

A bill for an act
relating to state government; proposing an amendment to the Minnesota
Constitution, article III, by adding a section; article IV, section 9; article
V, section 4; establishing a council to prescribe salaries for legislators and
constitutional officers; abolishing the compensation council; amending
Minnesota Statutes 2006, sections 15A.083, subdivision 6a; 43A.17, subdivision
9; 116S.03, subdivision 1; 352.029, subdivision 2a; 353.017, subdivision 7;
354.41, subdivision 4a; 480A.02, subdivision 7; repealing Minnesota Statutes
2006, section 15A.082.

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

ARTICLE 1
CONSTITUTIONAL AMENDMENT

Section 1. CONSTITUTIONAL AMENDMENTS PROPOSED.

An amendment to the Minnesota Constitution is proposed to the people. If the
amendment is adopted, a section shall be added to article III, to read:

Sec. 2. A council shall prescribe salaries for legislators and for the executive officers
specified in article V, section 1. With respect to legislators, the council shall also prescribe
any per diem living expenses and reimbursement for lodging and travel expenses. Other
items of compensation for legislators and executive officers, including insurance and
retirement benefits, shall be determined as provided by law.

The council consists of the following members: eight nonjudges appointed by the
chief justice of the Supreme Court and one member from each congressional district
appointed by the governor. Four members appointed by the governor and four members
appointed by the Supreme Court must belong to the political party that has the most
members in the legislature. The remaining members appointed by the governor and four
members appointed by the Supreme Court must belong to the political party that has the

second-most members in the legislature. However, if Minnesota has more than eight congressional districts, half or more of the members appointed by the governor must be from the political party that has the most members in the legislature. The council must prescribe salaries by May of each odd-numbered year, with any changes in salary to take effect on January 1 of the next year.

article IV, section 9, will read:

Sec. 9. ~~The compensation salary and other items of compensation specified in article III, section 2, of senators and representatives shall be prescribed by law. No increase of compensation shall take effect during the period for which the members of the existing house of representatives may have been elected~~ the council established in article III, section 2. Other items of compensation for legislators shall be determined as provided by law.

article V, section 4, will read:

Sec. 4. The term of office of the secretary of state, attorney general and state auditor is four years and until a successor is chosen and qualified. ~~The duties and salaries of the executive officers shall be prescribed by law. The salaries of the executive officers shall be prescribed by the council established in article III, section 2. Other items of compensation for executive officers shall be determined as provided by law.~~

Sec. 2. **SCHEDULE AND QUESTION.**

The proposed amendment must be submitted to the people at the 2008 general election. The question submitted must be:

"Shall the Minnesota Constitution be amended to remove legislators' ability to set their own salaries and instead establish a council to prescribe salaries for legislators and elected executive branch officers?"

Yes

No"

ARTICLE 2
STATUTORY CHANGES

Section 1. Minnesota Statutes 2006, section 15A.083, subdivision 6a, is amended to read:

Subd. 6a. **Administrative law judge; salaries.** The salary of the chief administrative law judge is 98.52 percent of the salary of a district court judge. The salaries of the assistant chief administrative law judge and administrative law judge

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supervisors are 93.60 percent of the salary of a district court judge. The salary of an administrative law judge employed by the Office of Administrative Hearings is 88.67 percent of the salary of a district court judge ~~as set under section 15A.082, subdivision 3.~~

Sec. 2. Minnesota Statutes 2006, section 43A.17, subdivision 9, is amended to read:

Subd. 9. **Political subdivision compensation limit.** (a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, excluding a school district, or employed under section 422A.03 may not exceed 110 percent of the salary of the governor ~~as set under section 15A.082,~~ except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) shall be adjusted annually in January. The limit shall equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which shall be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which shall not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation shall be the annual cost to the political subdivision for the provision of the compensation.

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(d) The salary of a medical doctor or doctor of osteopathy occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation shall be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

Sec. 3. Minnesota Statutes 2006, section 116S.03, subdivision 1, is amended to read:

Subdivision 1. **Generally.** The board shall appoint and set the compensation for the executive director, who serves as chief executive officer of the corporation. The executive director's compensation may not exceed 95 percent of the salary of the governor ~~set under section 15A.082~~. The board may designate the executive director as its general agent. Subject to the approval of the board, the executive director shall employ staff consultants and other agents necessary to carry out the mission of the corporation.

Sec. 4. Minnesota Statutes 2006, section 352.029, subdivision 2a, is amended to read:

Subd. 2a. **Limitations on salary for benefits and contributions.** (a) The covered salary for a labor organization employee who qualifies for membership under this section or section 352.75 is limited to the lesser of:

(1) the employee's actual salary as defined under section 352.01, subdivision 13; or

(2) 75 percent of the salary of the governor ~~as set under section 15A.082~~.

(b) The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 352.04, subdivisions 2 and 3, and in determining retirement annuities and other benefits under this chapter and chapter 356.

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Sec. 5. Minnesota Statutes 2006, section 353.017, subdivision 7, is amended to read:

Subd. 7. **Limitations on salary and contributions.** The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 353.01, subdivision 10; or

(2) 75 percent of the salary of the governor ~~as set under section 15A.082.~~

The limited covered salary determined under this subdivision must be used in determining employee and employer contributions under section 353.27, subdivisions 2, 3, and 3a, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 6. Minnesota Statutes 2006, section 354.41, subdivision 4a, is amended to read:

Subd. 4a. **Limitations on salary and contributions.** The covered salary for a labor organization employee who qualifies for membership under this section is limited to the lesser of:

(1) the employee's actual salary as defined under section 354.05, subdivision 35; or

(2) 75 percent of the salary of the governor ~~as set under section 15A.082.~~

The limited covered salary determined under this subdivision must be used in determining employee, employer, and employer additional contributions under section 354.42, subdivisions 2, 3, and 5, and in determining retirement annuities and other benefits under this chapter and chapter 356.

Sec. 7. Minnesota Statutes 2006, section 480A.02, subdivision 7, is amended to read:

Subd. 7. **Compensation; travel expenses.** The salary of a judge of the Court of Appeals shall be as ~~provided by section 15A.082~~ prescribed by the legislature. Travel expenses shall be paid by the state in the same manner and amount as provided for judges of the district court in section 484.54.

Sec. 8. **REVISOR'S INSTRUCTION.**

Wherever "under section 15A.082"; "under section 15A.082, subdivision 3"; or "by section 15A.082" appears in statutes, replace that term with "by the council."

Sec. 9. **REPEALER.**

Minnesota Statutes 2006, section 15A.082, is repealed.

Sec. 10. **EFFECTIVE DATE.**

6.1 This article is effective upon approval of the constitutional amendment proposed in
6.2 article 1.

APPENDIX
Article locations in 08-6119

ARTICLE 1	CONSTITUTIONAL AMENDMENT	Page.Ln 1.11
ARTICLE 2	STATUTORY CHANGES	Page.Ln 2.27

15A.082 COMPENSATION COUNCIL.

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

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

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

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

Subd. 4. **Criteria.** In making compensation recommendations, the council shall consider the amount of compensation paid in government service and the private sector to persons with similar qualifications, the amount of compensation needed to attract and retain experienced and competent persons, and the ability of the state to pay the recommended compensation. In making recommendations for legislative compensation, the council shall also consider the average length of a legislative session, the amount of work required of legislators during interim periods, and opportunities to earn income from other sources without neglecting legislative duties.

Subd. 4a. **Constitutional officers.** No constitutional officer whose compensation is set under this section may receive monetary compensation for unused vacation or sick leave accruals.

Subd. 6. **Expiration.** Each Compensation Council shall expire upon submission of the recommendations required by subdivision 3.