SENATE

STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2069

1.1 A bill for an act

1.2 relating to Legislative Audit Commission and the legislative auditor; modifying
1.3 certain duties and agency responsibilities to notify the legislative auditor of unlawful
1.4 access to not public data; amending Minnesota Statutes 2018, sections 3.97,
1.5 subdivision 3a; 3.971, subdivision 9; 3.972, subdivision 2a; repealing Minnesota
1.6 Statutes 2018, section 3.9735.

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

1.8 Section 1. Minnesota Statutes 2018, section 3.97, subdivision 3a, is amended to read:

1.9 Subd. 3a. **Evaluation topics.** (a) The commission shall periodically select topics for the

1.10 legislative auditor to evaluate. Topics may include any agency, program, or activity

1.11 established by law to achieve a state purpose, or any topic that affects the operation of state

1.12 government, but. The commission shall give primary consideration to topics that are likely,

1.13 upon examination, to produce recommendations for cost savings, increased productivity,

1.14 or the elimination of duplication among public agencies. The commission shall also give

1.15 consideration to programs and statutory provisions that authorize grants, tax incentives, and

1.16 other inducements for economic development. Legislators and legislative committees may

1.17 suggest topics for evaluation, but the legislative auditor shall only conduct evaluations

1.18 approved by the commission.

1.19 (b) The commission is requested to direct the auditor, in response to a suggestion from

1.20 an individual legislator of an evaluation topic, to estimate the scope of the proposed

1.21 evaluation and the time required to complete it. The estimate must be reported to the legislator

1.22 who submitted the suggestion and to the commission. The commission must determine

1.23 within 60 days of receiving the estimate whether to proceed with the suggested evaluation

1.24 and must convey its decision to the legislator along with the reasons for its decision.

Section 1. 1

2.1   Sec. 2. Minnesota Statutes 2018, section 3.971, subdivision 9, is amended to read:

2.2   Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial,

2.3   or information officers of an organization subject to audit under this section must promptly

2.4   notify the legislative auditor when the officer obtains information indicating that public

2.5   money or other public resources may have been used for an unlawful purpose, or when the

2.6   officer obtains information indicating that government data classified by chapter 13 as not

2.7   public may have been accessed ~~or used unlawfully~~ by or provided to a person without lawful

2.8   authorization. As necessary, the legislative auditor shall coordinate an investigation of the

2.9   allegation with appropriate law enforcement officials.

2.10   Sec. 3. Minnesota Statutes 2018, section 3.972, subdivision 2a, is amended to read:

2.11   Subd. 2a. **Audits of Department of Human Services.** ~~(a)~~ To ensure continuous

2.12   legislative oversight and accountability, the legislative auditor shall give high priority to

2.13   auditing the programs, services, and benefits administered by the Department of Human

2.14   Services. ~~The audits shall determine whether the department offered programs and provided~~

2.15   ~~services and benefits only to eligible persons and organizations, and complied with applicable~~

2.16   ~~legal requirements.~~

2.17   ~~(b) The legislative auditor shall, based on an assessment of risk and using professional~~

2.18   ~~standards to provide a statistically significant sample, no less than three times each year,~~

2.19   ~~test a representative sample of persons enrolled in a medical assistance program or~~

2.20   ~~MinnesotaCare to determine whether they are eligible to receive benefits under those~~

2.21   ~~programs. The legislative auditor shall report the results to the commissioner of human~~

2.22   ~~services and recommend corrective actions. The commissioner shall provide a response to~~

2.23   ~~the legislative auditor within 20 business days, including corrective actions to be taken to~~

2.24   ~~address any problems identified by the legislative auditor and anticipated completion dates.~~

2.25   ~~The legislative auditor shall monitor the commissioner's implementation of corrective actions~~

2.26   ~~and periodically report the results to the Legislative Audit Commission and the chairs and~~

2.27   ~~ranking minority members of the legislative committees with jurisdiction over health and~~

2.28   ~~human services policy and finance. The legislative auditor's reports to the commission and~~

2.29   ~~the chairs and ranking minority members must include recommendations for any legislative~~

2.30   ~~actions needed to ensure that medical assistance and MinnesotaCare benefits are provided~~

2.31   ~~only to eligible persons.~~

2.32   Sec. 4. **REPEALER.**

2.33   Minnesota Statutes 2018, section 3.9735, is repealed.

3.1   Sec. 5. **EFFECTIVE DATE.**

3.2   Sections 1 to 4 are effective the day following final enactment.

3.9735 EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS.

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this section have the meanings given them.

(a) "General incentive" means a state program, statutory provision, or tax expenditure, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage businesses to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota. To be a general incentive, a state program, statutory provision, or tax expenditure must be funded by an appropriation from the general fund, and be available to multiple entities, projects, or associated projects or include eligibility criteria with the intent that it will be available to multiple entities, projects, or associated projects.

(b) "Exclusive incentive" means a state program, statutory provision, tax expenditure, or section of a general incentive, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage a single specific entity, project, or associated projects to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota.

Subd. 2. **Selection of general incentives for review; schedule for evaluation; report.** Annually, the legislative auditor shall submit to the Legislative Audit Commission a list of three to five general incentives proposed for review. In selecting general incentives to include on this list, the legislative auditor may consider what the incentive will cost state and local governments in actual spending and foregone revenue currently or projected into the future, the legislature's need for information about a general incentive that has an upcoming expiration date, and the legislature's need for regular information on the results of all major general incentives. Annually, the Legislative Audit Commission will select at least one general incentive for the legislative auditor's evaluation. The legislative auditor will evaluate the selected general incentive or incentives, prepared according to the evaluation plan established under subdivision 4, and submit a written report to the Legislative Audit Commission.

Subd. 3. **Exclusive incentive schedule.** The legislative auditor's schedule shall ensure that at least once every four years the legislative auditor will complete an analysis of best practices for exclusive incentives.

Subd. 4. **Evaluation plans.** By February 1, 2016, the Legislative Audit Commission shall establish evaluation plans that identify elements that the legislative auditor must include in evaluations of a general incentive and an exclusive incentive. The Legislative Audit Commission may modify the evaluation plans as needed.