, section 270B.14, is amended by adding a subdivision to read:

Subd. 19. **Disclosure to Department of Finance.** The commissioner may disclose to the commissioner of finance returns or return information necessary in order to prepare a revenue forecast under section 16A.103.

Sec. 48. Minnesota Statutes 2006, section 270C.03, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** The commissioner shall have and exercise the following powers and duties:

- (1) administer and enforce the assessment and collection of taxes;
- (2) make determinations, corrections, and assessments with respect to taxes, including interest, additions to taxes, and assessable penalties;
- (3) use statistical or other sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments;

(4) investigate the tax laws of other states and countries, and formulate and submit to the legislature such legislation as the commissioner may deem expedient to prevent evasions of state revenue laws and to secure just and equal taxation and improvement in the system of state revenue laws;

(5) consult and confer with the governor upon the subject of taxation, the administration of the laws in regard thereto, and the progress of the work of the department, and furnish the governor, from time to time, such assistance and information as the governor may require relating to tax matters;

(6) execute and administer any agreement with the secretary of the treasury or the Bureau of Alcohol, Tobacco, Firearms, and Explosives in the Department of Justice of the United States or a representative of another state regarding the exchange of information and administration of the state revenue laws;

(7) require town, city, county, and other public officers to report information as to the collection of taxes received from licenses and other sources, and such other information as may be needful in the work of the commissioner, in such form as the commissioner may prescribe;

(8) authorize the use of unmarked motor vehicles to conduct seizures or criminal investigations pursuant to the commissioner's authority; ~~and~~

(9) maintain toll-free telephone access for taxpayer assistance for calls from locations within the state; and

(10) exercise other powers and authority and perform other duties required of or imposed upon the commissioner by law.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 49. [270C.21] TAXPAYER ASSISTANCE GRANTS.

When the commissioner awards grants to nonprofit organizations to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services, the commissioner must provide public notice of the grants in a timely manner so that the grant process is completed and grants are awarded by October 1, in order for recipient organizations to adequately plan expenditures for the filing season. At the time the commissioner provides public notice, the commissioner must also notify nonprofit organizations that received grants in the previous biennium.

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

Sec. 50. Minnesota Statutes 2006, section 302A.821, subdivision 4, is amended to read:

Subd. 4. **Penalty; reinstatement.** (a) A corporation that has failed to file a registration pursuant to the requirements of subdivision 2 must be dissolved by the secretary of state as described in paragraph (b).

(b) If the corporation has not filed the registration ~~for two consecutive~~ during any calendar ~~years~~ year, the secretary of state must issue a certificate of administrative dissolution and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state shall send notice to the corporation that the corporation has been dissolved and that the corporation may be reinstated by filing a registration and a \$25 fee. The notice must be given by United States mail unless the company has indicated to the~~

~~secretary of state that they are willing to receive notice by electronic notification, in which case the secretary of state may give notice by mail or the indicated means. The secretary of state shall annually inform the attorney general and the commissioner of revenue of the methods by which the names of corporations dissolved under this section during the preceding year may be determined.~~ The secretary of state must ~~also~~ make available in an electronic format the names of the dissolved corporations. A corporation dissolved in this manner is not entitled to the benefits of section 302A.781. The liability, if any, of the shareholders of a corporation dissolved in this manner shall be determined and limited in accordance with section 302A.557, except that the shareholders shall have no liability to any director of the corporation under section 302A.559, subdivision 2.

(c) After administrative dissolution, filing a registration and the \$25 fee with the secretary of state:

(1) returns the corporation to good standing as of the date of the dissolution;

(2) validates contracts or other acts within the authority of the articles, and the corporation is liable for those contracts or acts; and

(3) restores to the corporation all assets and rights of the corporation to the extent they were held by the corporation before the dissolution occurred, except to the extent that assets or rights were affected by acts occurring after the dissolution or sold or otherwise distributed after that time.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 51. Minnesota Statutes 2006, section 308A.995, subdivision 4, is amended to read:

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a registration pursuant to the requirements of this section by December 31 of the calendar year for which the registration was required must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the registration by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution, and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state must annually inform the attorney general and the commissioner of revenue of the methods by which the names of cooperatives dissolved under this section during the preceding year may be determined.~~ The secretary of state must ~~also~~ make available in an electronic format the names of the dissolved cooperatives. A cooperative dissolved in this manner is not entitled to the benefits of section 308A.981.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 52. Minnesota Statutes 2006, section 308B.121, subdivision 4, is amended to read:

Subd. 4. **Penalty; dissolution.** (a) A cooperative that has failed to file a registration under the requirements of this section must be dissolved by the secretary of state as described in paragraph (b).

(b) If the cooperative has not filed the registration by December 31 of that calendar year, the secretary of state must issue a certificate of involuntary dissolution and the certificate must be filed in the Office of the Secretary of State. ~~The secretary of state must annually inform the attorney general and the commissioner of revenue of the methods by~~

~~which the names of cooperatives dissolved under this section during the preceding year may be determined. The secretary of state must also make available in an electronic format the names of the dissolved cooperatives. A cooperative dissolved in this manner is not entitled to the benefits of section 308B.971.~~

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 53. Minnesota Statutes 2006, section 308B.215, subdivision 2, is amended to read:

Subd. 2. **Filing.** The original articles and a designation of the cooperative's registered office and agent, ~~including a registration form under section 308B.121,~~ shall be filed with the secretary of state. The fee for filing the articles with the secretary of state is \$60.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 54. **[308B.903] NOTICE OF INTENT TO DISSOLVE.**

Before a cooperative begins dissolution, a notice of intent to dissolve must be filed with the secretary of state. The notice must contain:

- (1) the name of the cooperative;
- (2) the date and place of the members' meeting at which the resolution was approved; and
- (3) a statement that the requisite vote of the members approved the proposed dissolution.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 55. Minnesota Statutes 2006, section 317A.823, subdivision 1, is amended to read:

Subdivision 1. **Annual registration.** (a) The secretary of state must send annually to each corporation at the registered office of the corporation a postcard notice announcing the need to file the annual registration and informing the corporation that the annual registration may be filed online and that paper filings may also be made, and informing the corporation that failing to file the annual registration will result in an administrative dissolution of the corporation.

(b) ~~Except for corporations to which paragraph (d) applies,~~ Each calendar year beginning in the calendar year following the calendar year in which a corporation incorporates, a corporation must file with the secretary of state by December 31 of each calendar year a registration containing the information listed in paragraph (c).

(c) The registration must include:

- (1) the name of the corporation;
- (2) the address of its registered office;
- (3) the name of its registered agent, if any; and
- (4) the name and business address of the officer or other person exercising the principal functions of president of the corporation.

~~(d) The timely filing of an annual financial report and audit or an annual financial statement under section 69.051, subdivision 1 or 1a, by a volunteer firefighter relief association, as reflected in the notification by the state auditor under section 69.051, subdivision 1c, constitutes presentation of the corporate registration. The secretary of state may reject the registration by the volunteer firefighter relief association. Rejection must occur if the information provided to the state auditor does not match the information in the records of the secretary of state. The volunteer firefighter relief association may amend the articles of incorporation as provided in sections 317A.131 to 317A.151 so that the information from the state auditor may be accepted for filing. The timely filing of an annual financial report and audit or an annual financial statement under section 69.051, subdivision 1 or 1a, does not relieve the volunteer firefighter relief association of the requirement to file amendments to the articles of incorporation directly with the secretary of state.~~

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 56. Minnesota Statutes 2006, section 321.0206, is amended to read:

321.0206 DELIVERY TO AND FILING OF RECORDS BY SECRETARY OF STATE; EFFECTIVE TIME AND DATE.

(a) A record authorized or required to be delivered to the secretary of state for filing under this chapter must be captioned to describe the record's purpose, be in a medium permitted by the secretary of state, and be delivered to the secretary of state. Unless the secretary of state determines that a record does not comply with the filing requirements of this chapter, and if the appropriate filing fees have been paid, the secretary of state shall file the record and:

(1) for a statement of dissociation, send:

(A) a copy of the filed statement to the person which the statement indicates has dissociated as a general partner; and

(B) a copy of the filed statement to the limited partnership;

(2) for a statement of withdrawal, send:

(A) a copy of the filed statement to the person on whose behalf the record was filed; and

(B) if the statement refers to an existing limited partnership, a copy of the filed statement to the limited partnership; and

(3) for all other records, send a copy of the filed record to the person on whose behalf the record was filed.

(b) Upon request and payment of a fee, the secretary of state shall send to the requester a certified copy of the requested record.

(c) Except as otherwise provided in sections 321.0116 and 321.0207, a record delivered to the secretary of state for filing under this chapter may specify an effective time and a delayed effective date. Except as otherwise provided in this chapter, a record filed by the secretary of state is effective:

(1) if the record does not specify an effective time and does not specify a delayed effective date, on the date and at the time the record is filed as evidenced by the secretary of state's endorsement of the date and time on the record;

(2) if the record specifies an effective time but not a delayed effective date, on the date the record is filed at the time specified in the record;

(3) if the record specifies a delayed effective date but not an effective time, at 12:01 a.m. on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed; or

(4) if the record specifies an effective time and a delayed effective date, at the specified time on the earlier of:

(A) the specified date; or

(B) the 30th day after the record is filed.

(d) The appropriate fees for filings under this chapter are:

(1) for filing a certificate of limited partnership, \$100;

(2) for filing an amended certificate of limited partnership, \$50;

(3) for filing any other record, other than the annual report required by section 321.0210, for which no fee must be charged, required or permitted to be delivered for filing, \$35;

(4) for filing a certificate requesting authority to transact business in Minnesota as a foreign limited partnership, \$85;

(5) for filing an application of reinstatement, \$25; ~~and~~

(6) for filing a name reservation for a foreign limited partnership name, \$35; and

(7) for filing any other record, other than the annual report required by section 321.0210, for which no fee must be charged, required or permitted to be delivered for filing on a foreign limited partnership authorized to transact business in Minnesota, \$50.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 57. Minnesota Statutes 2006, section 321.0210, is amended to read:

321.0210 ANNUAL REPORT FOR SECRETARY OF STATE.

(a) Subject to subsection (b):

(1) in each calendar year following the calendar year in which a limited partnership becomes subject to this chapter, the limited partnership must deliver to the secretary of state for filing an annual registration containing the information required by subsection (c); and

(2) in each calendar year following the calendar year in which there is first on file with the secretary of state a certificate of authority under section 321.0904 pertaining to a foreign limited partnership, the foreign limited partnership must deliver to the secretary of state for filing an annual registration containing the information required by subsection (c).

(b) A limited partnership's obligation under subsection (a) ends if the limited partnership delivers to the secretary of state for filing a statement of termination under section 321.0203 and the statement becomes effective under section 321.0206. A foreign limited partnership's obligation under subsection (a) ends if the secretary of state issues and files a certificate of revocation under section 321.0906 or if the foreign limited partnership delivers to the secretary of state for filing a notice of cancellation under section 321.0907(a) and that notice takes effect under section 321.0206. If a foreign limited partnership's obligations under subsection (a) end and later the secretary of state files, pursuant to section 321.0904, a new certificate of authority pertaining to that foreign limited partnership, subsection (a)(2), again applies to the foreign limited partnership and, for the purposes of subsection (a)(2), the calendar year of the new filing is treated as the calendar year in which a certificate of authority is first on file with the secretary of state.

(c) The annual registration must contain:

(1) the name of the limited partnership or foreign limited partnership;

(2) the address of its designated office and the name and street and mailing address of its agent for service of process in Minnesota and, if the agent is not an individual, the name, street and mailing address, and telephone number of an individual who may be contacted for purposes other than service of process with respect to the limited partnership;

(3) in the case of a limited partnership, the street and mailing address of its principal office; and

(4) in the case of a foreign limited partnership, the name of the state or other jurisdiction under whose law the foreign limited partnership is formed and any alternate name adopted under section 321.0905(a).

(d) The secretary of state shall:

(1) administratively dissolve under section 321.0809 a limited partnership that has failed to file a registration pursuant to subsection (a); and

(2) revoke under section 321.0906 the certificate of authority of a foreign limited partnership that has failed to file a registration pursuant to subsection (a).

Sec. 58. 321.0909 NAME CHANGES FILED IN HOME STATE.

A foreign limited partnership shall notify the secretary of state of any changes to the partnership name filed with the state of formation by filing a certificate from the state of formation certifying to the change of name.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 59. Minnesota Statutes 2006, section 323A.1003, is amended to read:

323A.1003 ANNUAL REGISTRATION.

(a) Each calendar year beginning in the calendar year following the calendar year in which a partnership files a statement of qualification or in which a foreign partnership becomes authorized to transact business in this state, the secretary of state must mail by first class mail an annual registration form to the street address of the partnership's chief executive office, if located in Minnesota, the office in this state, if the chief executive office is not located in Minnesota, or address of the registered agent of the partnership as shown on the records of the secretary of state when the chief executive office is not

located in Minnesota and no other Minnesota office exists. The form must include the following notice:

"NOTICE: Failure to file this form by December 31 of this year will result in the revocation of the statement of qualification of this limited liability partnership without further notice from the secretary of state pursuant to Minnesota Statutes, section 323A.1003, subsection (d)."

(b) A limited liability partnership, and a foreign limited liability partnership authorized to transact business in this state, shall file an annual registration in the office of the secretary of state which contains:

(1) the name of the limited liability partnership and the state or other jurisdiction under whose laws the foreign limited liability partnership is formed;

(2) the street address, including the zip code, of the partnership's chief executive office and, if different, the street address, including the zip code, of an office of the partnership in this state, if any; ~~and~~

(3) if the partnership does not have an office in this state, the name and street address, including the zip code, of the partnership's current agent for service of process; and

(4) if the agent for service of process under clause (3) is not an individual, the name, street address, and telephone number of an individual who may be contacted for purposes other than service of process with respect to the limited liability partnership.

(c) An annual registration must be filed once each calendar year beginning in the year following the calendar year in which a partnership files a statement of qualification or a foreign partnership becomes authorized to transact business in this state.

(d) The secretary of state must revoke the statement of qualification of a partnership that fails to file an annual registration when due or pay the required filing fee. The secretary of state must issue a certificate of revocation which must be filed in the office of the secretary of state. The secretary of state must also make available in an electronic format the names of the revoked limited liability companies.

(e) A revocation under subsection (d) only affects a partnership's status as a limited liability partnership and is not an event of dissolution of the partnership.

(f) A partnership whose statement of qualification has been revoked may apply to the secretary of state for reinstatement within one year after the effective date of the revocation. A partnership must file an annual registration to apply for reinstatement and pay a reinstatement fee of \$135.

(g) A reinstatement under subsection (f) relates back to and takes effect as of the effective date of the revocation, and the partnership's status as a limited liability partnership continues as if the revocation had never occurred.

Sec. 60. Minnesota Statutes 2006, section 336.1-110, is amended to read:

336.1-110 UNIFORM COMMERCIAL CODE ACCOUNT.

The Uniform Commercial Code account is established as an account in the state treasury. Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing a service under this chapter must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Fees that are not expressly set by statute but are charged by the secretary of state to offset the costs of providing information contained in the computerized records maintained by the secretary of state must be deposited in the state treasury and credited to the Uniform Commercial Code account.

Money in the Uniform Commercial Code account is continuously appropriated to the secretary of state to implement and maintain the central filing system under this chapter, to provide, improve, and expand other online or remote lien and business entity filing, retrieval, and payment method services provided by the secretary of state, and to provide electronic access to other computerized records maintained by the secretary of state.

Sec. 61. Minnesota Statutes 2006, section 336.9-516, is amended to read:

336.9-516 WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

(a) **What constitutes filing.** Except as otherwise provided in subsection (b), communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(b) **Refusal to accept record; filing does not occur.** Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) the record is not communicated by a method or medium of communication authorized by the filing office. For purposes of filing office authorization, transmission of records using the Extensible Markup Language (XML) format is authorized by the filing office after the later of July 1, 2007, or the determination of the secretary of state that the central filing system is capable of receiving and processing these records;

(2) an amount equal to or greater than the applicable filing fee is not tendered;

(3) the filing office is unable to index the record because:

(A) in the case of an initial financing statement, the record does not provide a name for the debtor;

(B) in the case of an amendment or correction statement, the record:

(i) does not identify the initial financing statement as required by section 336.9-512 or 336.9-518, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under section 336.9-515;

(C) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual which was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's last name; or

(D) in the case of a record filed or recorded in the filing office described in section 336.9-501(a)(1), the record does not provide a sufficient description of the real property to which it relates;

(4) in the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;

(5) in the case of an initial financing statement or an amendment that provides a name of a debtor which was not previously provided in the financing statement to which the amendment relates, the record does not:

- (A) provide a mailing address for the debtor;
- (B) indicate whether the debtor is an individual or an organization; or
- (C) if the financing statement indicates that the debtor is an organization, provide:
 - (i) a type of organization for the debtor;
 - (ii) a jurisdiction of organization for the debtor; or

(iii) an organizational identification number for the debtor or indicate that the debtor has none;

(6) in the case of an assignment reflected in an initial financing statement under section 336.9-514(a) or an amendment filed under section 336.9-514(b), the record does not provide a name and mailing address for the assignee; or

(7) in the case of a continuation statement, the record is not filed within the six-month period prescribed by section 336.9-515(d).

(c) **Rules applicable to subsection (b).** For purposes of subsection (b):

(1) a record does not provide information if the filing office is unable to read or decipher the information; and

(2) a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by section 336.9-512, 336.9-514, or 336.9-518, is an initial financing statement.

(d) **Refusal to accept record; record effective as filed record.** A record that is communicated to the filing office with tender of the filing fee, but which the filing office refuses to accept for a reason other than one set forth in subsection (b), is effective as a filed record except as against a purchaser of the collateral which gives value in reasonable reliance upon the absence of the record from the files.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 62. Minnesota Statutes 2006, section 336.9-525, is amended to read:

336.9-525 FEES.

(a) **Initial financing statement or other record: general rule.** Except as otherwise provided in subsection (d), the fee for filing and indexing a record under this part ~~delivered on paper~~ is \$20 ~~and for a record delivered by any electronic means is \$15.~~ \$5 of the fee collected for each filing made online must be deposited in the uniform commercial code account.

(b) **Number of names.** The number of names required to be indexed does not affect the amount of the fee in subsection (a).

(c) **Response to information request.** The fee for responding to a request for information from the filing office, including for issuing a certificate showing whether there is on file any financing statement naming a particular debtor, ~~delivered on paper~~ is \$20

~~and for a record delivered by any electronic means is \$15. \$5 of the fee collected for each request delivered online must be deposited in the uniform commercial code account.~~

(d) **Record of mortgage.** This section does not require a fee with respect to a record of a mortgage which is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under section 336.9-502(c). However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

Sec. 63. Minnesota Statutes 2006, section 358.41, is amended to read:

358.41 DEFINITIONS.

As used in sections 358.41 to 358.49:

(1) "Notarial act" means any act that a notary public of this state is authorized to perform, and includes taking an acknowledgment, administering an oath or affirmation, taking a verification upon oath or affirmation, witnessing or attesting a signature, certifying or attesting a copy, and noting a protest of a negotiable instrument. A notary public may perform a notarial act by electronic means.

(2) "Acknowledgment" means a declaration by a person that the person has executed an instrument or electronic record for the purposes stated therein and, if the instrument or electronic record is executed in a representative capacity, that the person signed the instrument with proper authority and executed it as the act of the person or entity represented and identified therein.

(3) "Verification upon oath or affirmation" means a declaration that a statement is true made by a person upon oath or affirmation.

(4) "In a representative capacity" means:

(i) for and on behalf of a corporation, partnership, limited liability company, trust, or other entity, as an authorized officer, agent, partner, trustee, or other representative;

(ii) as a public officer, personal representative, guardian, or other representative, in the capacity recited in the instrument;

(iii) as an attorney in fact for a principal; or

(iv) in any other capacity as an authorized representative of another.

(5) "Notarial officer" means a notary public or other officer authorized to perform notarial acts.

(6) "Electronic signature" means an electronic sound, symbol, or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

(7) "Electronic record" means a record created, generated, sent, communicated, received, or stored by electronic means.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 64. Minnesota Statutes 2006, section 358.42, is amended to read:

358.42 NOTARIAL ACTS.

(a) In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument or electronic record.

(b) In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is made in the presence of the officer on the statement verified.

(c) In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named therein. When witnessing or attesting a signature, the officer must be present when the signature is made.

(d) In certifying or attesting a copy of a document, electronic record, or other item, the notarial officer must determine that the proffered copy is a full, true, and accurate transcription or reproduction of that which was copied.

(e) In making or noting a protest of a negotiable instrument or electronic record the notarial officer must determine the matters set forth in section 336.3-505.

(f) A notarial officer has satisfactory evidence that a person is the person whose true signature is on a document or electronic record if that person (i) is personally known to the notarial officer, (ii) is identified upon the oath or affirmation of a credible witness personally known to the notarial officer, or (iii) is identified on the basis of identification documents.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 65. Minnesota Statutes 2006, section 358.50, is amended to read:

358.50 EFFECT OF ACKNOWLEDGMENT.

An acknowledgment made in a representative capacity for and on behalf of a corporation, partnership, limited liability company, trust, or other entity and certified substantially in the form prescribed in this chapter is prima facie evidence that the instrument or electronic record was executed and delivered with proper authority.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 66. Minnesota Statutes 2006, section 359.085, subdivision 2, is amended to read:

Subd. 2. **Verifications.** In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is made in the presence of the officer on the statement verified.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 67. Minnesota Statutes 2006, section 359.085, subdivision 3, is amended to read:

Subd. 3. **Witnessing or attesting signatures.** In witnessing or attesting a signature, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named in

the document or electronic record. When witnessing or attesting a signature, the officer must be present when the signature is made.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 68. Minnesota Statutes 2006, section 477A.014, subdivision 4, is amended to read:

Subd. 4. **Costs.** The director of the Office of Strategic and Long-Range Planning shall annually bill the commissioner of revenue for one-half of the costs incurred by the state demographer in the preparation of materials required by section 4A.02. The state auditor shall bill the commissioner of revenue for the costs of best practices reviews and the services provided by the Government Information Division and the parts of the constitutional office that are related to the government information function, and for the services provided by the Tax Increment Financing Investment and Finance Division required by section 469.3201, not to exceed ~~\$217,000~~ \$614,000 each fiscal year. The commissioner of administration shall bill the commissioner of revenue for the costs of the local government records program and the intergovernmental information systems activity, not to exceed \$205,800 each fiscal year. The commissioner of employee relations shall bill the commissioner of revenue for the costs of administering the local government pay equity function, not to exceed \$55,000 each fiscal year.

Sec. 69. Minnesota Statutes 2006, section 491A.02, subdivision 4, is amended to read:

Subd. 4. **Representation.** (a) A corporation, partnership, limited liability company, sole proprietorship, or association may be represented in conciliation court by an officer, manager, or partner or an agent in the case of a condominium, cooperative, or townhouse association, or may appoint a natural person who is an employee or commercial property manager to appear on its behalf or settle a claim in conciliation court. The state or a political subdivision of the state may be represented in conciliation court by an employee of the pertinent governmental unit without a written authorization. The state also may be represented in conciliation court by an employee of the Division of Risk Management of the Department of Administration without a written authorization. Representation under this subdivision does not constitute the practice of law for purposes of section 481.02, subdivision 8. In the case of an officer, employee, commercial property manager, or agent of a condominium, cooperative, or townhouse association, an authorized power of attorney, corporate authorization resolution, corporate bylaw, or other evidence of authority acceptable to the court must be filed with the claim or presented at the hearing. This subdivision also applies to appearances in district court by a corporation or limited liability company with five or fewer shareholders or members and to any condominium, cooperative, or townhouse association, if the action was removed from conciliation court.

(b) "Commercial property manager" means a corporation, partnership, or limited liability company or its employees who are hired by the owner of commercial real estate to perform a broad range of administrative duties at the property including tenant relations matters, leasing, repairs, maintenance, the negotiation and resolution of tenant disputes, and related matters. In order to appear in conciliation court, a property manager's employees must possess a real estate license under section 82.20 and be authorized by the owner of the property to settle all disputes with tenants and others within the jurisdictional limits of conciliation court.

(c) A commercial property manager who is appointed to settle a claim in conciliation court may not charge or collect a separate fee for services rendered under paragraph (a).

Sec. 70. Minnesota Statutes 2006, section 507.24, subdivision 2, is amended to read:

Subd. 2. **Original signatures required.** (a) Unless otherwise provided by law, an instrument affecting real estate that is to be recorded as provided in this section or other applicable law must contain the original signatures of the parties who execute it and of the notary public or other officer taking an acknowledgment. However, a financing statement that is recorded as a filing pursuant to section 336.9-502(b) need not contain: (1) the signatures of the debtor or the secured party; or (2) an acknowledgment.

(b)(1) Any electronic instruments, including signatures and seals, affecting real estate may only be recorded as part of a pilot project for the electronic filing of real estate documents implemented by the task force created in Laws 2000, chapter 391, or by the Electronic Real Estate Recording Task Force created under section 507.094. The Electronic Real Estate Recording Task Force created under section 507.094 may amend standards set by the task force created in Laws 2000, chapter 391, and may set new or additional standards and establish pilot projects to the full extent permitted in section 507.094, subdivision 2, paragraph (b). Documents recorded in conformity with those standards and in those pilot projects are deemed to meet the requirements of this section.

(2)(i) A county that participated in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391, may continue to record or file documents electronically, if:

(†) (A) the county complies with standards adopted by the task force; and

(‡) (B) the county uses software that was validated by the task force.

(ii) A county that did not participate in the pilot project may record or file a real estate document electronically, if:

(†) (A) the document to be recorded or filed is of a type included in the pilot project for the electronic filing of real estate documents under the task force created in Laws 2000, chapter 391;

(††) (B) the county complies with the standards adopted by the task force;

(†††) (C) the county uses software that was validated by the task force; and

(††††) (D) the task force created under section 507.094, votes to accept a written certification of compliance with paragraph (b), clause (2), of this section by the county board and county recorder of the county to implement electronic filing under this section.

(c) Notices filed pursuant to section 168A.141, subdivisions 1 and 3, need not contain an acknowledgment.

Sec. 71. Minnesota Statutes 2006, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. **Term of license; fee; premarital education.** (a) The local registrar shall examine upon oath the party applying for a license relative to the legality of the contemplated marriage. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the local registrar shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the county seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made, may authorize the license to be issued at any time before

the expiration of the five days. Except as provided in paragraph (b), the local registrar shall collect from the applicant a fee of ~~\$100~~ \$110 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the local registrar for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A local registrar who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) The marriage license fee for parties who have completed at least 12 hours of premarital education is ~~\$30~~ \$40. In order to qualify for the reduced license fee, the parties must submit at the time of applying for the marriage license a signed and dated statement from the person who provided the premarital education confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(c) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(d) If section 259.13 applies to the request for a marriage license, the local registrar shall grant the marriage license without the requested name change. Alternatively, the local registrar may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 72. Minnesota Statutes 2006, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), ~~\$15~~ \$25 must be retained by the county. The local registrar must pay \$85 to the commissioner of finance to be deposited as follows:

(1) \$50 in the general fund;

(2) \$3 in the special revenue fund to be appropriated to the commissioner of education for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) \$25 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund is appropriated to the commissioner of human services for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under section 256.742.

(b) Of the ~~\$30~~ \$40 fee under subdivision 1b, paragraph (b), ~~\$15~~ \$25 must be retained by the county. The local registrar must pay \$15 to the commissioner of finance to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

(c) The increase in the marriage license fee under paragraph (a) provided for in Laws 2004, chapter 273, and disbursement of the increase in that fee to the special fund for the Minnesota Healthy Marriage and Responsible Fatherhood Initiative under paragraph (a), clause (5), is contingent upon the receipt of federal funding under United States Code, title 42, section 1315, for purposes of the initiative.

Sec. 73. Laws 2005, chapter 156, article 2, section 45, is amended to read:

Sec. 45. SALE OF STATE LAND.

Subdivision 1. **State land sales.** The commissioner of administration shall coordinate with the head of each department or agency having control of state-owned land to identify and sell at least \$6,440,000 of state-owned land. Sales should be completed according to law and as provided in this section as soon as practicable but no later than June 30, ~~2007~~ 2009. Notwithstanding Minnesota Statutes, sections 16B.281 and 16B.282, 94.09 and 94.10, or any other law to the contrary, the commissioner may offer land for public sale by only providing notice of lands or an offer of sale of lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities.

Subd. 2. **Anticipated savings.** Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or other law to the contrary, the amount of the proceeds from the sale of land under this section that exceeds the actual expenses of selling the land must be deposited in the general fund, except as otherwise provided by the commissioner of finance. Notwithstanding Minnesota Statutes, section 94.11 or 16B.283, the commissioner of finance may establish the timing of payments for land purchased under this section. If the total of all money deposited into the general fund from the proceeds of the sale of land under this section is anticipated to be less than \$6,440,000, the governor must allocate the amount of the difference as reductions to general fund operating expenditures for other executive agencies for the biennium ending June 30, ~~2007~~ 2009.

Subd. 3. **Sale of state lands revolving loan fund.** \$290,000 is appropriated from the general fund in fiscal year 2006 to the commissioner of administration for purposes

of paying the actual expenses of selling state-owned lands to achieve the anticipated savings required in this section. From the gross proceeds of land sales under this section, the commissioner of administration must cancel the amount of the appropriation in this subdivision to the general fund by June 30, ~~2007~~ 2009.

Sec. 74. Laws 2006, chapter 253, section 22, subdivision 1, is amended to read:

Subdivision 1. **Genetic information; work group.** (a) The commissioner must create a work group to develop principles for public policy on the use of genetic information. The work group must include representatives of state government, including the judicial branch, local government, prosecutors, public defenders, the American Civil Liberties Union - Minnesota, the Citizens Council on Health Care, the University of Minnesota Center on Bioethics, the Minnesota Medical Association, the Mayo Clinic and Foundation, the March of Dimes, and representatives of employers, researchers, epidemiologists, laboratories, and insurance companies.

(b) The commissioner of administration and the work group must conduct reviews of the topics in paragraphs (c) to (f), in light of the issues raised in the report on treatment of genetic information under state law required by Laws 2005, chapter 163, section 87. The commissioner must report the results, including any recommendations for legislative changes, to the chairs of the house Civil Law Committee and the senate Judiciary Committee and the ranking minority members of those committees by January 15, ~~2008~~ 2009.

(c) The commissioner and the work group must determine whether changes are needed in Minnesota Statutes, section 144.69, dealing with collection of information from cancer patients and their relatives.

(d) The commissioner and the work group must make recommendations whether all relatives affected by a formal three-generation pedigree created by the Department of Health should be able to access the entire data set, rather than only allowing individuals access to the data of which they are the subject.

(e) The commissioner and the work group must identify, and may make recommendations among, options for resolving questions of secondary uses of genetic information.

(f) The commissioner and the work group must make recommendations whether legislative changes are needed regarding access to DNA test results and the specimens used to create the test results held by the Bureau of Criminal Apprehension as part of a criminal investigation.

Sec. 75. Laws 2006, chapter 282, article 14, section 5, is amended to read:

**Sec. 5. OFFICE OF ADMINISTRATIVE
HEARINGS**

320,000

From the workers' compensation fund for costs associated with the relocation of offices to St. Paul. The commissioner of administration shall take all steps as necessary to complete the renovation of the Stassen Building for these purposes by January 1, 2008. Minnesota Statutes, section

16B.33, subdivision 3, does not apply if the estimated cost of construction exceeds \$2,000,000. This is a onetime appropriation. This appropriation is available until spent.

Beginning in fiscal year 2009 and for all fiscal years thereafter, the appropriation base for the workers' compensation fund for the Office of Administrative Hearings is reduced by \$297,000 to reflect savings in rent costs due to the relocation of offices to St. Paul.

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

Sec. 76. **FORD BUILDING.**

The Ford Building at 117 University Avenue in St. Paul may not be demolished during the biennium ending June 30, 2009.

Sec. 77. **ELECTRONIC DOCUMENTS STUDY AND REPORT.**

Subdivision 1. **Study.** The chief information officer of the state, in consultation with the state archivist and legislative reference librarian, shall study how electronic documents and the mechanisms and processes for accessing and reading electronic data can be created, maintained, exchanged, and preserved by the state in a manner that encourages appropriate government control, access, choice, and interoperability. The study must consider, but not be limited to, the policies of other states and nations, management guidelines for state archives as they pertain to electronic documents, public access to information, expected storage life of electronic documents, costs of implementation, and potential savings. The chief information officer shall solicit comments from stakeholders, including, but not limited to, the legislative auditor, attorney general, librarians, state services for the blind, representatives of the Minnesota Historical Society, other historians, and the media. The chief information officer shall also solicit comments from members of the public.

Subd. 2. **Report and recommendations.** The chief information officer shall report the officer's findings and recommendations to the chairs of the senate State and Local Government Operations and Oversight Committee; the house of representatives Government Operations, Reform, Technology and Elections Committee; and the senate and house of representatives State Government Finance Divisions by January 15, 2008.

Sec. 78. **STATE EMPLOYEES ELECTRONIC HEALTH RECORDS PILOT PROJECT.**

Subdivision 1. **Project established.** The Minnesota State Colleges and Universities Board of Trustees (MnSCU), in collaboration with the commissioner of employee relations may establish an enterprise-wide pilot project to provide consumer-owned electronic personal health records to MnSCU employees and all participants in the state employee group insurance program.

Subd. 2. **Project goals.** The goal of the project is to provide consumer-owned electronic personal health records that are portable among health care providers, health plan companies, and employers in order to control costs, improve quality, and enhance

safety, and to demonstrate the feasibility of a statewide health information exchange. The electronic personal health records may provide, but are not limited to, the following:

- (1) access to electronic medical records;
- (2) prescription and appointment information;
- (3) information regarding health education, public health, and health cost management; and
- (4) privacy, security, and compliance with HIPAA; Minnesota Statutes, chapter 13; Minnesota Statutes, section 144.335; and other state law related to data privacy.

Sec. 79. **TRAINING SERVICES.**

During the biennium ending June 30, 2009, state executive branch agencies must consider using services provided by government training services before contracting with other outside vendors for similar services.

Sec. 80. **DEPARTMENT OF EMPLOYEE RELATIONS ABOLISHED; DUTIES TRANSFERRED.**

(a) The Department of Employee Relations and the position of the commissioner of employee relations are abolished as of June 1, 2008. Duties of the Department of Employee Relations and the commissioner of employee relations are transferred on or before June 1, 2008, to the commissioner of finance, except as follows:

(1) duties relating to administration of the state employees workers' compensation program are transferred on or before June 1, 2008, to the commissioner of administration; and

(2) duties relating to health care purchasing improvement under Minnesota Statutes, section 43A.312, are transferred on or before June 1, 2008, to the commissioner of health.

(b) The commissioner of employee relations, in consultation with the commissioner of finance, may specify one or more dates before June 1, 2008, on which any or all of the transfers provided in paragraph (a) will occur.

(c) The governor may, in consultation with the commissioner of employee relations, the commissioner of finance, the commissioner of administration, and the director of the Office of Enterprise Technology, transfer other duties of the Department of Employee Relations to other state agencies in order to most effectively and efficiently accomplish the reorganization required by this act.

(d) Transfer of duties under this section is subject to Minnesota Statutes, section 15.039.

(e) In addition to any other protection, no employee in the classified service shall suffer job loss, have a salary reduced, or have employment benefits reduced as a result of a reorganization mandated or recommended under authority of this section. No action taken after June 1, 2009, shall be considered a result of reorganization for the purposes of this section.

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

Sec. 81. **STATE BUDGET TRENDS STUDY COMMISSION.**

(a) The State Budget Trends Study Commission is established for the purpose of completing a study of the implications of state demographic trends for future state budget conditions, including both expected revenue collections and spending for state government services and local services supported by state revenues. The commission shall consist of 15 public members, including five members appointed by the governor; five members appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration; four members appointed by the speaker of the house of representatives; and one member appointed by the minority leader of the house of representatives. The respective appointing authorities must complete their appointments under this section within 30 days of the effective date of this section. The commissioner of finance must convene the commission within 30 days of the completion of appointments under this section. The members shall select their chair at the first meeting. When making appointments under this section, the appointing authorities must consider the education and expertise of appointees in fields such as public finance, demography, and public administration.

(b) Per diem and expense payments to members, removal of members, and vacancies are governed by Minnesota Statutes, section 15.059.

(c) The commissioners of finance and revenue must provide data, analysis, and staff support required by the commission to complete the study, including, but not limited to, the effect of expected demographic changes over the next 25 years on state tax bases and on existing state programs and appropriations. In preparing the study, the commission shall consult with and use the services of the state demographer to estimate the changing profile of the Minnesota population by age and other factors relevant to the study. The commission may also contract with appropriate consultants and experts as needed to complete the study.

(d) In completing the study, the commission must consider:

(1) the effect of expected demographic changes over the next 25 years on the tax base and revenue collections for state income and sales tax, or other state taxes;

(2) estimates of tax revenue collections for the years 2012, 2017, 2022, 2027, and 2032, taking into account the sensitivity of the results for changes in estimated migration rates, labor force participation by older individuals, and other shares of capital versus labor;

(3) the effect of demographic trends on entitlement programs and other large state appropriations relative to current budget commitments;

(4) relative trends in spending for state programs including trends identified in the fast growing expenditures report completed under Minnesota Statutes, section 16A.103, subdivision 4; and

(5) the structure of the state budget with regard to budget stability and flexibility.

(e) The commission may make recommendations for state tax or budget policy changes, including recommendations for changes in tax base, mix of tax types, state and local finance relationships, entitlements, or budget structure. The commission shall present preliminary results to the chairs of the legislative committees with jurisdiction over finance and taxes by February 1, 2008, and a final written report to the same chairs by January 15, 2009, in compliance with Minnesota Statutes, sections 3.195 and 3.197.

(f) This section expires on June 30, 2009.

Sec. 82. FINANCING OF ELECTRONIC LICENSING SYSTEM.

The state chief information officer shall study the feasibility of alternative financing options for the purpose of developing and maintaining an electronic system for business and occupational licenses. The chief information officer must report the results of the study to the chairs of the senate State Government Budget Division and the house of representatives State Government Finance Division by January 15, 2008.

Sec. 83. REVISOR'S INSTRUCTION.

In the next and subsequent editions of Minnesota Statutes and Minnesota Rules, the revisor of statutes must replace references to the Department of Employee Relations and commissioner of employee relations with references to the appropriate department and commissioner specified in section 80. The revisor of statutes, in consultation with affected commissioners of state agencies, must prepare a bill for introduction in the 2008 legislative session making other statutory changes needed to implement or conform with section 80.

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

Sec. 84. REPEALER.

Minnesota Statutes 2006, sections 16A.102, subdivisions 1, 2, and 3; 16C.055, subdivision 1; 16C.08, subdivision 4a; 69.051, subdivision 1c; and 359.085, subdivision 8, are repealed.

ARTICLE 3**BEST VALUE CONTRACTS**

Section 1. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 4a. **Best value; construction.** For purposes of construction, building, alteration, improvement, or repair services, "best value" describes the result determined by a procurement method that considers price and performance criteria, which may include, but are not limited to:

- (1) the quality of the vendor's or contractor's performance on previous projects;
- (2) the timeliness of the vendor's or contractor's performance on previous projects;
- (3) the level of customer satisfaction with the vendor's or contractor's performance on previous projects;
- (4) the vendor's or contractor's record of performing previous projects on budget and ability to minimize cost overruns;
- (5) the vendor's or contractor's ability to minimize change orders;
- (6) the vendor's or contractor's ability to prepare appropriate project plans;
- (7) the vendor's or contractor's technical capacities;
- (8) the individual qualifications of the contractor's key personnel; or
- (9) the vendor's or contractor's ability to assess and minimize risks.

"Performance on previous projects" does not include the exercise or assertion of a person's legal rights. This definition does not apply to sections 16C.32, 16C.33, 16C.34, and 16C.35.

Sec. 2. Minnesota Statutes 2006, section 16C.02, is amended by adding a subdivision to read:

Subd. 21. **Vendor.** "Vendor" means a business, including a construction contractor or a natural person, and includes both if the natural person is engaged in a business.

Sec. 3. Minnesota Statutes 2006, section 16C.03, subdivision 3, is amended to read:

Subd. 3. **Acquisition authority.** The commissioner shall acquire all goods, services, and utilities needed by agencies. The commissioner shall acquire goods, services, and utilities by requests for bids, requests for proposals, reverse auctions as provided in section 16C.10, subdivision 7, or other methods provided by law, unless a section of law requires a particular method of acquisition to be used. The commissioner shall make all decisions regarding acquisition activities. The determination of the acquisition method and all decisions involved in the acquisition process, unless otherwise provided for by law, shall be based on best value which includes an evaluation of price and may include other considerations including, but not limited to, environmental considerations, quality, and vendor performance. A best value determination must be based on the evaluation criteria detailed in the solicitation document. If criteria other than price are used, the solicitation document must state the relative importance of price and other factors. ~~Unless it is determined by the commissioner that an alternative solicitation method provided by law should be used to determine best value, a request for bid must be used to solicit formal responses for all building and construction contracts.~~ Any or all responses may be rejected. When using the request for bid process, the bid must be awarded to the lowest responsive and responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract or purchase is intended, the status and capability of the vendor, and other considerations imposed in the request for bids. The commissioner may decide which is the lowest responsible bidder for all purchases and may use the principles of life-cycle costing, where appropriate, in determining the lowest overall bid. The duties set forth in this subdivision are subject to delegation pursuant to this section.

Sec. 4. Minnesota Statutes 2006, section 16C.03, is amended by adding a subdivision to read:

Subd. 3a. **Acquisition authority; construction contracts.** For all building and construction contracts, the commissioner shall award contracts pursuant to section 16C.28, and "best value" shall be defined and applied as set forth in sections 16C.02, subdivision 4a, and 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c). The duties set forth in this subdivision are subject to delegation pursuant to this section. The commissioner shall establish procedures for developing and awarding best value requests for proposals for construction projects. The criteria to be used to evaluate the proposals must be included in the solicitation document and must be evaluated in an open and competitive manner.

Sec. 5. Minnesota Statutes 2006, section 16C.03, is amended by adding a subdivision to read:

Subd. 19. **Training.** Any personnel administering procurement procedures for a user of best value procurement or any consultant retained by a local unit of government to prepare or evaluate solicitation documents must be trained, either by the department or through other training, in the request for proposals process for best value contracting for construction projects. The commissioner may establish a training program for state and local officials, and vendors and contractors, on best value procurement for construction projects, including those governed by section 16C.28. If the commissioner establishes such a training program, the state may charge a fee for providing training.

Sec. 6. Minnesota Statutes 2006, section 16C.26, is amended to read:

16C.26 COMPETITIVE BIDS OR PROPOSALS.

Subdivision 1. **Application.** Except as otherwise provided by sections 16C.10, 16C.26 and 16C.27, all contracts for building and construction or repairs must be based on competitive bids or proposals. "Competitive proposals" specifically refers to the method of procurement described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Subd. 2. **Requirement contracts.** Standard requirement price contracts for building and construction must be established by competitive bids as provided in subdivision 1. The standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs or for the addition of similar products or replacement items not significant to the total value of existing contracts. The term of these contracts may not exceed five years including all extensions.

Subd. 3. **Publication of notice; expenditures over \$25,000.** If the amount of an expenditure is estimated to exceed \$25,000, bids or proposals must be solicited by public notice in a manner designated by the commissioner. To the extent practical, this must include posting on a state Web site. For expenditures over \$50,000, when a call for bids is issued, the commissioner shall solicit sealed bids by providing notices to all prospective bidders known to the commissioner by posting notice on a state Web site at least seven days before the final date of submitting bids. All bids over \$50,000 must be sealed when they are received and must be opened in public at the hour stated in the notice. All proposals responsive to a request for proposals according to section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), shall be submitted and evaluated in the manner described in the request for proposals, regardless of the dollar amount. All original bids and proposals and all documents pertaining to the award of a contract must be retained and made a part of a permanent file or record and remain open to public inspection.

Subd. 4. **Building and construction contracts; \$50,000 or less.** An informal bid may be used for building, construction, and repair contracts that are estimated at less than \$50,000. Informal bids must be authenticated by the bidder in a manner specified by the commissioner. Alternatively, a request for proposals may be issued according to section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), for such contracts.

Subd. 5. **Standard specifications, security.** Contracts must be based on the standard specifications prescribed and enforced by the commissioner under this chapter, unless otherwise expressly provided or as authorized under section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c). Each bidder for a contract vendor or contractor must furnish security approved by the commissioner to ensure the making of the contract being bid for.

Subd. 6. **Noncompetitive bids.** Agencies are encouraged to contract with small targeted group businesses designated under section 16C.16 when entering into contracts that are not subject to competitive bidding procedures.

Sec. 7. Minnesota Statutes 2006, section 16C.27, subdivision 1, is amended to read:

Subdivision 1. **Single source of supply.** Competitive bidding ~~is~~ or proposals are not required for contracts clearly and legitimately limited to a single source of supply, and the contract price may be best established by direct negotiation.

Sec. 8. Minnesota Statutes 2006, section 16C.28, is amended to read:

16C.28 CONTRACTS; AWARD.

Subdivision 1. ~~**Lowest responsible bidder**~~ **Award requirements.** (a) All state building and construction contracts entered into by or under the supervision of the commissioner or an agency for which competitive bids or proposals are required must be awarded to the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract is intended, the status and capability of the vendor, and other considerations imposed in the call for bids. The commissioner may decide which is the lowest responsible bidder for all contracts and may use the principles of life cycle costing, where appropriate, in determining the lowest overall bid. The head of the interested agency shall make the decision, subject to the approval of the commissioner. Any or all bids may be rejected. In a case where competitive bids are required and where all bids are rejected, new bids, if solicited, must be called for as in the first instance, unless otherwise provided by law. may be awarded to either of the following:

(1) the lowest responsible bidder, taking into consideration conformity with the specifications, terms of delivery, the purpose for which the contract is intended, the status and capability of the vendor or contractor, other considerations imposed in the call for bids, and, where appropriate, principles of life-cycle costing; or

(2) the vendor or contractor offering the best value, taking into account the specifications of the request for proposals, the price and performance criteria as set forth in section 16C.02, subdivision 4a, and described in the solicitation document.

(b) The vendor or contractor must secure bonding, commercial general insurance coverage, and workers' compensation insurance coverage under paragraph (a), clause (1) or (2). The commissioner shall determine whether to use the procurement process described in paragraph (a), clause (1), or the procurement process described in paragraph (a), clause (2), and paragraph (c). If the commissioner uses the method in paragraph (a), clause (2), and paragraph (c), the head of the agency shall determine which vendor or contractor offers the best value, subject to the approval of the commissioner. Any or all bids or proposals may be rejected.

(c) When using the procurement process described in subdivision 1, paragraph (a), clause (2), the solicitation document must state the relative weight of price and other selection criteria. The award must be made to the vendor or contractor offering the best value applying the weighted selection criteria. If an interview of the vendor's or contractor's personnel is one of the selection criteria, the relative weight of the interview shall be stated in the solicitation document and applied accordingly.

Subd. 1a. **Establishment and purpose.** (a) The state recognizes the importance of the inclusion of a best value contracting system for construction as an alternative to the current low-bid system of procurement. In order to accomplish that goal, state and local governmental entities shall be able to choose the best value system in different phases.

(b) "Best value" means the procurement method defined in section 16C.02, subdivision 4a.

(c) The following entities are eligible to participate in phase I:

(1) state agencies;

(2) counties;

(3) cities; and

(4) school districts with the highest 25 percent enrollment of students in the state.

Phase I begins on the effective date of this section.

(d) The following entities are eligible to participate in phase II:

(1) those entities included in phase I; and

(2) school districts with the highest 50 percent enrollment of students in the state.

Phase II begins two years from the effective date of this section.

(e) The following entities are eligible to participate in phase III:

(1) all entities included in phases I and II; and

(2) all other townships, school districts, and political subdivisions in the state.

Phase III begins three years from the effective date of this section.

(f) The commissioner or any agency for which competitive bids or proposals are required may not use best value contracting as defined in section 16C.02, subdivision 4a, for more than one project annually, or 20 percent of its projects, whichever is greater, in each of the first three fiscal years in which best value construction contracting is used.

Subd. 2. Alterations and erasures. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid must be rejected unless the alteration or erasure is corrected in a manner that is clear and authenticated by an authorized representative of the responder. An alteration or erasure may be crossed out and the correction printed in ink or typewritten adjacent to it and initialed by an authorized representative of the responder.

Subd. 3. Special circumstances. The commissioner may reject the bid or proposal of any ~~bidder~~ vendor or contractor who has failed to perform a previous contract with the state. In the case of identical low bids from two or more bidders, the commissioner may use negotiated procurement methods with the tied low bidders for that particular transaction so long as the price paid does not exceed the low tied bid price. The commissioner may award contracts to more than one ~~bidder~~ vendor or contractor in accordance with subdivision 1, if doing so does not decrease the service level or diminish the effect of competition.

Subd. 4. Record. A record must be kept of all bids or proposals, including names of bidders, amounts of bids or proposals, and each successful bid or proposal. This record is open to public inspection, subject to section 13.591 and other applicable law.

Subd. 5. **Preferences not cumulative.** The preferences under sections 16B.121, 16C.06, subdivision 7, and 16C.16 apply, but are not cumulative. The total percentage of preference granted on a contract may not exceed the highest percentage of preference allowed for that contract under any one of those sections.

Sec. 9. Minnesota Statutes 2006, section 103D.811, subdivision 3, is amended to read:

Subd. 3. **Awarding of contract.** (a) At a time and place specified in the bid notice, the managers may accept or reject any or all bids and may award the contract to the lowest responsible bidder. The bidder to whom the contract is to be awarded must give a bond, with ample security, conditioned by satisfactory completion of the contract.

(b) Bids must not be considered which in the aggregate exceed by more than 30 percent the total estimated cost of construction or implementation.

(c) As an alternative to the procurement method described in paragraph (a), the managers may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

(d) The contract must be in writing and be accompanied by or refer to the plans and specifications for the work to be done as prepared by the engineer for the watershed district. The plans and specifications shall become a part of the contract.

~~(d)~~ (e) The contract shall be approved by the managers and signed by the president, secretary, and contractor.

Sec. 10. Minnesota Statutes 2006, section 103E.505, subdivision 5, is amended to read:

Subd. 5. **How contract may be awarded.** The contract may be awarded in one job, in sections, or separately for labor and material and ~~must~~ may be let to the lowest responsible bidder. Alternatively, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 11. Minnesota Statutes 2006, section 116A.13, subdivision 5, is amended to read:

Subd. 5. **How job may be let.** The job may be let in one job, or in sections, or separately for labor and material, and ~~shall~~ may be let to the lowest responsible bidder or bidders therefor. Alternatively, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 12. Minnesota Statutes 2006, section 123B.52, subdivision 1, is amended to read:

Subdivision 1. **Contracts.** A contract for work or labor, or for the purchase of furniture, fixtures, or other property, except books registered under the copyright laws, or for the construction or repair of school houses, the estimated cost or value of which shall exceed that specified in section 471.345, subdivision 3, must not be made by the school board without first advertising for bids or proposals by two weeks' published notice in the official newspaper. This notice must state the time and place of receiving bids and contain a brief description of the subject matter.

Additional publication in the official newspaper or elsewhere may be made as the board shall deem necessary.

After taking into consideration conformity with the specifications, terms of delivery, and other conditions imposed in the call for bids, every such contract for which a call for bids has been issued must be awarded to the lowest responsible bidder, be duly executed in writing, and be otherwise conditioned as required by law. The person to whom the contract is awarded shall give a sufficient bond to the board for its faithful performance. Notwithstanding section 574.26 or any other law to the contrary, on a contract limited to the purchase of a finished tangible product, a board may require, at its discretion, a performance bond of a contractor in the amount the board considers necessary. A record must be kept of all bids, with names of bidders and amount of bids, and with the successful bid indicated thereon. A bid containing an alteration or erasure of any price contained in the bid which is used in determining the lowest responsible bid must be rejected unless the alteration or erasure is corrected as provided in this section. An alteration or erasure may be crossed out and the correction thereof printed in ink or typewritten adjacent thereto and initialed in ink by the person signing the bid. In the case of identical low bids from two or more bidders, the board may, at its discretion, utilize negotiated procurement methods with the tied low bidders for that particular transaction, so long as the price paid does not exceed the low tied bid price. In the case where only a single bid is received, the board may, at its discretion, negotiate a mutually agreeable contract with the bidder so long as the price paid does not exceed the original bid. If no satisfactory bid is received, the board may readvertise. Standard requirement price contracts established for supplies or services to be purchased by the district must be established by competitive bids. Such standard requirement price contracts may contain escalation clauses and may provide for a negotiated price increase or decrease based upon a demonstrable industrywide or regional increase or decrease in the vendor's costs. Either party to the contract may request that the other party demonstrate such increase or decrease. The term of such contracts must not exceed two years with an option on the part of the district to renew for an additional two years. Contracts for the purchase of perishable food items, except milk for school lunches and vocational training programs, in any amount may be made by direct negotiation by obtaining two or more written quotations for the purchase or sale, when possible, without advertising for bids or otherwise complying with the requirements of this section or section 471.345, subdivision 3. All quotations obtained shall be kept on file for a period of at least one year after receipt.

Every contract made without compliance with the provisions of this section shall be void. Except in the case of the destruction of buildings or injury thereto, where the public interest would suffer by delay, contracts for repairs may be made without advertising for bids.

Sec. 13. Minnesota Statutes 2006, section 123B.52, is amended by adding a subdivision to read:

Subd. 1b. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 14. Minnesota Statutes 2006, section 160.17, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method referenced in subdivision 2, counties or towns may issue a request for proposal and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 15. Minnesota Statutes 2006, section 160.262, is amended by adding a subdivision to read:

Subd. 5. **Best value alternative.** As an alternative to the procurement method described in subdivision 4, the commissioner may allow for the award of design-build contracts for the projects described in subdivision 4 to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 16. Minnesota Statutes 2006, section 161.32, is amended by adding a subdivision to read:

Subd. 1f. **Best value alternative.** As an alternative to the procurement method described in subdivisions 1a to 1e, the commissioner may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 17. **[161.3206] BEST VALUE CONTRACTING AUTHORITY.**

Notwithstanding sections 16C.25, 161.32, 161.321, or any other law to the contrary, the commissioner may solicit and award all contracts, other than design-build contracts governed by section 161.3412, for a project on the basis of a best value selection process as defined in section 16C.02, subdivision 4a. Section 16C.08 does not apply to this section.

Sec. 18. Minnesota Statutes 2006, section 161.3412, subdivision 1, is amended to read:

Subdivision 1. **Best value selection for design-build contracts.** Notwithstanding sections 16C.25, 161.32, and 161.321, or any other law to the contrary, the commissioner may solicit and award a design-build contract for a project on the basis of a best value selection process. Section 16C.08 does not apply to design-build contracts to which the commissioner is a party.

Sec. 19. Minnesota Statutes 2006, section 161.38, subdivision 4, is amended to read:

Subd. 4. **Effects on other law of public contract with commissioner.** Whenever the road authority of any city enters into an agreement with the commissioner pursuant to this section, and a portion of the cost is to be assessed against benefited property, the letting of a public contract by the commissioner for the work shall be deemed to comply with statutory or charter provisions requiring the city (1) to advertise for bids before awarding a contract for a public improvement, (2) to let the contract to the lowest responsible bidder or to the vendor or contractor offering the best value, and (3) to require a performance bond to be filed by the contractor before undertaking the work. The contract so let by the commissioner and the performance bond required of the contractor by the commissioner shall be considered to be the contract and bond of the city for the purposes of complying with the requirements of any applicable law or charter provision, and the bond shall inure to the benefit of the city and operate for their protection to the same extent as though they were parties thereto.

Sec. 20. Minnesota Statutes 2006, section 365.37, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method described in subdivision 2, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 21. Minnesota Statutes 2006, section 374.13, is amended to read:

374.13 TO ADVERTISE FOR BIDS.

Subdivision 1. **Bidding process.** When the plans and specifications are completed and approved by the city council and the county board, the commission shall, after notice appropriate to inform possible bidders, obtain bids or proposals for all or any portion of the work or materials, or both, to be done, performed, or furnished in the construction of the building. All bids or proposals shall be sealed by the bidders or proposers and filed with the commission at or before the time specified for the opening of bids or proposals. At the time and place specified for the opening of bids or proposals, the commission shall meet, open the bids or proposals, tabulate them, and award the contract or contracts to the responsible bidder whose bid or proposal is the most favorable to the city or county, or reject all bids and proposals. If all bids or proposals are rejected, the commission may, after similar notice, obtain more bids or proposals or may modify or change the plans and specifications and submit the modified plans and specifications to the city council and the county board for approval. When the modified or changed plans and specifications are satisfactory to both the city council and the county board, the plans and specifications shall be returned to the commission and the commission shall proceed again, after similar notice, to obtain bids or proposals. Any contract awarded by the commission shall be subject to approval by the city council and the county board.

Subd. 2. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, the commission may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 22. Minnesota Statutes 2006, section 375.21, is amended by adding a subdivision to read:

Subd. 1b. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a county board may award a contract for construction, building, alteration, improvement, or repair work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 23. Minnesota Statutes 2006, section 383C.094, is amended by adding a subdivision to read:

Subd. 1a. **Contracts in excess of \$500; best value alternative.** As an alternative to the procurement method described in subdivision 1, the contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 24. Minnesota Statutes 2006, section 412.311, is amended to read:

412.311 CONTRACTS.

Subdivision 1. **Lowest responsible bidder.** Except as provided in sections 471.87 to 471.89, no member of a council shall be directly or indirectly interested in any contract made by the council. Whenever the amount of a contract for the purchase of merchandise, materials or equipment or for any kind of construction work undertaken by the city is estimated to exceed the amount specified by section 471.345, subdivision 3, the contract shall be let to the lowest responsible bidder, after notice has been published once in the official newspaper at least ten days in advance of the last day for the submission of bids. If the amount of the contract exceeds \$1,000, it shall be entered into only after compliance with section 471.345.

Subd. 2. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract for construction, building, alteration, improvement, or repair work may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 25. Minnesota Statutes 2006, section 429.041, is amended by adding a subdivision to read:

Subd. 2a. **Best value alternative.** As an alternative to the procurement method described in subdivision 2, the council may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 26. Minnesota Statutes 2006, section 458D.21, is amended by adding a subdivision to read:

Subd. 2a. **Contracts in excess of \$5,000; best value alternative.** As an alternative to the procurement method described in subdivision 2, the board may issue a request for proposals and award the contract to the vendor or contractor offering the best value as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 27. Minnesota Statutes 2006, section 469.015, is amended by adding a subdivision to read:

Subd. 1a. **Best value alternative.** As an alternative to the procurement method described in subdivision 1, the authority may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 28. Minnesota Statutes 2006, section 469.068, subdivision 1, is amended to read:

Subdivision 1. Contracts; bids; bonds. All construction work and every purchase of equipment, supplies, or materials necessary in carrying out the purposes of sections 469.048 to 469.068, that involve the expenditure of \$1,000 or more, shall be awarded by contract as provided in this subdivision or in subdivision 1a. Before receiving bids under sections 469.048 to 469.068, the authority shall publish, once a week for two consecutive weeks in the official newspaper of the port's city, a notice that bids will be received for the construction work, or purchase of equipment, supplies, or materials. The notice shall state the nature of the work, and the terms and conditions upon which the contract is to be let

and name a time and place where the bids will be received, opened, and read publicly, which time shall be not less than seven days after the date of the last publication. After the bids have been received, opened, read publicly, and recorded, the commissioners shall award the contract to the lowest responsible bidder, reserving the right to reject any or all bids. The contract shall be executed in writing and the person to whom the contract is awarded shall give sufficient bond to the board for its faithful performance. If no satisfactory bid is received, the port authority may readvertise, or, by an affirmative vote of two of its commissioners in the case of a three-member commission, or five of its members in the case of a seven-member commission, may authorize the authority to perform any part or parts of any construction work by day labor under conditions it prescribes. The commissioners may establish reasonable qualifications to determine the fitness and responsibility of bidders, and require bidders to meet the qualifications before bids are accepted. If the commissioners by a two-thirds or five-sevenths vote declare that an emergency exists requiring the immediate purchase of any equipment or material or supplies at a cost in excess of \$1,000, but not exceeding \$5,000, in amount, or making of emergency repairs, it shall not be necessary to advertise for bids, but the material, equipment, or supplies may be purchased in the open market at the lowest price obtainable, or the emergency repairs may be contracted for or performed without securing formal competitive bids. An emergency, for purposes of this section, is unforeseen circumstances or conditions which result in the jeopardizing of human life or property.

In all contracts involving the employment of labor, the commissioners shall stipulate conditions they deem reasonable, as to the hours of labor and wages and may stipulate as to the residence of employees to be employed by the contractors.

Bonds shall be required from contractors for any works of construction as provided in and subject to all the provisions of sections 574.26 to 574.31.

Sec. 29. Minnesota Statutes 2006, section 469.068, is amended by adding a subdivision to read:

Subd. 1a. **Contracts; best value alternative.** As an alternative to the procurement method described in subdivision 1, a contract may be awarded to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 30. Minnesota Statutes 2006, section 469.101, is amended by adding a subdivision to read:

Subd. 5a. **Construction contracts.** For all contracts for construction, alteration, repair, or maintenance work, the authority may award contracts to the vendor offering the best value, and "best value" shall be defined and applied as set forth in sections 16C.02, subdivision 4a, and 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c). Alternatively, the authority may award all contracts for construction, alteration, repair, or maintenance work to the lowest responsible bidder, reserving the right to reject any or all bids.

Sec. 31. Minnesota Statutes 2006, section 471.345, is amended by adding a subdivision to read:

Subd. 3a. **Contracts over \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 3, municipalities may award a contract for

construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 32. Minnesota Statutes 2006, section 471.345, is amended by adding a subdivision to read:

Subd. 4a. **Contracts from \$10,000 to \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 4, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 33. Minnesota Statutes 2006, section 471.345, subdivision 5, is amended to read:

Subd. 5. **Contracts less than \$10,000.** If the amount of the contract is estimated to be \$10,000 or less, the contract may be made either upon quotation or in the open market, in the discretion of the governing body. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt. Alternatively, municipalities may award a contract for construction, alteration, repair, or maintenance work to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 34. Minnesota Statutes 2006, section 473.523, is amended by adding a subdivision to read:

Subd. 1a. **Contracts over \$50,000; best value alternative.** As an alternative to the procurement method described in subdivision 1, the council may issue a request for proposals and award the contract to the vendor or contractor offering the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c).

Sec. 35. Minnesota Statutes 2006, section 473.756, subdivision 12, is amended to read:

Subd. 12. **Contracts.** The authority may enter into a development agreement with the team, the county, or any other entity relating to the construction, financing, and use of the ballpark and related facilities and public infrastructure. The authority may contract for materials, supplies, and equipment in accordance with sections 471.345 and 473.754, except that the authority, with the consent of the county, may employ or contract with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, or construction manager with respect to all or any part of the ballpark and public infrastructure. Alternatively, at the request of the team and with the consent of the county, the authority shall authorize the team to provide for the design and construction of the ballpark and related public infrastructure, subject to terms of Laws 2006, chapter 257. The construction manager may enter into contracts with contractors for labor, materials, supplies, and equipment for the construction of the ballpark and related public infrastructure through the process of public bidding, except that the construction manager may, with the consent of the authority or the team:

(1) narrow the listing of eligible bidders to those which the construction manager determines to possess sufficient expertise to perform the intended functions;

(2) award contracts to the contractors that the construction manager determines provide the best value under a request for proposals as described in section 16C.28, subdivision 1, paragraph (a), clause (2), and paragraph (c), which are not required to be the lowest responsible bidder; and

(3) for work the construction manager determines to be critical to the completion schedule, award contracts on the basis of competitive proposals or perform work with its own forces without soliciting competitive bids if the construction manager provides evidence of competitive pricing.

The authority shall require that the construction manager certify, before the contract is signed, a fixed and stipulated construction price and completion date to the authority and post a performance bond in an amount at least equal to 100 percent of the certified price, to cover any costs which may be incurred in excess of the certified price, including but not limited to costs incurred by the authority or loss of revenues resulting from incomplete construction on the completion date. The authority may secure surety bonds as provided in section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in sections 574.28 to 574.32, and shall not be entitled to a lien on any property of the authority under the provisions of sections 514.01 to 514.16. Contracts for construction and operation of the ballpark must include programs, including Youthbuild, to provide for participation by small local businesses and businesses owned by people of color, and the inclusion of women and people of color in the workforces of contractors and ballpark operators. The construction of the ballpark is a "project" as that term is defined in section 177.42, subdivision 2, and is subject to the prevailing wage law under sections 177.41 to 177.43.

Presented to the governor May 24, 2007

Signed by the governor May 25, 2007, 12:26 p.m.