

A bill for an act
relating to state government; establishing certain requirements for state contracts
valued at more than \$100,000; proposing coding for new law in Minnesota
Statutes, chapter 16C.

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

Section 1. **[16C.051] REQUIREMENTS FOR CONTRACTS OVER \$100,000.**

Subdivision 1. **Application.** This section applies to a contract with an estimated
value of \$100,000 or more. The requirements imposed by this section are in addition
to, and do not supersede, the requirements of any other applicable section of law. This
section does not apply to a Department of Transportation contract that is subject to
section 161.3203.

Subd. 2. **Required review.** (a) Before entering into a contract subject to this section,
the agency head must prepare a comprehensive written estimate of the cost of having the
same work provided in the most cost-effective manner by agency employees. The cost
estimate must include all costs of having agency employees provide the work, including
the cost of pension, insurance, and all other employee benefits. The cost estimate is
nonpublic data, as defined in section 13.02, subdivision 9, until the day after the deadline
for receipt of responses under paragraph (b).

(b) After soliciting and receiving responses, the agency head shall publicly designate
the responder to which it proposes to award the contract. The commissioner shall prepare
a comprehensive written estimate of the cost of the proposal based on the designated
responder's bid, including costs associated with monitoring the proposed contract. If the
designated responder proposes to perform any or all of the desired services outside the
state, the commissioner shall include in the cost estimate, as nearly as possible, any loss of

sales and income tax revenue to the state. The cost estimate must not include trade secret data which is classified as nonpublic data under section 13.37, subdivision 2.

(c) An agency may not enter into a contract subject to this section unless the agency head determines that:

(1) the cost estimated under paragraph (b) will be lower than the cost estimated under paragraph (a);

(2) the quality of the work to be provided by the designated responder is likely to equal or exceed the quality of services that could be provided by state employees;

(3) the contract, together with other contracts to which the department is or has been a party, will not violate section 16C.08 or 16C.09, or otherwise reduce full-time equivalent positions within the department; and

(4) the proposed contract is in the public interest.

Subd. 3. **Reports.** The commissioner of administration must report to the legislature by September 1 each year, in compliance with sections 3.195 and 3.197, on implementation of this section. The report must list all contracts subject to this section that were executed or performed, whether wholly or in part, in the previous fiscal year. The report must identify, with respect to each contract: the contractor; contract amount; duration; work, provided or to be provided; the comprehensive estimate derived under subdivision 2, paragraph (a); the comprehensive estimate derived under subdivision 2, paragraph (b); the actual cost to the agency of the contractor's performance of the contract; and a statement containing the agency head's determinations under subdivision 2, paragraph (c).

Subd. 4. **Short title.** This section may be cited as the "Taxpayers Accountability Act."