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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1826

03/12/2015 Authored by Nelson

The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

03/25/2015 Adoption of Report: Re-referred to the Committee on State Government Finance

1.1 A bill for an act  
1.2 relating to state government; contracts; grant management; amending Minnesota  
1.3 Statutes 2014, sections 16B.97, subdivision 1; 16B.98, subdivisions 1, 11.

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

1.5 Section 1. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

1.6 Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or  
1.7 electronic document defining a legal relationship between a granting agency and a grantee  
1.8 when the principal purpose of the relationship is to transfer cash or something of value  
1.9 to the recipient to support a public purpose authorized by law instead of acquiring by  
1.10 professional or technical contract, purchase, lease, or barter property or services for the  
1.11 direct benefit or use of the granting agency.

1.12 (b) This section does not apply to general obligation grants as defined by section  
1.13 16A.695 and capital project grants to political subdivisions as defined by section 16A.86.

1.14 Sec. 2. Minnesota Statutes 2014, section 16B.98, subdivision 1, is amended to read:

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

1.19 (b) This section does not apply to general obligation grants as defined by section  
1.20 16A.695 and also capital project grants to political subdivisions as defined by section  
1.21 16A.86.

1.22 Sec. 3. Minnesota Statutes 2014, section 16B.98, subdivision 11, is amended to read:

2.1 Subd. 11. **Encumbrance exception.** Notwithstanding subdivision 5, paragraph (a),  
2.2 clause (2), or section 16C.05, subdivision 2, paragraph (a), clause (3), agencies may  
2.3 permit a specifically named, legislatively appropriated, noncompetitive grant recipient to  
2.4 incur eligible expenses based on an agreed upon work plan and budget for up to 60 days  
2.5 prior to an encumbrance being established in the accounting system. For a grant funded  
2.6 in whole or in part with state general obligation bond proceeds, an agency may permit  
2.7 incurring of expenses under this subdivision only with prior approval of the commissioner  
2.8 of management and budget.