

1.1 CONFERENCE COMMITTEE REPORT ON H. F. No. 2227

1.2 A bill for an act  
1.3 relating to local government; establishing Minnesota Innovation and Research  
1.4 Council; imposing powers and duties of council; appropriating money; amending  
1.5 Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing  
1.6 coding for new law in Minnesota Statutes, chapter 465; repealing Minnesota  
1.7 Statutes 2008, section 6.80.

1.8 May 16, 2010

1.9 The Honorable Margaret Anderson Kelliher  
1.10 Speaker of the House of Representatives

1.11 The Honorable James P. Metzen  
1.12 President of the Senate

1.13 We, the undersigned conferees for H. F. No. 2227 report that we have agreed upon  
1.14 the items in dispute and recommend as follows:

1.15 That the Senate recede from its amendment and that H. F. No. 2227 be further  
1.16 amended as follows:

1.17 Delete everything after the enacting clause and insert:

1.18 "ARTICLE 1

1.19 GOVERNMENT REFORM

1.20 Section 1. **[3.9280] COMMISSION ON SERVICE INNOVATION.**

1.21 Subdivision 1. **Establishment.** The Commission on Service Innovation is  
1.22 established to provide the legislature with a strategic plan to reengineer the delivery  
1.23 of state and local government services, including the realignment of service delivery  
1.24 by region and proximity, the use of new technologies, shared facilities, centralized  
1.25 information technologies, and other means of improving efficiency.

1.26 Subd. 2. **Membership.** (a) The commission consists of 19 members, appointed  
1.27 as follows:

1.28 (1) one representative of the Minnesota Chamber of Commerce;

1.29 (2) one representative of the Minnesota Business Partnership;

- 2.1 (3) one representative of the McKnight Foundation;  
2.2 (4) one representative of the Wilder Foundation;  
2.3 (5) one representative of the Bush Foundation;  
2.4 (6) one representative of the Minnesota Council of Nonprofits;  
2.5 (7) one representative of the Citizens League;  
2.6 (8) one representative of the Minnesota Association of Townships;  
2.7 (9) one representative of the Association of Minnesota Counties;  
2.8 (10) one representative of the League of Minnesota Cities;  
2.9 (11) one representative of the University of Minnesota;  
2.10 (12) one representative of the Minnesota State Colleges and Universities;  
2.11 (13) one representative of the Minnesota Association of School Administrators;  
2.12 (14) two representatives of the American Federation of State, County, and Municipal  
2.13 Employees, including one from council 5 and one from council 65;  
2.14 (15) one representative of the Minnesota Association of Professional Employees;  
2.15 (16) one representative of the Service Employees International Union;  
2.16 (17) one representative of the Minnesota High Tech Association; and  
2.17 (18) the state chief information officer.

2.18 (b) The appointments required by this section must be completed by June 30,  
2.19 2010. Appointing authorities shall notify the state chief information officer when making  
2.20 their appointments. The members of the commission shall serve at the pleasure of the  
2.21 appointing authorities.

2.22 Subd. 3. **Organization.** (a) Within two weeks after completion of the appointments  
2.23 under subdivision 2, the state chief information officer shall convene the first meeting of  
2.24 the commission. The state chief information officer shall provide meeting space for the  
2.25 commission. The commission shall select co-chairpersons from its appointed membership  
2.26 at the first meeting. Members of the legislature may attend the meetings of the commission  
2.27 and participate as nonvoting members of the commission.

2.28 (b) The commission shall provide notice of its meetings to the public and to  
2.29 interested members of the legislature. Meetings of the commission shall be open to the  
2.30 public. The commission shall post all reports required under this section on the Legislative  
2.31 Coordinating Commission Web site.

2.32 (c) The commission may solicit and receive private contributions. The commission  
2.33 must designate one of its members to serve as a fiscal agent for the commission. No public  
2.34 money may be used to provide payment of per diems or expenses for members of the  
2.35 commission. The commission may hire staff to assist the commission in its work. Staff  
2.36 hired by the commission are not state employees.

3.1 (d) The commission shall solicit and coordinate public input. The commission  
3.2 must use its best efforts to maximize public involvement in the work of the commission,  
3.3 including the use of best practices in social media. The commission may retain an expert  
3.4 in the use of social media to assist in public outreach and involvement.

3.5 Subd. 4. **Reporting.** (a) Beginning August 1, 2010, the commission shall publish  
3.6 electronic monthly reports on its progress, including a description of upcoming agenda  
3.7 items.

3.8 (b) By January 15 of each year, beginning in 2011, the commission shall report to  
3.9 the chairs and ranking minority members of the legislative committees and divisions  
3.10 with jurisdiction over state government policy and finance regarding its work under this  
3.11 section, with a strategic plan containing findings and recommendations to improve state  
3.12 and local government delivery of public services. The strategic plan must address:

3.13 (1) how to enhance the public involvement and input as the public uses state and  
3.14 local government services and public schools;

3.15 (2) how technology can be leveraged to reduce costs and enhance quality;

3.16 (3) how service innovation will conserve substantial financial resources;

3.17 (4) a transition plan and governance structure that will facilitate high-quality  
3.18 innovation and change in the future;

3.19 (5) how to improve public sector employee productivity;

3.20 (6) the security of individual data and government programs;

3.21 (7) data transparency and accountability;

3.22 (8) centralized and shared services; and

3.23 (9) data interoperability across jurisdictions.

3.24 The strategic plan shall also provide a process to review and modify  
3.25 recommendations at regular intervals in the future based on specific results measured  
3.26 at regular intervals.

3.27 The strategic plan shall also include any proposed legislation necessary to implement  
3.28 the commission's recommendations.

3.29 Subd. 5. **Expiration.** This section expires June 30, 2012.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
3.31 except that if 2010 H.F. No. 3134, article 2, is enacted, this article is of no effect.

4.1 **ARTICLE 2**

4.2 **HOME RULE CHARTER FOR BENTON, STEARNS, AND**  
4.3 **SHERBURNE COUNTIES**

4.4 Section 1. **HOME RULE CHARTER FOR BENTON, STEARNS, AND**  
4.5 **SHERBURNE COUNTIES.**

4.6 Subdivision 1. **County resolution.** Upon approval of this article under section 8, at  
4.7 least two of the three contiguous counties of Benton, Stearns, and Sherburne may propose  
4.8 a county home rule charter commission as provided in this article.

4.9 The county board of each county that has approved this article shall adopt a  
4.10 resolution to establish a home rule charter commission for the approving counties. The  
4.11 resolution must name the counties proposing to establish the charter commission.

4.12 Subd. 2. **County defined.** For purposes of this article, "county" or "counties" means  
4.13 each of the counties of Stearns, Benton, or Sherburne that has approved it.

4.14 Sec. 2. **CHARTER COMMISSION; NOMINATIONS AND APPOINTMENTS.**

4.15 Subdivision 1. **Publication.** Within 30 days after the date of the resolution in section  
4.16 1, the county board of each county shall publish the resolution and a notice inviting  
4.17 interested persons to apply to the county board of commissioners for consideration by the  
4.18 county board and the joint legislative delegation for nomination to the charter commission.  
4.19 The resolution and notice must be published at least once a week for two successive weeks  
4.20 in a qualified newspaper of general circulation within each county. If one newspaper is a  
4.21 qualified newspaper of general circulation for more than one county, those counties may  
4.22 publish jointly. The county boards shall furnish copies of the applications to the members  
4.23 of the joint legislative delegation.

4.24 Subd. 2. **Nomination.** (a) Within 60 days after the date of the resolution in  
4.25 section 1, the county board of each county shall nominate 15 persons as candidates for  
4.26 appointment to a charter commission to propose a charter to provide for the form of  
4.27 county government for the counties. Three persons who reside in the district must be  
4.28 nominated for each of the county commissioner districts in each county. Immediately  
4.29 following selection of the nominees, the county board of each county shall submit the  
4.30 nominations, together with the county board resolution, to the chief judge of the district  
4.31 court with jurisdiction in the county.

4.32 (b) Within 75 days after the date of the resolution in section 1, the joint legislative  
4.33 delegation of each county shall nominate six persons who reside in the county as  
4.34 candidates for appointment to a charter commission to propose a charter to provide for the

5.1 form of county government for the counties. The six persons must be nominated without  
5.2 regard to county commissioner districts. Immediately following selection of the nominees,  
5.3 the delegation shall submit the nominations to the chief judge of the district court with  
5.4 jurisdiction in the county. For purposes of this section, "joint legislative delegation" means  
5.5 all elected members of the house of representatives and senate whose legislative district  
5.6 includes a portion of a county proposing a home rule charter commission under section 1.

5.7 Subd. 3. **Appointment.** With respect to the counties of Stearns and Benton that  
5.8 have approved this article, within 30 days of the selection of nominees, the judges of  
5.9 the seventh judicial district shall appoint to the charter commission 14 members, one  
5.10 appointee for each county commissioner district in the counties of Stearns and Benton  
5.11 and two appointees from each of the counties of Stearns and Benton who were nominated  
5.12 to serve from the county without regard to county commissioner districts. If Sherburne  
5.13 county has approved this article, within 30 days of the selection of nominees, the judges  
5.14 of the tenth judicial district shall appoint to the charter commission seven members, one  
5.15 appointee for each county commissioner district in Sherburne county and two appointees  
5.16 from the county of Sherburne who were nominated to serve from the county without  
5.17 regard to county commissioner districts. The commission members must be qualified  
5.18 voters in the county in which they reside. At least one appointment per county must  
5.19 be a current county employee covered by a collective bargaining unit. A person is not  
5.20 disqualified from serving on the charter commission because the person holds an elective  
5.21 or appointive office. The appointing authority shall fill any vacancies. Appointments must  
5.22 be filed with the board of county commissioners of the county in which the appointee  
5.23 resides. An appointee must file an acceptance with the board within ten days of notification  
5.24 of the appointment or be considered to have declined the appointment.

5.25 Sec. 3. **CHARTER COMMISSION; TERMS; ADMINISTRATION.**

5.26 Subdivision 1. **Chair; rules.** The charter commission shall meet within 30 days  
5.27 after the initial appointment, elect a chair from among the members, and establish rules,  
5.28 including quorum requirements, for its operation and procedures.

5.29 Subd. 2. **Expenses and administration.** The members of the charter commission  
5.30 receive no compensation except reimbursement for expenses actually incurred in the  
5.31 course of their duties. The board of county commissioners of each county may make  
5.32 appropriations to the charter commission to be used to employ research and clerical  
5.33 assistance, for supplies, and to meet expenses considered necessary by the charter  
5.34 commission. The charter commission may request and receive assistance from any county

6.1 official. If requested, a personnel director shall assist the charter commission to test and  
6.2 hire employees. If requested, a county attorney shall provide legal services.

6.3 Subd. 3. **Terms.** Members of the charter commission hold office until a final report  
6.4 has been made under section 4.

6.5 Sec. 4. **CHARTER COMMISSION; POWERS AND DUTIES.**

6.6 Subdivision 1. **Report to county boards.** The charter commission shall deliver  
6.7 to the board of county commissioners of each approving county either (1) its report  
6.8 determining that the present form of county government is adequate for the county and  
6.9 that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report  
6.10 must be signed by a majority of the members of the charter commission.

6.11 Subd. 2. **Contents of report.** The proposed charter may provide for any form of  
6.12 government consistent with the Constitution of the state of Minnesota. It may provide for  
6.13 the establishment and administration of all departments of a county government and for  
6.14 the regulation of all local county functions. It may abolish or consolidate any department  
6.15 or agency. It must provide for present functions to be assumed by new elective or  
6.16 appointive officers as provided in the charter and may provide for other powers consistent  
6.17 with other law. It must provide methods of procedure in respect to the operation of the  
6.18 government created and the duties of all officers. It must provide for a home rule charter  
6.19 commission consistent with article XII, section 5, of the Constitution of the state of  
6.20 Minnesota and may provide for alternative methods for amending or abandoning the  
6.21 charter consistent with the Constitution. A county may be authorized to acquire by  
6.22 gift, devise, purchase, or condemnation or sell or lease any property needed for the full  
6.23 discharge of its duties and powers.

6.24 Subd. 3. **Public hearings.** The charter commission must hold at least one public  
6.25 hearing on the report in each of the county commissioner districts. Based upon the  
6.26 public hearings, the charter commission may revise the report. The revised report must  
6.27 be signed by a majority of the members of the charter commission, and delivered to  
6.28 the county boards.

6.29 Subd. 4. **Personnel.** Personnel matters relating to employees of a county continue  
6.30 to be governed by Minnesota Statutes, chapter 179A, and other law. The proposed  
6.31 charter must not impair any terms of any existing county employee collective bargaining  
6.32 agreement. Prior to the inclusion of any provisions in the proposed charter that may affect  
6.33 the duties or other terms and conditions of employment of county employees, the charter



8.1 powers granted a county by law and all of the duties imposed upon it by law. If a charter  
8.2 provision conflicts with a general law, the requirements of the law prevail.

8.3 Subd. 2. **County bonds and indebtedness.** All general and special laws authorizing  
8.4 a county to incur indebtedness or issue bonds are subject to the home rule charter if the  
8.5 charter provisions are not in conflict with general laws relating to indebtedness.

8.6 Sec. 8. **LOCAL APPROVAL; EFFECTIVE DATE.**

8.7 This article is effective upon approval by at least two of the three counties of Benton,  
8.8 Stearns, and Sherburne and upon compliance by those counties with Minnesota Statutes,  
8.9 section 645.021, subdivision 3. Unless exercised by June 1, 2015, the powers to adopt a  
8.10 charter under this article expire.

### 8.11 **ARTICLE 3**

#### 8.12 **MINNOVATION COUNCIL**

8.13 Section 1. Minnesota Statutes 2008, section 3.971, is amended by adding a subdivision  
8.14 to read:

8.15 Subd. 9. **Recommendations to the Minnovation Council.** The legislative auditor  
8.16 may make recommendations to the Minnovation Council established under section  
8.17 465.7902 that will assist the council in accomplishing its duties.

8.18 Sec. 2. **[465.7901] DEFINITIONS.**

8.19 Subdivision 1. **Agency.** "Agency" means a department, agency, board, or other  
8.20 instrumentality of state government that has jurisdiction over an administrative rule or  
8.21 law from which a waiver is sought under section 465.7903. If no specific agency has  
8.22 jurisdiction over such a law, agency refers to the attorney general.

8.23 Subd. 2. **Council.** "Council" means the Minnovation Council established by  
8.24 section 465.7902.

8.25 Subd. 3. **Local government unit.** "Local government unit" means a county, home  
8.26 rule charter or statutory city, school district, town, or special taxing district.

8.27 Subd. 4. **Metropolitan agency.** "Metropolitan agency" has the meaning given in  
8.28 section 473.121, subdivision 5a.

8.29 Subd. 5. **Metropolitan area.** "Metropolitan area" has the meaning given in section  
8.30 473.121, subdivision 2.

8.31 Subd. 6. **Metropolitan Council.** "Metropolitan Council" means the Metropolitan  
8.32 Council established by section 473.123.

9.1 Subd. 7. **Scope.** As used in sections 465.7901 to 465.7909, the terms defined in  
9.2 this section have the meanings given them.

9.3 Sec. 3. **[465.7902] MINNOVATION COUNCIL.**

9.4 Subdivision 1. **Membership.** The Minnovation Council consists of 16 members,  
9.5 appointed as follows:

9.6 (1) two members of the senate, appointed by the Subcommittee on Committees of  
9.7 the Senate Committee on Rules and Administration, one member of the majority caucus  
9.8 and one member of the largest minority caucus;

9.9 (2) two members of the house of representatives, appointed by the speaker of the  
9.10 house, one member of the majority caucus and one member of the largest minority caucus;

9.11 (3) the commissioner of management and budget;

9.12 (4) the commissioner of administration;

9.13 (5) the state chief information officer;

9.14 (6) an administrative law judge appointed by the chief administrative law judge;

9.15 (7) the state auditor;

9.16 (8) two members with a background in academic research concerning system  
9.17 redesign and delivery, including one member appointed by the chancellor of the Minnesota  
9.18 State Colleges and Universities and one member appointed by the president of the  
9.19 University of Minnesota;

9.20 (9) one member with experience in the leadership of nonprofit organizations,  
9.21 appointed by the Minnesota Council of Nonprofits;

9.22 (10) one member with experience in foundation leadership appointed by the  
9.23 Minnesota Council on Foundations;

9.24 (11) one member with experience as a leader of a for-profit corporation, appointed  
9.25 by the Minnesota Chamber of Commerce;

9.26 (12) one member representing public employees appointed by the American  
9.27 Federation of State, County and Municipal Employees; and

9.28 (13) one member representing the public sector redesign community appointed  
9.29 by the Citizens League.

9.30 All members must have experience or interest in the work of system redesign or public  
9.31 sector innovation. The legislative members serve as nonvoting members. Only members  
9.32 designated in clauses (3) to (7) may vote on proposed rule or law waivers under section  
9.33 465.7903. A commissioner serving on the council may designate an employee from the  
9.34 commissioner's agency to serve as the commissioner's designee. A person registered as a  
9.35 lobbyist under chapter 10A may not be a member of the council.

10.1            Subd. 2. **Duties of council.** The council shall:

10.2            (1) accept applications from local government units and nonprofit organizations for  
10.3 waivers of administrative rules and temporary, limited exemptions from enforcement of  
10.4 procedural requirements in state law as provided in section 465.7903, and determine  
10.5 whether to approve, modify, or reject the application;

10.6            (2) accept applications for grants to local government units and related organizations  
10.7 proposing to design models or plans for innovative service delivery and management as  
10.8 provided in section 465.7905, and determine whether to approve, modify, or reject the  
10.9 application;

10.10           (3) accept applications from eligible local government units for service-sharing  
10.11 grants as provided in section 465.7905, and determine whether to approve, modify,  
10.12 or reject the application;

10.13           (4) make recommendations to the legislature for the authorization of pilot projects  
10.14 for the implementation of innovative service delivery activities that require statutory  
10.15 authorization;

10.16           (5) make recommendations to the legislature regarding the elimination of state  
10.17 mandates that inhibit local government efficiency, innovation, and cooperation by  
10.18 prescribing specific processes for achieving a desired outcome;

10.19           (6) investigate and review the role of unfunded state mandates in intergovernmental  
10.20 relations and assess their impact on state and local government objectives and  
10.21 responsibilities;

10.22           (7) make recommendations to the governor and the legislature regarding:

10.23           (i) allowing flexibility for local units of government in complying with specific  
10.24 unfunded state mandates for which terms of compliance are unnecessarily rigid or  
10.25 complex;

10.26           (ii) reconciling any two or more unfunded state mandates that impose contradictory  
10.27 or inconsistent requirements;

10.28           (iii) terminating unfunded state mandates that are duplicative, obsolete, or lacking  
10.29 in practical utility;

10.30           (iv) suspending, on a temporary basis, unfunded state mandates that are not vital  
10.31 to public health and safety and that compound the fiscal difficulties of local units of  
10.32 government, including recommendations for initiating the suspensions;

10.33           (v) consolidating or simplifying unfunded state mandates or the planning or  
10.34 reporting requirements of the mandates, in order to reduce duplication and facilitate  
10.35 compliance by local units of government with those mandates; and

11.1 (vi) establishing common state definitions or standards to be used by local units of  
11.2 government in complying with unfunded state mandates that use different definitions or  
11.3 standards for the same terms or principles;

11.4 (8) identify relevant unfunded state mandates;

11.5 (9) on a ten-year cycle review all state agencies, boards, commissions, or councils  
11.6 for purposes of making recommendations to the legislature on whether the group should  
11.7 continue or should be sunset;

11.8 (10) facilitate proposals for grants made by eligible applicants; and

11.9 (11) make recommendations on topics to the Legislative Audit Commission for  
11.10 program evaluations that are likely to result in recommendations that will improve the  
11.11 cost-effective delivery of government services.

11.12 Each recommendation under clause (7) must, to the extent practicable, identify  
11.13 the specific unfunded state mandates to which the recommendation applies. The  
11.14 commissioners or directors of state agencies responsible for the promulgation or  
11.15 enforcement of the unfunded mandates addressed in clauses (5) to (11) shall assist the  
11.16 council in carrying out the council's duties under this section.

11.17 Subd. 3. **Additional coordinating functions.** The council may also:

11.18 (1) serve as a clearinghouse for existing ideas and information from community  
11.19 leaders;

11.20 (2) provide a Web site where interested parties may share information and practices;

11.21 (3) receive recommendations from the legislative auditor concerning waivers and  
11.22 other initiatives within the council's jurisdiction;

11.23 (4) conduct research concerning innovation in service delivery and local government  
11.24 efficiency, innovation, and cooperation;

11.25 (5) facilitate regional dialogue concerning successful innovation and collaboration;

11.26 and

11.27 (6) use its best efforts to maximize public involvement in its work, including the use  
11.28 of best practices in social media.

11.29 Subd. 4. **Staff.** The council shall hire an executive director who serves as the state's  
11.30 chief innovation officer. The council may hire other staff or consultants as necessary to  
11.31 perform its duties. The commissioner of administration must provide administrative  
11.32 support services to the council.

11.33 Subd. 5. **Terms and removal.** Members serve at the pleasure of the appointing  
11.34 authority.

11.35 Subd. 6. **Available resources.** The duties imposed under sections 465.7902 to  
11.36 465.7907 must be performed to the extent possible given existing resources.

12.1       Sec. 4. **[465.7903] RULE AND LAW WAIVER REQUESTS.**

12.2           Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local  
12.3 government unit or a nonprofit organization may request the Minnovation Council to  
12.4 grant a waiver from one or more administrative rules or a temporary, limited exemption  
12.5 from enforcement of state procedural laws governing delivery of services by the local  
12.6 government unit or nonprofit organization. Two or more local government units may  
12.7 submit a joint application for a waiver or exemption under this section if they propose  
12.8 to cooperate in providing a service or program that is subject to the rule or law. Before  
12.9 a local unit of government may submit an application to the council, the governing  
12.10 body of the local government unit must approve, in concept, the proposed waiver or  
12.11 exemption at a meeting required to be public under chapter 13D. A waiver or exemption  
12.12 granted to a nonprofit organization under this section applies to services provided to  
12.13 all of the organization's clients.

12.14           (b) A school district that is granted a variance from rules of the commissioner of  
12.15 education under section 122A.163 need not apply to the council for a waiver of those rules  
12.16 under this section. A school district may not seek a waiver of rules under this section if  
12.17 the commissioner of education has authority to grant a variance to the rules under section  
12.18 122A.163. This paragraph does not preclude a school district from being included in a  
12.19 cooperative effort with another local government unit under this section.

12.20           Subd. 2. **Application.** (a) A local government unit or nonprofit organization  
12.21 requesting a waiver of a rule or exemption from enforcement of a law under this section  
12.22 shall present a written application to the council. The application must include:

12.23           (1) identification of the service or program at issue;

12.24           (2) identification of the administrative rule or the law imposing a procedural  
12.25 requirement with respect to which the waiver or exemption is sought; and

12.26           (3) a description of the improved service outcome sought, including an explanation  
12.27 of the effect of the waiver or exemption in accomplishing that outcome.

12.28           (b) A local government unit submitting an application must provide a copy to the  
12.29 exclusive representative certified under section 179A.12 to represent employees who  
12.30 provide the service or program affected by the requested waiver or exemption.

12.31           Subd. 3. **Review process.** (a) Upon receipt of an application, the council shall  
12.32 commence review of the application, as provided in this subdivision. The council shall  
12.33 dismiss an application if it finds that the application proposes a waiver of rules or  
12.34 exemption from enforcement of laws that would result in due process violations, violations  
12.35 of federal law or the state or federal constitution, or the loss of services to people who  
12.36 are entitled to them. If the council does not dismiss an application, the council must

13.1 publish notice in the State Register before it acts on the application. The notice must list  
13.2 the name of the local government unit or nonprofit organization requesting the waiver or  
13.3 exemption, the service or program at issue, and the rule or law with respect to which the  
13.4 waiver of exemption is sought.

13.5 (b) The council shall determine whether a law from which an exemption for  
13.6 enforcement is sought is a procedural law, specifying how a local government unit or  
13.7 nonprofit organization is to achieve an outcome, rather than a substantive law prescribing  
13.8 the outcome or otherwise establishing policy. For the purposes of this section, "procedural  
13.9 law" does not include a statutory notice requirement. For purposes of this section,  
13.10 "procedural law" may not include any provision related to voting or elections. In making  
13.11 its determination, the council shall consider whether the law specifies such requirements  
13.12 as:

13.13 (1) who must deliver a service;

13.14 (2) where the service must be delivered;

13.15 (3) to whom and in what form reports regarding the service must be made; and

13.16 (4) how long or how often the service must be made available to a given recipient.

13.17 (c) If a member of the council also is a commissioner, a commissioner's designee, or  
13.18 the state auditor, or is employed by an agency with jurisdiction over a rule or law affected  
13.19 by an application, the member must not participate in the decision on the particular waiver  
13.20 or exemption.

13.21 (d) If the application is submitted by a local government unit or a nonprofit  
13.22 organization in the metropolitan area or the unit or nonprofit organization requests a  
13.23 waiver of a rule or temporary, limited exemptions from enforcement of a procedural  
13.24 law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the  
13.25 council shall also transmit a copy of the application to the Metropolitan Council for  
13.26 review and comment. The Metropolitan Council shall report its comments to the council  
13.27 within 60 days of the date the application was transmitted to the Metropolitan Council.  
13.28 The Metropolitan Council may point out any resources or technical assistance it may be  
13.29 able to provide a local government unit or nonprofit organization submitting a request  
13.30 under this section.

13.31 (e) Within 15 days after receipt of the application, the council shall transmit a copy  
13.32 of it to the commissioner of each agency having jurisdiction over a rule or law from which  
13.33 a waiver or exemption is sought. The agency may mail a notice that it has received an  
13.34 application for a waiver or exemption to all persons who have registered with the agency  
13.35 under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or  
13.36 exemption is requested. If no agency has jurisdiction over the rule or law, the council shall

14.1 transmit a copy of the application to the attorney general. The agency shall inform the  
14.2 council of its agreement with or objection to and grounds for objection to the waiver or  
14.3 exemption request within 60 days of the date when the application was transmitted to it.  
14.4 An agency's failure to respond under this paragraph is considered agreement to the waiver  
14.5 or exemption. The council shall decide whether to grant a waiver or exemption at its next  
14.6 regularly scheduled meeting following its receipt of an agency's response or the end of  
14.7 the 60-day response period. If consideration of an application is not concluded at that  
14.8 meeting, the matter may be carried over to the next meeting of the council. Interested  
14.9 persons may submit written comments and requests to present oral comments to the  
14.10 council on the waiver or exemption request up to the time of its vote on the application.

14.11 (f) If the exclusive representative of the affected employees of the requesting local  
14.12 government unit objects to the waiver or exemption request, it may inform the council  
14.13 of the objection to and the grounds for the objection to the waiver or exemption request  
14.14 within 60 days of the receipt of the application.

14.15 Subd. 4. **Hearing.** If the agency or the exclusive representative does not agree  
14.16 with the waiver or exemption request, the council shall set a date for a hearing on the  
14.17 application. The hearing must be conducted informally at a meeting of the council.  
14.18 Persons representing the local government unit shall present their request for the waiver or  
14.19 exemption, and a representative from the agency shall explain the agency's objection to the  
14.20 waiver or exemption. Members of the council may request additional information from  
14.21 either party. The council may also request, either before or at the hearing, information  
14.22 or comments from representatives of business, labor, local governments, state agencies,  
14.23 consultants, and members of the public. If a member of the public requests to present  
14.24 comments or information at the hearing, the council must permit the member of the  
14.25 public an opportunity to present the comments or information. If necessary, the hearing  
14.26 may be continued at a subsequent council meeting. A waiver or exemption requires a  
14.27 majority vote of the council members. The council may modify the terms of the waiver or  
14.28 exemption request in arriving at the agreement required under subdivision 5.

14.29 Subd. 5. **Conditions of agreements.** (a) If the council grants a request for a waiver  
14.30 or exemption, the council and the entity making the request shall enter into an agreement  
14.31 providing for the delivery of the service or program that is the subject of the application.  
14.32 The agreement must specify desired outcomes and the means of measurement by which  
14.33 the council will determine whether the outcomes specified in the agreement have been  
14.34 met. The agreement must specify the duration of the waiver or exemption. The duration of  
14.35 a waiver from an administrative rule may be for no less than two years and no more than  
14.36 four years, subject to renewal if both parties agree. An exemption from enforcement of a

15.1 law terminates ten days after adjournment of the regular legislative session held during the  
15.2 calendar year following the year when the exemption is granted, unless the legislature has  
15.3 acted to extend or make permanent the exemption.

15.4 (b) If the council grants a waiver or exemption, it must report the waiver or  
15.5 exemption to the legislature, including the chairs of the governmental operations and  
15.6 appropriate policy committees in the house of representatives and senate, and the governor  
15.7 within 30 days.

15.8 (c) The council may reconsider or renegotiate the agreement if the rule or law  
15.9 affected by the waiver or exemption is amended or repealed during the term of the original  
15.10 agreement. A waiver of a rule under this section has the effect of a variance granted by  
15.11 an agency under section 14.055. The recipient of an exemption from enforcement of a  
15.12 procedural requirement in state law under this section is exempt from that law for the  
15.13 duration of the exemption. The council may require periodic reports from the recipient, or  
15.14 conduct investigations of the service or program.

15.15 Subd. 6. **Enforcement.** If the council finds that the recipient of a waiver or an  
15.16 exemption has failed to comply with the terms of the agreement under subdivision 5, it  
15.17 may rescind the agreement. After an agreement is rescinded, the recipient is subject to the  
15.18 rules and laws covered by the agreement.

15.19 Subd. 7. **Access to data.** If the recipient of a waiver or an exemption through a  
15.20 cooperative program under this section gains access to data that is classified as not public,  
15.21 the access to and use of the data for the recipient is governed by the same restrictions on  
15.22 access to and use of the data that apply to the unit that collected, created, received, or  
15.23 maintained the data.

15.24 **Sec. 5. [465.7904] WAIVERS OF STATE RULES; POLICIES.**

15.25 Subdivision 1. **Application.** A state agency may apply to the council for a waiver  
15.26 from:

15.27 (1) an administrative rule or policy adopted by the commissioner of management  
15.28 and budget that deals with the state personnel system;

15.29 (2) an administrative rule or policy of the commissioner of administration that  
15.30 deals with the state procurement system; or

15.31 (3) a policy of the commissioner of management and budget that deals with the  
15.32 state accounting system.

15.33 Two or more state agencies may submit a joint application. A waiver application  
15.34 must identify the rule or policy at issue, and must describe the improved outcome sought  
15.35 through the waiver.

16.1           Subd. 2. Review process. (a) The council shall review all applications submitted  
16.2 under this section. The council shall dismiss an application if it finds that the application  
16.3 proposes a waiver that would result in due process violations, violations of federal law  
16.4 or the state or federal constitution, or the loss of services to people who are entitled to  
16.5 them. If a proposed waiver would violate the terms of a collective bargaining agreement  
16.6 effective under chapter 179A, the waiver is not effective without the consent of the  
16.7 exclusive representative that is a party to the agreement. The council may approve a  
16.8 waiver only if the council determines that if the waiver is granted: (1) services can  
16.9 be provided in a more efficient or effective manner; and (2) services related to human  
16.10 resources must be provided in a manner consistent with section 43A.01. In the case of a  
16.11 waiver from a policy of the commissioner of management and budget, the council may  
16.12 approve the waiver only if it determines that services will be provided in a more efficient  
16.13 or effective manner and that state funds will be adequately accounted for and safeguarded  
16.14 in a manner that complies with generally accepted government accounting principles.

16.15           (b) Within 15 days of receipt of the application, the council shall send a copy of the  
16.16 application to: (1) the agency whose rule or policy is involved; and (2) all exclusive  
16.17 representatives who represent employees of the agency requesting the waiver. The agency  
16.18 whose rule or policy is involved may mail a copy of the application to all persons who  
16.19 have registered with the agency under section 14.14, subdivision 1a.

16.20           (c) The agency whose rule or policy is involved or an exclusive representative shall  
16.21 notify the council of its agreement with or objection to and grounds for objection to the  
16.22 waiver within 60 days of the date when the application was transmitted to the agency or  
16.23 the exclusive representative. An agency's or exclusive representative's failure to respond  
16.24 under this paragraph is considered agreement to the waiver.

16.25           (d) If the agency or the exclusive representative objects to the waiver, the council  
16.26 shall schedule a meeting at which the agency requesting the waiver may present its case  
16.27 for the waiver and the objecting party may respond. The council shall decide whether  
16.28 to grant a waiver at its next regularly scheduled meeting following its receipt of an  
16.29 agency's response, or the end of the 60-day response period, whichever occurs first. If  
16.30 consideration of an application is not concluded at the meeting, the matter may be carried  
16.31 over to the next meeting of the council. Interested persons may submit written comments  
16.32 to the council on the waiver request.

16.33           (e) If the council grants a request for a waiver, the council and the agency requesting  
16.34 the waiver shall enter into an agreement relating to the outcomes desired as a result of the  
16.35 waiver and the means of measurement to determine whether those outcomes have been  
16.36 achieved with the waiver. The agreement must specify the duration of the waiver, which

17.1 must be for at least two years and not more than four years. If the council determines that  
17.2 an agency that has received a waiver is failing to comply with the terms of the agreement,  
17.3 the council may rescind the agreement.

17.4 Subd. 3. **Participation.** If a waiver request involves a rule or policy adopted by an  
17.5 official specified in section 465.7902, subdivision 1, clauses (3) to (7), that official may  
17.6 not participate in the evaluation of that waiver request.

17.7 Sec. 6. **[465.7905] INNOVATION AND REDESIGN GRANTS.**

17.8 Subdivision 1. **Application.** One or more local units of government, an association  
17.9 of local governments, the Metropolitan Council, a local unit of government acting in  
17.10 conjunction with an organization or a state agency, an organization established by two  
17.11 or more local units of government under a joint powers agreement, or a not-for-profit  
17.12 organization may apply to the Minnovation Council for a grant to be used to: (1) develop  
17.13 models for service redesign; or (2) meet the start-up costs of providing shared services  
17.14 or functions. Agreements solely to make joint purchases do not qualify for grants. The  
17.15 application must specify a nonstate funding source for 25 percent of the total cost of the  
17.16 proposal. The application to the council must state what other sources of funding have  
17.17 been considered by the local units of government to implement the project and explain why  
17.18 it is not possible to complete the project without assistance from the council. The council  
17.19 may not award a grant if it determines that the local units of government could complete  
17.20 the project without council assistance or if it determines the applicant has not specified a  
17.21 nonstate funding source for 25 percent of the total cost. A copy of the application must be  
17.22 provided by the units to the exclusive representatives certified under section 179A.12 to  
17.23 represent employees who provide the service or program affected by the application.

17.24 Subd. 2. **Proposals.** (a) Proposed models for service redesign may provide options  
17.25 to local governments, neighborhood or community organizations, other not-for-profit  
17.26 organizations, or individuals to redesign service delivery. In awarding grants under this  
17.27 paragraph, the council must consider whether the proposal:

17.28 (1) expands consumer choices and opportunities;

17.29 (2) shifts government toward an expanded role as a purchaser, rather than a provider,  
17.30 of services;

17.31 (3) reduces administrative costs through statewide or regional contracting, or related  
17.32 administrative efficiencies;

17.33 (4) reduces administrative costs through the accumulation of multiple related  
17.34 services into a single contract with one provider, or related administrative efficiencies;

17.35 (5) fosters entrepreneurial leadership in the public sector; and

18.1 (6) increases value to the taxpayer or results per dollar spent.

18.2 (b) A proposal for a grant for shared services or functions must include plans to  
18.3 fully integrate a service or function provided by two or more local government units.  
18.4 The proposal must include how value for the taxpayer or results per dollar spent will be  
18.5 impacted.

18.6 Subd. 3. **Requirements.** A copy of the work product for which the grant was  
18.7 provided must be furnished to the council upon completion, and the council may  
18.8 disseminate it to other local units of government or interested groups. If the council finds  
18.9 that the work was not completed or implemented according to the terms of the grant  
18.10 agreement, it may require the grantee to repay all or a portion of the grant. The council  
18.11 shall award grants on the basis of each qualified applicant's score under the scoring  
18.12 system in section 465.7906. The amount of a grant under subdivision 2, paragraph (a),  
18.13 may not exceed \$250,000. The amount of a grant under subdivision 2, paragraph (b),  
18.14 may not exceed \$100,000.

18.15 Sec. 7. **[465.7906] SCORING SYSTEM.**

18.16 In deciding whether to award a grant under section 465.7905, the council shall  
18.17 use the following scoring system:

18.18 (1) Up to 15 points must be awarded to reflect the extent to which the application  
18.19 demonstrates creative thinking, careful planning, cooperation, involvement of the clients  
18.20 of the affected service, and commitment to persist through challenges.

18.21 (2) Up to 25 points must be awarded to reflect the extent to which the proposed  
18.22 project is likely to improve the quality of the service, increase value to the taxpayers or  
18.23 results per dollar spent, and to have benefits for other local governments.

18.24 (3) Up to 15 points must be awarded to reflect the extent to which the application's  
18.25 budget provides sufficient detail, maximizes the use of state funds, documents the need  
18.26 for financial assistance, commits to local financial support, and limits expenditures to  
18.27 essential activities.

18.28 (4) Up to 15 points must be awarded to reflect the extent to which the application  
18.29 reflects the statutory goal of the grant program.

18.30 (5) Up to 15 points must be awarded to reflect the merit of the proposed project and  
18.31 the extent to which it warrants the state's financial participation.

18.32 (6) Up to five points must be awarded to reflect the cost to benefit ratio projected  
18.33 for the proposed project.

18.34 (7) Up to five points must be awarded to reflect the number of government units  
18.35 participating in the proposal.

19.1 (8) Up to five points must be awarded to reflect the minimum length of time the  
19.2 application commits to implementation.

19.3 **Sec. 8. [465.7907] REPAYMENT OF GRANTS.**

19.4 Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient  
19.5 offered to repay the grant in its original application, as part of a grant awarded under  
19.6 section 465.7905, the council may require the grant recipient to repay all or part of the  
19.7 grant if the council determines the project funded by the grant resulted in an actual savings  
19.8 for the participating local units of government. The grant agreement must specify how the  
19.9 savings are to be determined and the period of time over which the savings will be used  
19.10 to calculate a repayment requirement. The repayment of grant money under this section  
19.11 must not exceed an amount equal to the total savings achieved through the implementation  
19.12 of the project.

19.13 Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant  
19.14 applications under section 465.7906, the council shall award additional points to any  
19.15 applicant that projects a potential cost savings through the implementation of its project  
19.16 and offers to repay part or all of the grant under the formula in subdivision 1.

19.17 Subd. 3. **Use of repayment revenue.** All grant money repaid to the council under  
19.18 this section is appropriated to the council for additional grants authorized by section  
19.19 465.7905.

19.20 **Sec. 9. [465.7908] RECEIPTS; APPROPRIATION.**

19.21 (a) The council may charge a fee for the use of services provided by the council's  
19.22 staff. The receipts from fees charged under this section are deposited in a special revenue  
19.23 account and appropriated to the council for services provided under sections 465.7901 to  
19.24 465.7908.

19.25 (b) The council may accept gifts and grants. Money received under this paragraph  
19.26 is deposited in a special revenue account and appropriated to the council for services  
19.27 provided under sections 465.7901 to 465.7908.

19.28 **Sec. 10. [465.7909] ANNUAL COUNCIL REPORT ON INNOVATION AND**  
19.29 **GUARANTEEING INCREASED VALUE TO THE TAXPAYER.**

19.30 Subdivision 1. **Report.** The council shall report by January 15 each year to the  
19.31 governor and appropriate committees of the house of representatives and senate on its  
19.32 activities. The report shall include the amount of the council's net spending, the amount of  
19.33 savings and the increased outcomes to the taxpayer that was identified by the council, and

20.1 the actual documented savings to state and local governments. Entities receiving grants  
20.2 or waivers from the council must document and verify savings to the taxpayer from the  
20.3 previous year's budgets.

20.4 Subd. 2. **Savings and increased value.** The council must make every effort to  
20.5 obtain \$3 in savings and show increased value to the taxpayer for each net state dollar  
20.6 spent by the council.

20.7 Subd. 3. **Innovative practices.** The council shall promote and drive innovative  
20.8 practices and must make annual recommendations to the legislature. One or all of these  
20.9 recommendations may be in partnership with an individual, foundations, nonprofits, or  
20.10 businesses. The council may make endorsements of proposals of individuals, foundations,  
20.11 nonprofits, or businesses when making recommendations. The council must make annual  
20.12 recommendations to:

20.13 (1) recommend at least \$20 in savings and show increased outcomes to the taxpayer  
20.14 for each net state dollar spent by the council. These savings may be spread out over  
20.15 various budget items;

20.16 (2) recommend policy changes that will quantifiably improve desired outcome  
20.17 attainment to the taxpayer as compared to dollars spent. This shall not be limited to  
20.18 efficiency but may also include developing new approaches to achieve desired outcomes;

20.19 (3) highlight existing innovative practices or partnerships in the state; and

20.20 (4) recommend innovative models, which may include state and local government  
20.21 structural redesign, from across the country to the legislature; highlight innovative  
20.22 practices from past or contemporary reports; recommend evidence-based service delivery  
20.23 methods for this state; or recommend theory-based working models of approaches to  
20.24 policy.

20.25 Sec. 11. **[465.7910] SUNSET.**

20.26 Sections 465.7901 to 465.7909 expire June 30, 2018.

20.27 Sec. 12. **APPOINTMENTS; FIRST MEETING.**

20.28 The appointing authorities under section 3 must complete their initial appointments  
20.29 to the Minnovation Council no later than August 1, 2010. The state auditor must convene  
20.30 the first meeting of the council by September 1, 2010.

20.31 Sec. 13. **REPEALER.**

20.32 Minnesota Statutes 2008, section 6.80, is repealed.

21.1 Sec. 14. **EFFECTIVE DATE.**

21.2 Sections 1 to 13 are effective July 1, 2010.

21.3 **ARTICLE 4**

21.4 **TASK FORCE FOR POLICY INNOVATION**

21.5 Section 1. **TASK FORCE FOR POLICY INNOVATION AND RESEARCH.**

21.6 Subdivision 1. **Membership.** The Task Force for Policy Innovation and Research  
21.7 includes the following 15 members:

21.8 (1) four members of the senate appointed by the Subcommittee on Committees of  
21.9 the Committee on Rules and Administration, including two members of the minority;

21.10 (2) two members of the house of representatives appointed by the speaker of the  
21.11 house;

21.12 (3) two members of the house of representatives appointed by the minority leader  
21.13 of the house of representatives;

21.14 (4) one member appointed by and serving at the pleasure of each of the following:

21.15 (i) the Wilder Foundation;

21.16 (ii) the Blandin Foundation;

21.17 (iii) the Minneapolis Foundation;

21.18 (iv) the McKnight Foundation; and

21.19 (v) the Bush Foundation;

21.20 (5) the director of the Center for the Study of Politics and Governance at the  
21.21 Humphrey Institute at the University of Minnesota; and

21.22 (6) one member from the office of the president of the University of Minnesota,  
21.23 selected by the president.

21.24 The appointing authorities under this subdivision shall complete their appointments no  
21.25 later than July 1, 2010.

21.26 The responsible appointing authority shall fill a vacancy on the task force within 30  
21.27 days after the vacancy is created.

21.28 The director of the Center for the Study of Politics and Governance at the Humphrey  
21.29 Institute shall convene the first meeting of the task force no later than September 1, 2010.

21.30 The task force shall select a chair from its membership at the first meeting. The members  
21.31 shall serve without compensation from the task force but legislative members may be

21.32 reimbursed for their reasonable expenses as members of the legislature. The director of

21.33 the Center for the Study of Politics and Governance at the Humphrey Institute shall assist

21.34 the task force in administrative matters.



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

23.2 House Conferees:

23.3 .....  
23.4 Paul Marquart Diane Loeffler

23.5 .....  
23.6 Carol McFarlane

23.7 Senate Conferees:

23.8 .....  
23.9 James Metzen Terri Bonoff

23.10 .....  
23.11 Julie Rosen