

## HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **1961**

02/25/2014 Authored by Halverson, Laine, Winkler, Simon, Wagenius and others  
The bill was read for the first time and referred to the Committee on Elections  
03/03/2014 Adoption of Report: Amended and re-referred to the Committee on Government Operations  
03/17/2014 Adoption of Report: Re-referred to the Committee on Civil Law  
03/26/2014 Adoption of Report: Amended and Placed on the General Register  
Read Second Time

1.1 A bill for an act  
1.2 relating to ethics in government; expanding requirements relating to economic  
1.3 disclosure and conflicts of interest; amending Minnesota Statutes 2012,  
1.4 sections 10A.09, subdivision 5, by adding a subdivision; 13.607, subdivision 5;  
1.5 Minnesota Statutes 2013 Supplement, sections 10A.02, subdivision 10; 10A.07,  
1.6 subdivision 1.

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

1.8 Section 1. Minnesota Statutes 2013 Supplement, section 10A.02, subdivision 10,  
1.9 is amended to read:

1.10 Subd. 10. **Audits and investigations.** Within limits of available resources, the board  
1.11 ~~may must~~ make audits and investigations; with respect to the requirements of this chapter.  
1.12 The board may impose statutory civil penalties, and issue orders for compliance with  
1.13 respect to the requirements of this chapter and provisions under the board's jurisdiction  
1.14 pursuant to subdivision 11. In all matters relating to its official duties, the board has the  
1.15 power to require testimony under oath, to permit written statements to be given under  
1.16 oath, and to issue subpoenas and cause them to be served. If a person does not comply  
1.17 with a subpoena, the board may apply to the District Court of Ramsey County for issuance  
1.18 of an order compelling obedience to the subpoena. A person failing to obey the order is  
1.19 punishable by the court as for contempt.

1.20 Sec. 2. Minnesota Statutes 2013 Supplement, section 10A.07, subdivision 1, is  
1.21 amended to read:

1.22 Subdivision 1. **Disclosure of potential conflicts.** A public official or a local official  
1.23 elected to or appointed by a metropolitan governmental unit who in the discharge of official  
1.24 duties would be required to take an action or make a decision that would substantially

affect the official's financial interests, the financial interests of the official's spouse, or those the financial interests of an associated business of the official or the official's spouse, unless the effect on the official or spouse is no greater than on other members of the official's or spouse's business classification, profession, or occupation, must take the following actions:

(1) prepare a written statement describing the matter requiring action or decision and the nature of the potential conflict of interest;

(2) deliver copies of the statement to the official's immediate superior, if any; and

(3) if a member of the legislature or of the governing body of a metropolitan governmental unit, deliver a copy of the statement to the presiding officer of the body of service.

If a potential conflict of interest presents itself and there is insufficient time to comply with clauses (1) to (3), the public or local official must orally inform the superior or the official body of service or committee of the body of the potential conflict.

Sec. 3. Minnesota Statutes 2012, section 10A.09, subdivision 5, is amended to read:

Subd. 5. **Form.** (a) A statement of economic interest required by this section must be on a form prescribed by the board. The individual filing must provide the following information:

(1) name, address, occupation, and principal place of business;

(2) the name of each associated business and the nature of that association;

(3) a listing of all real property within the state, excluding homestead property, in which the individual holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of \$50,000 or more;

(4) a listing of all real property within the state in which a partnership of which the individual is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if the individual's share of the partnership interest is valued in excess of \$2,500; or (ii) an option to buy, if the property has a fair market value of \$50,000 or more. A listing under clause (3) or (4) must indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county in which the property is located; ~~and~~

(5) a listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a racehorse, in which the individual directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest;

(6) a listing of the principal business or professional activity code of each business from which the individual receives more than \$50 in any month as an employee, if the individual has an ownership interest of 25 percent or more in the business; and

(7) a listing of each principal business or professional activity code from which the individual received compensation of more than \$2,500 in the past 12 months as an independent contractor.

(b) The following are the principal business or professional activity codes for purposes of paragraph (a), clauses (6) and (7):

(1) accommodation, food services, and drinking places;

(2) administrative and support services;

(3) waste management and remediation services;

(4) agriculture, forestry, hunting, and fishing;

(5) gambling industries;

(6) arts, entertainment, and recreation;

(7) construction of buildings;

(8) educational services;

(9) insurance;

(10) securities and other financial services;

(11) health care and social assistance;

(12) broadcasting and telecommunications;

(13) data processing services;

(14) manufacturing;

(15) mining;

(16) personal services;

(17) repair and maintenance;

(18) professional, scientific, and technical services not listed in another clause;

(19) legal services;

(20) real estate, rental, and leasing;

(21) religious, grant-making, civic, professional, and similar organizations;

(22) retail trade;

(23) transportation and warehousing;

(24) utilities;

(25) wholesale trade;

(26) wholesale electronic markets, agents, and brokers;

(27) political consulting;

(28) public or media relations;

4.1 (29) government relations;  
4.2 (30) fund-raising; and  
4.3 (31) other principal business or professional activity codes specified in board rules  
4.4 or advisory opinions.

4.5 **EFFECTIVE DATE.** This section is effective the day following final enactment for  
4.6 a person who becomes a public official on or after that date, and for a person who files an  
4.7 affidavit of candidacy or a petition to appear on a ballot that is subject to section 10A.09.  
4.8 For a person who is a public official before the effective date of this section, this section is  
4.9 effective for supplementary statements due April 15, 2015.

4.10 Sec. 4. Minnesota Statutes 2012, section 10A.09, is amended by adding a subdivision  
4.11 to read:

4.12 **Subd. 10. Board audits; data classification.** (a) In conducting an audit of data  
4.13 reported under this section, the board may require an individual to disclose the underlying  
4.14 data on which the statement is based.

4.15 (b) All data related to an audit, including the existence of the audit, are classified  
4.16 as confidential data, as defined in section 13.02, subdivision 3. A member, employee, or  
4.17 agent of the board must not disclose information obtained by the member, employee, or  
4.18 agent concerning the audit except as required to carry out the audit or take action in the  
4.19 matter. Upon completion of the audit, the board's final audit report is public. The final  
4.20 audit report must contain the name of the individual subject to the audit, a description of  
4.21 any audit findings, a description of any responses provided by the individual who was  
4.22 subject to the audit, and a description of the manner in which any findings were resolved.

4.23 Sec. 5. Minnesota Statutes 2012, section 13.607, subdivision 5, is amended to read:

4.24 **Subd. 5. Statements of economic interest.** (a) Disclosure of statements of  
4.25 economic interest filed by local officials is governed by section 10A.09, subdivision 6a.

4.26 (b) Data related to audits of statements of economic interest are governed by section  
4.27 10A.09, subdivision 10.