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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 2862

02/20/2018 Authored by Howe
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to local government; prohibiting waivers to political subdivision salary
1.3 limits in certain circumstances; amending Minnesota Statutes 2016, section 43A.17,
1.4 subdivision 9.

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

1.6 Section 1. Minnesota Statutes 2016, section 43A.17, subdivision 9, is amended to read:

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

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

1.19 (c) Deferred compensation and payroll allocations to purchase an individual annuity
1.20 contract for an employee are included in determining the employee's salary. Other forms
1.21 of compensation which must be included to determine an employee's total compensation
1.22 are all other direct and indirect items of compensation which are not specifically excluded

2.1 by this subdivision. Other forms of compensation which must not be included in a
2.2 determination of an employee's total compensation for the purposes of this subdivision are:

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

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

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

2.13 The value of other forms of compensation is the annual cost to the political subdivision
2.14 for the provision of the compensation.

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

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

2.32 (f) The commissioner must not increase the limitation in this subdivision for any political
2.33 subdivision that received state aid under sections 477A.011 to 477A.14 in the calendar year
2.34 immediately preceding the request.