

A bill for an act

relating to government innovation; establishing the Commission on Service Innovation and imposing duties on the commission; establishing Minnovation Council and imposing powers and duties of council; authorizing innovation and redesign grants; providing for home rule charter commission for certain counties; establishing the Task Force for Policy Innovation and Research; requiring reports; appropriating money; amending Minnesota Statutes 2008, section 3.971, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 3; 465; repealing Minnesota Statutes 2008, section 6.80.

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

ARTICLE 1

GOVERNMENT REFORM

Section 1. [3.9280] COMMISSION ON SERVICE INNOVATION.

Subdivision 1. **Establishment.** The Commission on Service Innovation is established to provide the legislature with a strategic plan to reengineer the delivery of state and local government services, including the realignment of service delivery by region and proximity, the use of new technologies, shared facilities, centralized information technologies, and other means of improving efficiency.

Subd. 2. **Membership.** (a) The commission consists of 19 members, appointed as follows:

(1) one representative of the Minnesota Chamber of Commerce;

(2) one representative of the Minnesota Business Partnership;

(3) one representative of the McKnight Foundation;

(4) one representative of the Wilder Foundation;

(5) one representative of the Bush Foundation;

(6) one representative of the Minnesota Council of Nonprofits;

(7) one representative of the Citizens League;
(8) one representative of the Minnesota Association of Townships;
(9) one representative of the Association of Minnesota Counties;
(10) one representative of the League of Minnesota Cities;
(11) one representative of the University of Minnesota;
(12) one representative of the Minnesota State Colleges and Universities;
(13) one representative of the Minnesota Association of School Administrators;
(14) two representatives of the American Federation of State, County, and Municipal Employees, including one from council 5 and one from council 65;
(15) one representative of the Minnesota Association of Professional Employees;
(16) one representative of the Service Employees International Union;
(17) one representative of the Minnesota High Tech Association; and
(18) the state chief information officer.

(b) The appointments required by this section must be completed by June 30, 2010. Appointing authorities shall notify the state chief information officer when making their appointments. The members of the commission shall serve at the pleasure of the appointing authorities.

Subd. 3. Organization. (a) Within two weeks after completion of the appointments under subdivision 2, the state chief information officer shall convene the first meeting of the commission. The state chief information officer shall provide meeting space for the commission. The commission shall select co-chairpersons from its appointed membership at the first meeting. Members of the legislature may attend the meetings of the commission and participate as nonvoting members of the commission.

(b) The commission shall provide notice of its meetings to the public and to interested members of the legislature. Meetings of the commission shall be open to the public. The commission shall post all reports required under this section on the Legislative Coordinating Commission Web site.

(c) The commission may solicit and receive private contributions. The commission must designate one of its members to serve as a fiscal agent for the commission. No public money may be used to provide payment of per diems or expenses for members of the commission. The commission may hire staff to assist the commission in its work. Staff hired by the commission are not state employees.

(d) The commission shall solicit and coordinate public input. The commission must use its best efforts to maximize public involvement in the work of the commission, including the use of best practices in social media. The commission may retain an expert in the use of social media to assist in public outreach and involvement.

Subd. 4. **Reporting.** (a) Beginning August 1, 2010, the commission shall publish electronic monthly reports on its progress, including a description of upcoming agenda items.

(b) By January 15 of each year, beginning in 2011, the commission shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over state government policy and finance regarding its work under this section, with a strategic plan containing findings and recommendations to improve state and local government delivery of public services. The strategic plan must address:

(1) how to enhance the public involvement and input as the public uses state and local government services and public schools;

(2) how technology can be leveraged to reduce costs and enhance quality;

(3) how service innovation will conserve substantial financial resources;

(4) a transition plan and governance structure that will facilitate high-quality innovation and change in the future;

(5) how to improve public sector employee productivity;

(6) the security of individual data and government programs;

(7) data transparency and accountability;

(8) centralized and shared services; and

(9) data interoperability across jurisdictions.

The strategic plan shall also provide a process to review and modify recommendations at regular intervals in the future based on specific results measured at regular intervals.

The strategic plan shall also include any proposed legislation necessary to implement the commission's recommendations.

Subd. 5. **Expiration.** This section expires June 30, 2012.

EFFECTIVE DATE. This section is effective the day following final enactment, except that if 2010 H.F. No. 3134, article 2, is enacted, this article is of no effect.

ARTICLE 2

HOME RULE CHARTER FOR BENTON, STEARNS, AND SHERBURNE COUNTIES

Section 1. **HOME RULE CHARTER FOR BENTON, STEARNS, AND
SHERBURNE COUNTIES.**

Subdivision 1. **County resolution.** Upon approval of this article under section 8, at least two of the three contiguous counties of Benton, Stearns, and Sherburne may propose a county home rule charter commission as provided in this article.

The county board of each county that has approved this article shall adopt a resolution to establish a home rule charter commission for the approving counties. The resolution must name the counties proposing to establish the charter commission.

Subd. 2. **County defined.** For purposes of this article, "county" or "counties" means each of the counties of Stearns, Benton, or Sherburne that has approved it.

Sec. 2. **CHARTER COMMISSION; NOMINATIONS AND APPOINTMENTS.**

Subdivision 1. **Publication.** Within 30 days after the date of the resolution in section 1, the county board of each county shall publish the resolution and a notice inviting interested persons to apply to the county board of commissioners for consideration by the county board and the joint legislative delegation for nomination to the charter commission. The resolution and notice must be published at least once a week for two successive weeks in a qualified newspaper of general circulation within each county. If one newspaper is a qualified newspaper of general circulation for more than one county, those counties may publish jointly. The county boards shall furnish copies of the applications to the members of the joint legislative delegation.

Subd. 2. **Nomination.** (a) Within 60 days after the date of the resolution in section 1, the county board of each county shall nominate 15 persons as candidates for appointment to a charter commission to propose a charter to provide for the form of county government for the counties. Three persons who reside in the district must be nominated for each of the county commissioner districts in each county. Immediately following selection of the nominees, the county board of each county shall submit the nominations, together with the county board resolution, to the chief judge of the district court with jurisdiction in the county.

(b) Within 75 days after the date of the resolution in section 1, the joint legislative delegation of each county shall nominate six persons who reside in the county as candidates for appointment to a charter commission to propose a charter to provide for the form of county government for the counties. The six persons must be nominated without regard to county commissioner districts. Immediately following selection of the nominees, the delegation shall submit the nominations to the chief judge of the district court with jurisdiction in the county. For purposes of this section, "joint legislative delegation" means all elected members of the house of representatives and senate whose legislative district includes a portion of a county proposing a home rule charter commission under section 1.

5.1 Subd. 3. **Appointment.** With respect to the counties of Stearns and Benton that
5.2 have approved this article, within 30 days of the selection of nominees, the judges of
5.3 the seventh judicial district shall appoint to the charter commission 14 members, one
5.4 appointee for each county commissioner district in the counties of Stearns and Benton
5.5 and two appointees from each of the counties of Stearns and Benton who were nominated
5.6 to serve from the county without regard to county commissioner districts. If Sherburne
5.7 county has approved this article, within 30 days of the selection of nominees, the judges
5.8 of the tenth judicial district shall appoint to the charter commission seven members, one
5.9 appointee for each county commissioner district in Sherburne county and two appointees
5.10 from the county of Sherburne who were nominated to serve from the county without
5.11 regard to county commissioner districts. The commission members must be qualified
5.12 voters in the county in which they reside. At least one appointment per county must
5.13 be a current county employee covered by a collective bargaining unit. A person is not
5.14 disqualified from serving on the charter commission because the person holds an elective
5.15 or appointive office. The appointing authority shall fill any vacancies. Appointments must
5.16 be filed with the board of county commissioners of the county in which the appointee
5.17 resides. An appointee must file an acceptance with the board within ten days of notification
5.18 of the appointment or be considered to have declined the appointment.

5.19 **Sec. 3. CHARTER COMMISSION; TERMS; ADMINISTRATION.**

5.20 Subdivision 1. **Chair; rules.** The charter commission shall meet within 30 days
5.21 after the initial appointment, elect a chair from among the members, and establish rules,
5.22 including quorum requirements, for its operation and procedures.

5.23 Subd. 2. **Expenses and administration.** The members of the charter commission
5.24 receive no compensation except reimbursement for expenses actually incurred in the
5.25 course of their duties. The board of county commissioners of each county may make
5.26 appropriations to the charter commission to be used to employ research and clerical
5.27 assistance, for supplies, and to meet expenses considered necessary by the charter
5.28 commission. The charter commission may request and receive assistance from any county
5.29 official. If requested, a personnel director shall assist the charter commission to test and
5.30 hire employees. If requested, a county attorney shall provide legal services.

5.31 Subd. 3. **Terms.** Members of the charter commission hold office until a final report
5.32 has been made under section 4.

5.33 **Sec. 4. CHARTER COMMISSION; POWERS AND DUTIES.**

6.1 Subdivision 1. **Report to county boards.** The charter commission shall deliver
6.2 to the board of county commissioners of each approving county either (1) its report
6.3 determining that the present form of county government is adequate for the county and
6.4 that a charter is not necessary or desirable, or (2) a draft of a proposed charter. The report
6.5 must be signed by a majority of the members of the charter commission.

6.6 Subd. 2. **Contents of report.** The proposed charter may provide for any form of
6.7 government consistent with the Constitution of the state of Minnesota. It may provide for
6.8 the establishment and administration of all departments of a county government and for
6.9 the regulation of all local county functions. It may abolish or consolidate any department
6.10 or agency. It must provide for present functions to be assumed by new elective or
6.11 appointive officers as provided in the charter and may provide for other powers consistent
6.12 with other law. It must provide methods of procedure in respect to the operation of the
6.13 government created and the duties of all officers. It must provide for a home rule charter
6.14 commission consistent with article XII, section 5, of the Constitution of the state of
6.15 Minnesota and may provide for alternative methods for amending or abandoning the
6.16 charter consistent with the Constitution. A county may be authorized to acquire by
6.17 gift, devise, purchase, or condemnation or sell or lease any property needed for the full
6.18 discharge of its duties and powers.

6.19 Subd. 3. **Public hearings.** The charter commission must hold at least one public
6.20 hearing on the report in each of the county commissioner districts. Based upon the
6.21 public hearings, the charter commission may revise the report. The revised report must
6.22 be signed by a majority of the members of the charter commission, and delivered to
6.23 the county boards.

6.24 Subd. 4. **Personnel.** Personnel matters relating to employees of a county continue
6.25 to be governed by Minnesota Statutes, chapter 179A, and other law. The proposed
6.26 charter must not impair any terms of any existing county employee collective bargaining
6.27 agreement. Prior to the inclusion of any provisions in the proposed charter that may affect
6.28 the duties or other terms and conditions of employment of county employees, the charter
6.29 commission must consult with the employees' exclusive representatives as defined in
6.30 Minnesota Statutes, section 179A.03, subdivision 8. If a proposed charter provision would
6.31 affect a particular group of employees, the charter commission must establish an employee
6.32 participation committee comprised of at least one representative for each bargaining unit
6.33 affected and at least one representative for each unrepresented group affected per county
6.34 to advise the charter commission. If a proposed charter includes provisions to merge or
6.35 consolidate county departments or services, the proposed charter must contain provisions

governing the inclusion of the employees' exclusive representatives in determining the implementation plan for the merger or consolidation.

Sec. 5. **ELECTION; BALLOT.**

Subdivision 1. **Procedure; notice.** Upon delivery of the final proposed charter to the board of county commissioners in each county, each board shall submit it to the voters in that county at a general election. The notice of election must contain the complete charter and must be published once a week for two successive weeks in a qualified newspaper of general circulation within each county.

Subd. 2. **Ballot form.** The ballot must at least contain the following question with additional descriptive language, approved by the secretary of state, that the charter commission may include:

"Shall the proposed county charter be adopted?"

Yes

No "

The voter shall place an "X" after one of the last two words to express the voter's choice.

Sec. 6. **ADOPTION OF CHARTER.**

If a majority of the votes cast in a county on the proposition are in favor of the proposed charter, it must be considered adopted for that county. The charter takes effect two years after the election.

Sec. 7. **HOME RULE CHARTER COUNTY POWERS AND DUTIES.**

Subdivision 1. **General rule.** Unless specifically provided otherwise in general laws or statutes, the term "county" when used in Minnesota Statutes or any general legislative act includes home rule charter counties organized under this article. In addition to powers and duties granted or imposed under its charter, the home rule charter county has all the powers granted a county by law and all of the duties imposed upon it by law. If a charter provision conflicts with a general law, the requirements of the law prevail.

Subd. 2. **County bonds and indebtedness.** All general and special laws authorizing a county to incur indebtedness or issue bonds are subject to the home rule charter if the charter provisions are not in conflict with general laws relating to indebtedness.

Sec. 8. **LOCAL APPROVAL; EFFECTIVE DATE.**

This article is effective upon approval by at least two of the three counties of Benton, Stearns, and Sherburne and upon compliance by those counties with Minnesota Statutes,

section 645.021, subdivision 3. Unless exercised by June 1, 2015, the powers to adopt a charter under this article expire.

ARTICLE 3

MINNOVATION COUNCIL

Section 1. Minnesota Statutes 2008, section 3.971, is amended by adding a subdivision to read:

Subd. 9. **Recommendations to the Minnovation Council.** The legislative auditor may make recommendations to the Minnovation Council established under section 465.7902 that will assist the council in accomplishing its duties.

Sec. 2. **[465.7901] DEFINITIONS.**

Subdivision 1. **Agency.** "Agency" means a department, agency, board, or other instrumentality of state government that has jurisdiction over an administrative rule or law from which a waiver is sought under section 465.7903. If no specific agency has jurisdiction over such a law, agency refers to the attorney general.

Subd. 2. **Council.** "Council" means the Minnovation Council established by section 465.7902.

Subd. 3. **Local government unit.** "Local government unit" means a county, home rule charter or statutory city, school district, town, or special taxing district.

Subd. 4. **Metropolitan agency.** "Metropolitan agency" has the meaning given in section 473.121, subdivision 5a.

Subd. 5. **Metropolitan area.** "Metropolitan area" has the meaning given in section 473.121, subdivision 2.

Subd. 6. **Metropolitan Council.** "Metropolitan Council" means the Metropolitan Council established by section 473.123.

Subd. 7. **Scope.** As used in sections 465.7901 to 465.7909, the terms defined in this section have the meanings given them.

Sec. 3. **[465.7902] MINNOVATION COUNCIL.**

Subdivision 1. **Membership.** The Minnovation Council consists of 16 members, appointed as follows:

(1) two members of the senate, appointed by the Subcommittee on Committees of the Senate Committee on Rules and Administration, one member of the majority caucus and one member of the largest minority caucus;

(2) two members of the house of representatives, appointed by the speaker of the house, one member of the majority caucus and one member of the largest minority caucus;

(3) the commissioner of management and budget;

(4) the commissioner of administration;

(5) the state chief information officer;

(6) an administrative law judge appointed by the chief administrative law judge;

(7) the state auditor;

(8) two members with a background in academic research concerning system redesign and delivery, including one member appointed by the chancellor of the Minnesota State Colleges and Universities and one member appointed by the president of the University of Minnesota;

(9) one member with experience in the leadership of nonprofit organizations, appointed by the Minnesota Council of Nonprofits;

(10) one member with experience in foundation leadership appointed by the Minnesota Council on Foundations;

(11) one member with experience as a leader of a for-profit corporation, appointed by the Minnesota Chamber of Commerce;

(12) one member representing public employees appointed by the American Federation of State, County and Municipal Employees; and

(13) one member representing the public sector redesign community appointed by the Citizens League.

All members must have experience or interest in the work of system redesign or public sector innovation. The legislative members serve as nonvoting members. Only members designated in clauses (3) to (7) may vote on proposed rule or law waivers under section 465.7903. A commissioner serving on the council may designate an employee from the commissioner's agency to serve as the commissioner's designee. A person registered as a lobbyist under chapter 10A may not be a member of the council.

Subd. 2. Duties of council. The council shall:

(1) accept applications from local government units and nonprofit organizations for waivers of administrative rules and temporary, limited exemptions from enforcement of procedural requirements in state law as provided in section 465.7903, and determine whether to approve, modify, or reject the application;

(2) accept applications for grants to local government units and related organizations proposing to design models or plans for innovative service delivery and management as provided in section 465.7905, and determine whether to approve, modify, or reject the application;

10.1 (3) accept applications from eligible local government units for service-sharing
10.2 grants as provided in section 465.7905, and determine whether to approve, modify,
10.3 or reject the application;

10.4 (4) make recommendations to the legislature for the authorization of pilot projects
10.5 for the implementation of innovative service delivery activities that require statutory
10.6 authorization;

10.7 (5) make recommendations to the legislature regarding the elimination of state
10.8 mandates that inhibit local government efficiency, innovation, and cooperation by
10.9 prescribing specific processes for achieving a desired outcome;

10.10 (6) investigate and review the role of unfunded state mandates in intergovernmental
10.11 relations and assess their impact on state and local government objectives and
10.12 responsibilities;

10.13 (7) make recommendations to the governor and the legislature regarding:

10.14 (i) allowing flexibility for local units of government in complying with specific
10.15 unfunded state mandates for which terms of compliance are unnecessarily rigid or
10.16 complex;

10.17 (ii) reconciling any two or more unfunded state mandates that impose contradictory
10.18 or inconsistent requirements;

10.19 (iii) terminating unfunded state mandates that are duplicative, obsolete, or lacking
10.20 in practical utility;

10.21 (iv) suspending, on a temporary basis, unfunded state mandates that are not vital
10.22 to public health and safety and that compound the fiscal difficulties of local units of
10.23 government, including recommendations for initiating the suspensions;

10.24 (v) consolidating or simplifying unfunded state mandates or the planning or
10.25 reporting requirements of the mandates, in order to reduce duplication and facilitate
10.26 compliance by local units of government with those mandates; and

10.27 (vi) establishing common state definitions or standards to be used by local units of
10.28 government in complying with unfunded state mandates that use different definitions or
10.29 standards for the same terms or principles;

10.30 (8) identify relevant unfunded state mandates;

10.31 (9) on a ten-year cycle review all state agencies, boards, commissions, or councils
10.32 for purposes of making recommendations to the legislature on whether the group should
10.33 continue or should be sunset;

10.34 (10) facilitate proposals for grants made by eligible applicants; and

(11) make recommendations on topics to the Legislative Audit Commission for program evaluations that are likely to result in recommendations that will improve the cost-effective delivery of government services.

Each recommendation under clause (7) must, to the extent practicable, identify the specific unfunded state mandates to which the recommendation applies. The commissioners or directors of state agencies responsible for the promulgation or enforcement of the unfunded mandates addressed in clauses (5) to (11) shall assist the council in carrying out the council's duties under this section.

Subd. 3. **Additional coordinating functions.** The council may also:

(1) serve as a clearinghouse for existing ideas and information from community leaders;

(2) provide a Web site where interested parties may share information and practices;

(3) receive recommendations from the legislative auditor concerning waivers and other initiatives within the council's jurisdiction;

(4) conduct research concerning innovation in service delivery and local government efficiency, innovation, and cooperation;

(5) facilitate regional dialogue concerning successful innovation and collaboration; and

(6) use its best efforts to maximize public involvement in its work, including the use of best practices in social media.

Subd. 4. **Staff.** The council shall hire an executive director who serves as the state's chief innovation officer. The council may hire other staff or consultants as necessary to perform its duties. The commissioner of administration must provide administrative support services to the council.

Subd. 5. **Terms and removal.** Members serve at the pleasure of the appointing authority.

Subd. 6. **Available resources.** The duties imposed under sections 465.7902 to 465.7907 must be performed to the extent possible given existing resources.

Sec. 4. [465.7903] RULE AND LAW WAIVER REQUESTS.

Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local government unit or a nonprofit organization may request the Minnovation Council to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit or nonprofit organization. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose

to cooperate in providing a service or program that is subject to the rule or law. Before a local unit of government may submit an application to the council, the governing body of the local government unit must approve, in concept, the proposed waiver or exemption at a meeting required to be public under chapter 13D. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all of the organization's clients.

(b) A school district that is granted a variance from rules of the commissioner of education under section 122A.163 need not apply to the council for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the commissioner of education has authority to grant a variance to the rules under section 122A.163. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

Subd. 2. **Application.** (a) A local government unit or nonprofit organization requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the council. The application must include:

(1) identification of the service or program at issue;

(2) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought; and

(3) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome.

(b) A local government unit submitting an application must provide a copy to the exclusive representative certified under section 179A.12 to represent employees who provide the service or program affected by the requested waiver or exemption.

Subd. 3. **Review process.** (a) Upon receipt of an application, the council shall commence review of the application, as provided in this subdivision. The council shall dismiss an application if it finds that the application proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If the council does not dismiss an application, the council must publish notice in the State Register before it acts on the application. The notice must list the name of the local government unit or nonprofit organization requesting the waiver or exemption, the service or program at issue, and the rule or law with respect to which the waiver of exemption is sought.

(b) The council shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit or nonprofit organization is to achieve an outcome, rather than a substantive law prescribing

the outcome or otherwise establishing policy. For the purposes of this section, "procedural law" does not include a statutory notice requirement. For purposes of this section, "procedural law" may not include any provision related to voting or elections. In making its determination, the council shall consider whether the law specifies such requirements as:

(1) who must deliver a service;

(2) where the service must be delivered;

(3) to whom and in what form reports regarding the service must be made; and

(4) how long or how often the service must be made available to a given recipient.

(c) If a member of the council also is a commissioner, a commissioner's designee, or the state auditor, or is employed by an agency with jurisdiction over a rule or law affected by an application, the member must not participate in the decision on the particular waiver or exemption.

(d) If the application is submitted by a local government unit or a nonprofit organization in the metropolitan area or the unit or nonprofit organization requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the council shall also transmit a copy of the application to the Metropolitan Council for review and comment. The Metropolitan Council shall report its comments to the council within 60 days of the date the application was transmitted to the Metropolitan Council. The Metropolitan Council may point out any resources or technical assistance it may be able to provide a local government unit or nonprofit organization submitting a request under this section.

(e) Within 15 days after receipt of the application, the council shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the council shall transmit a copy of the application to the attorney general. The agency shall inform the council of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. An agency's failure to respond under this paragraph is considered agreement to the waiver or exemption. The council shall decide whether to grant a waiver or exemption at its next regularly scheduled meeting following its receipt of an agency's response or the end of the 60-day response period. If consideration of an application is not concluded at that

meeting, the matter may be carried over to the next meeting of the council. Interested persons may submit written comments and requests to present oral comments to the council on the waiver or exemption request up to the time of its vote on the application.

(f) If the exclusive representative of the affected employees of the requesting local government unit objects to the waiver or exemption request, it may inform the council of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. **Hearing.** If the agency or the exclusive representative does not agree with the waiver or exemption request, the council shall set a date for a hearing on the application. The hearing must be conducted informally at a meeting of the council. Persons representing the local government unit shall present their request for the waiver or exemption, and a representative from the agency shall explain the agency's objection to the waiver or exemption. Members of the council may request additional information from either party. The council may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If a member of the public requests to present comments or information at the hearing, the council must permit the member of the public an opportunity to present the comments or information. If necessary, the hearing may be continued at a subsequent council meeting. A waiver or exemption requires a majority vote of the council members. The council may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. **Conditions of agreements.** (a) If the council grants a request for a waiver or exemption, the council and the entity making the request shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes and the means of measurement by which the council will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption. The duration of a waiver from an administrative rule may be for no less than two years and no more than four years, subject to renewal if both parties agree. An exemption from enforcement of a law terminates ten days after adjournment of the regular legislative session held during the calendar year following the year when the exemption is granted, unless the legislature has acted to extend or make permanent the exemption.

(b) If the council grants a waiver or exemption, it must report the waiver or exemption to the legislature, including the chairs of the governmental operations and appropriate policy committees in the house of representatives and senate, and the governor within 30 days.

(c) The council may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.055. The recipient of an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of the exemption. The council may require periodic reports from the recipient, or conduct investigations of the service or program.

Subd. 6. Enforcement. If the council finds that the recipient of a waiver or an exemption has failed to comply with the terms of the agreement under subdivision 5, it may rescind the agreement. After an agreement is rescinded, the recipient is subject to the rules and laws covered by the agreement.

Subd. 7. Access to data. If the recipient of a waiver or an exemption through a cooperative program under this section gains access to data that is classified as not public, the access to and use of the data for the recipient is governed by the same restrictions on access to and use of the data that apply to the unit that collected, created, received, or maintained the data.

Sec. 5. [465.7904] WAIVERS OF STATE RULES; POLICIES.

Subdivision 1. Application. A state agency may apply to the council for a waiver from:

(1) an administrative rule or policy adopted by the commissioner of management and budget that deals with the state personnel system;

(2) an administrative rule or policy of the commissioner of administration that deals with the state procurement system; or

(3) a policy of the commissioner of management and budget that deals with the state accounting system.

Two or more state agencies may submit a joint application. A waiver application must identify the rule or policy at issue, and must describe the improved outcome sought through the waiver.

Subd. 2. Review process. (a) The council shall review all applications submitted under this section. The council shall dismiss an application if it finds that the application proposes a waiver that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them. If a proposed waiver would violate the terms of a collective bargaining agreement effective under chapter 179A, the waiver is not effective without the consent of the exclusive representative that is a party to the agreement. The council may approve a

waiver only if the council determines that if the waiver is granted: (1) services can be provided in a more efficient or effective manner; and (2) services related to human resources must be provided in a manner consistent with section 43A.01. In the case of a waiver from a policy of the commissioner of management and budget, the council may approve the waiver only if it determines that services will be provided in a more efficient or effective manner and that state funds will be adequately accounted for and safeguarded in a manner that complies with generally accepted government accounting principles.

(b) Within 15 days of receipt of the application, the council shall send a copy of the application to: (1) the agency whose rule or policy is involved; and (2) all exclusive representatives who represent employees of the agency requesting the waiver. The agency whose rule or policy is involved may mail a copy of the application to all persons who have registered with the agency under section 14.14, subdivision 1a.

(c) The agency whose rule or policy is involved or an exclusive representative shall notify the council of its agreement with or objection to and grounds for objection to the waiver within 60 days of the date when the application was transmitted to the agency or the exclusive representative. An agency's or exclusive representative's failure to respond under this paragraph is considered agreement to the waiver.

(d) If the agency or the exclusive representative objects to the waiver, the council shall schedule a meeting at which the agency requesting the waiver may present its case for the waiver and the objecting party may respond. The council shall decide whether to grant a waiver at its next regularly scheduled meeting following its receipt of an agency's response, or the end of the 60-day response period, whichever occurs first. If consideration of an application is not concluded at the meeting, the matter may be carried over to the next meeting of the council. Interested persons may submit written comments to the council on the waiver request.

(e) If the council grants a request for a waiver, the council and the agency requesting the waiver shall enter into an agreement relating to the outcomes desired as a result of the waiver and the means of measurement to determine whether those outcomes have been achieved with the waiver. The agreement must specify the duration of the waiver, which must be for at least two years and not more than four years. If the council determines that an agency that has received a waiver is failing to comply with the terms of the agreement, the council may rescind the agreement.

Subd. 3. Participation. If a waiver request involves a rule or policy adopted by an official specified in section 465.7902, subdivision 1, clauses (3) to (7), that official may not participate in the evaluation of that waiver request.

Sec. 6. [465.7905] INNOVATION AND REDESIGN GRANTS.

Subdivision 1. **Application.** One or more local units of government, an association of local governments, the Metropolitan Council, a local unit of government acting in conjunction with an organization or a state agency, an organization established by two or more local units of government under a joint powers agreement, or a not-for-profit organization may apply to the Minnovation Council for a grant to be used to: (1) develop models for service redesign; or (2) meet the start-up costs of providing shared services or functions. Agreements solely to make joint purchases do not qualify for grants. The application must specify a nonstate funding source for 25 percent of the total cost of the proposal. The application to the council must state what other sources of funding have been considered by the local units of government to implement the project and explain why it is not possible to complete the project without assistance from the council. The council may not award a grant if it determines that the local units of government could complete the project without council assistance or if it determines the applicant has not specified a nonstate funding source for 25 percent of the total cost. A copy of the application must be provided by the units to the exclusive representatives certified under section 179A.12 to represent employees who provide the service or program affected by the application.

Subd. 2. **Proposals.** (a) Proposed models for service redesign may provide options to local governments, neighborhood or community organizations, other not-for-profit organizations, or individuals to redesign service delivery. In awarding grants under this paragraph, the council must consider whether the proposal:

(1) expands consumer choices and opportunities;

(2) shifts government toward an expanded role as a purchaser, rather than a provider, of services;

(3) reduces administrative costs through statewide or regional contracting, or related administrative efficiencies;

(4) reduces administrative costs through the accumulation of multiple related services into a single contract with one provider, or related administrative efficiencies;

(5) fosters entrepreneurial leadership in the public sector; and

(6) increases value to the taxpayer or results per dollar spent.

(b) A proposal for a grant for shared services or functions must include plans to fully integrate a service or function provided by two or more local government units. The proposal must include how value for the taxpayer or results per dollar spent will be impacted.

Subd. 3. **Requirements.** A copy of the work product for which the grant was provided must be furnished to the council upon completion, and the council may

18.1 disseminate it to other local units of government or interested groups. If the council finds
18.2 that the work was not completed or implemented according to the terms of the grant
18.3 agreement, it may require the grantee to repay all or a portion of the grant. The council
18.4 shall award grants on the basis of each qualified applicant's score under the scoring
18.5 system in section 465.7906. The amount of a grant under subdivision 2, paragraph (a),
18.6 may not exceed \$250,000. The amount of a grant under subdivision 2, paragraph (b),
18.7 may not exceed \$100,000.

18.8 Sec. 7. **[465.7906] SCORING SYSTEM.**

18.9 In deciding whether to award a grant under section 465.7905, the council shall
18.10 use the following scoring system:

18.11 (1) Up to 15 points must be awarded to reflect the extent to which the application
18.12 demonstrates creative thinking, careful planning, cooperation, involvement of the clients
18.13 of the affected service, and commitment to persist through challenges.

18.14 (2) Up to 25 points must be awarded to reflect the extent to which the proposed
18.15 project is likely to improve the quality of the service, increase value to the taxpayers or
18.16 results per dollar spent, and to have benefits for other local governments.

18.17 (3) Up to 15 points must be awarded to reflect the extent to which the application's
18.18 budget provides sufficient detail, maximizes the use of state funds, documents the need
18.19 for financial assistance, commits to local financial support, and limits expenditures to
18.20 essential activities.

18.21 (4) Up to 15 points must be awarded to reflect the extent to which the application
18.22 reflects the statutory goal of the grant program.

18.23 (5) Up to 15 points must be awarded to reflect the merit of the proposed project and
18.24 the extent to which it warrants the state's financial participation.

18.25 (6) Up to five points must be awarded to reflect the cost to benefit ratio projected
18.26 for the proposed project.

18.27 (7) Up to five points must be awarded to reflect the number of government units
18.28 participating in the proposal.

18.29 (8) Up to five points must be awarded to reflect the minimum length of time the
18.30 application commits to implementation.

18.31 Sec. 8. **[465.7907] REPAYMENT OF GRANTS.**

18.32 Subdivision 1. **Repayment procedures.** Without regard to whether a grant recipient
18.33 offered to repay the grant in its original application, as part of a grant awarded under
18.34 section 465.7905, the council may require the grant recipient to repay all or part of the

grant if the council determines the project funded by the grant resulted in an actual savings for the participating local units of government. The grant agreement must specify how the savings are to be determined and the period of time over which the savings will be used to calculate a repayment requirement. The repayment of grant money under this section must not exceed an amount equal to the total savings achieved through the implementation of the project.

Subd. 2. **Bonus points.** In addition to the points awarded to competitive grant applications under section 465.7906, the council shall award additional points to any applicant that projects a potential cost savings through the implementation of its project and offers to repay part or all of the grant under the formula in subdivision 1.

Subd. 3. **Use of repayment revenue.** All grant money repaid to the council under this section is appropriated to the council for additional grants authorized by section 465.7905.

Sec. 9. [465.7908] RECEIPTS; APPROPRIATION.

(a) The council may charge a fee for the use of services provided by the council's staff. The receipts from fees charged under this section are deposited in a special revenue account and appropriated to the council for services provided under sections 465.7901 to 465.7908.

(b) The council may accept gifts and grants. Money received under this paragraph is deposited in a special revenue account and appropriated to the council for services provided under sections 465.7901 to 465.7908.

Sec. 10. [465.7909] ANNUAL COUNCIL REPORT ON INNOVATION AND GUARANTEEING INCREASED VALUE TO THE TAXPAYER.

Subdivision 1. **Report.** The council shall report by January 15 each year to the governor and appropriate committees of the house of representatives and senate on its activities. The report shall include the amount of the council's net spending, the amount of savings and the increased outcomes to the taxpayer that was identified by the council, and the actual documented savings to state and local governments. Entities receiving grants or waivers from the council must document and verify savings to the taxpayer from the previous year's budgets.

Subd. 2. **Savings and increased value.** The council must make every effort to obtain \$3 in savings and show increased value to the taxpayer for each net state dollar spent by the council.

Subd. 3. **Innovative practices.** The council shall promote and drive innovative practices and must make annual recommendations to the legislature. One or all of these recommendations may be in partnership with an individual, foundations, nonprofits, or businesses. The council may make endorsements of proposals of individuals, foundations, nonprofits, or businesses when making recommendations. The council must make annual recommendations to:

(1) recommend at least \$20 in savings and show increased outcomes to the taxpayer for each net state dollar spent by the council. These savings may be spread out over various budget items;

(2) recommend policy changes that will quantifiably improve desired outcome attainment to the taxpayer as compared to dollars spent. This shall not be limited to efficiency but may also include developing new approaches to achieve desired outcomes;

(3) highlight existing innovative practices or partnerships in the state; and

(4) recommend innovative models, which may include state and local government structural redesign, from across the country to the legislature; highlight innovative practices from past or contemporary reports; recommend evidence-based service delivery methods for this state; or recommend theory-based working models of approaches to policy.

Sec. 11. **[465.7910] SUNSET.**

Sections 465.7901 to 465.7909 expire June 30, 2018.

Sec. 12. **APPOINTMENTS; FIRST MEETING.**

The appointing authorities under section 3 must complete their initial appointments to the Minnovation Council no later than August 1, 2010. The state auditor must convene the first meeting of the council by September 1, 2010.

Sec. 13. **REPEALER.**

Minnesota Statutes 2008, section 6.80, is repealed.

Sec. 14. **EFFECTIVE DATE.**

Sections 1 to 13 are effective July 1, 2010.

ARTICLE 4

TASK FORCE FOR POLICY INNOVATION

Section 1. **TASK FORCE FOR POLICY INNOVATION AND RESEARCH.**

21.1 Subdivision 1. **Membership.** The Task Force for Policy Innovation and Research
21.2 includes the following 15 members:

21.3 (1) four members of the senate appointed by the Subcommittee on Committees of
21.4 the Committee on Rules and Administration, including two members of the minority;

21.5 (2) two members of the house of representatives appointed by the speaker of the
21.6 house;

21.7 (3) two members of the house of representatives appointed by the minority leader
21.8 of the house of representatives;

21.9 (4) one member appointed by and serving at the pleasure of each of the following:

21.10 (i) the Wilder Foundation;

21.11 (ii) the Blandin Foundation;

21.12 (iii) the Minneapolis Foundation;

21.13 (iv) the McKnight Foundation; and

21.14 (v) the Bush Foundation;

21.15 (5) the director of the Center for the Study of Politics and Governance at the
21.16 Humphrey Institute at the University of Minnesota; and

21.17 (6) one member from the office of the president of the University of Minnesota,
21.18 selected by the president.

21.19 The appointing authorities under this subdivision shall complete their appointments no
21.20 later than July 1, 2010.

21.21 The responsible appointing authority shall fill a vacancy on the task force within 30
21.22 days after the vacancy is created.

21.23 The director of the Center for the Study of Politics and Governance at the Humphrey
21.24 Institute shall convene the first meeting of the task force no later than September 1, 2010.

21.25 The task force shall select a chair from its membership at the first meeting. The members
21.26 shall serve without compensation from the task force but legislative members may be
21.27 reimbursed for their reasonable expenses as members of the legislature. The director of
21.28 the Center for the Study of Politics and Governance at the Humphrey Institute shall assist
21.29 the task force in administrative matters.

21.30 Subd. 2. **Report.** The task force shall consider methods and procedures to best
21.31 provide the legislature with high quality, rigorous public policy research regarding issues
21.32 and topics of concern to the legislature. By February 1, 2011, the task force shall report to
21.33 the chairs and ranking minority members of the legislative committees and divisions with
21.34 jurisdiction over state government policy and finance regarding:

21.35 (1) a process for the selection of topics for public policy research of interest to
21.36 the legislature;

- 22.1 (2) recommended methods and procedures for conducting and reporting the
22.2 research; and
- 22.3 (3) a method to provide funding for the policy innovation and research initiative
22.4 proposed by the task force.
- 22.5 The report shall also include any draft legislation necessary to implement the
22.6 recommendations.
- 22.7 Subd. 3. **Expiration.** The task force expires after the submission of the report
22.8 required under subdivision 2.
- 22.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

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Article locations in H2227-4

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	HOME RULE CHARTER FOR BENTON, STEARNS, AND	
ARTICLE 2	SHERBURNE COUNTIES	Page.Ln 3.28
ARTICLE 3	MINNOVATION COUNCIL	Page.Ln 8.3
ARTICLE 4	TASK FORCE FOR POLICY INNOVATION	Page.Ln 20.29

6.80 RULE AND LAW WAIVER REQUESTS.

Subdivision 1. **Generally.** (a) Except as provided in paragraph (b), a local government unit may request the state auditor to grant a waiver from one or more administrative rules or a temporary, limited exemption from enforcement of state procedural laws governing delivery of services by the local government unit. Two or more local government units may submit a joint application for a waiver or exemption under this section if they propose to cooperate in providing a service or program that is subject to the rule or law. Before submitting an application to the state auditor, the governing body of the local government unit must approve, in concept, the proposed waiver or exemption at a meeting required to be public under chapter 13D. A local government unit or two or more units acting jointly may apply for a waiver or exemption on behalf of a nonprofit organization providing services to clients whose costs are paid by the unit or units. A waiver or exemption granted to a nonprofit organization under this section applies to services provided to all the organization's clients.

(b) A school district that is granted a variance from rules of the commissioner of education under section 122A.163, need not apply for a waiver of those rules under this section. A school district may not seek a waiver of rules under this section if the commissioner of education has authority to grant a variance to the rules under section 122A.163. This paragraph does not preclude a school district from being included in a cooperative effort with another local government unit under this section.

(c) Before petitioning the state auditor's office for an exemption from an administrative rule, the petitioner must have requested and been denied such an exemption from the appropriate agency pursuant to sections 14.055 and 14.056.

Subd. 2. **Application.** A local government unit requesting a waiver of a rule or exemption from enforcement of a law under this section shall present a written application to the state auditor. The application must include:

- (1) the name and address of the entity for whom a waiver of a rule or exemption from enforcement of a law is being requested;
- (2) identification of the service or program at issue;
- (3) identification of the administrative rule or the law imposing a procedural requirement with respect to which the waiver or exemption is sought;
- (4) a description of the improved service outcome sought, including an explanation of the effect of the waiver or exemption in accomplishing that outcome, and why that outcome cannot be accomplished under established rules or laws;
- (5) information on the state auditor's office treatment on similar cases;
- (6) the name, address, and telephone number of any person, business, or other government unit the petitioner knows would be adversely affected by the grant of the petition; and
- (7) a signed statement as to the accuracy of the facts presented.

A copy of the application must be provided by the requesting local government unit to the exclusive representative certified under section 179A.12 to represent employees who provide the service or program affected by the requested waiver or exemption.

Subd. 3. **Review process.** (a) Upon receipt of an application from a local government unit, the state auditor shall review the application. The state auditor shall dismiss an application if the application proposes a waiver of rules or exemption from enforcement of laws that would result in due process violations, violations of federal law or the state or federal constitution, or the loss of services to people who are entitled to them.

(b) The state auditor shall determine whether a law from which an exemption for enforcement is sought is a procedural law, specifying how a local government unit is to achieve an outcome, rather than a substantive law prescribing the outcome or otherwise establishing policy. For the purposes of this section, "procedural law" does not include a statutory notice requirement. In making the determination, the state auditor shall consider whether the law specifies such requirements as:

- (1) who must deliver a service;
- (2) where the service must be delivered;
- (3) to whom and in what form reports regarding the service must be made; and
- (4) how long or how often the service must be made available to a given recipient.

(c) If the application requests a waiver of a rule or temporary, limited exemptions from enforcement of a procedural law over which the Metropolitan Council or a metropolitan agency has jurisdiction, the state auditor shall also transmit a copy of the application to the council or applicable metropolitan agency, whichever has jurisdiction, for review and comment. The council or agency shall report its comments to the board within 60 days of the date the application was

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transmitted to the council or agency. The council or agency may point out any resources or technical assistance it may be able to provide a local government unit submitting a request under this section.

(d) Within 15 days after receipt of the application, the state auditor shall transmit a copy of it to the commissioner of each agency having jurisdiction over a rule or law from which a waiver or exemption is sought. The agency may mail a notice that it has received an application for a waiver or exemption to all persons who have registered with the agency under section 14.14, subdivision 1a, identifying the rule or law from which a waiver or exemption is requested. If no agency has jurisdiction over the rule or law, the state auditor shall transmit a copy of the application to the attorney general. The agency shall inform the state auditor of its agreement with or objection to and grounds for objection to the waiver or exemption request within 60 days of the date when the application was transmitted to it. An agency's failure to do so is considered agreement to the waiver or exemption. The state auditor shall decide whether to grant a waiver or exemption at the end of the 60-day response period. Interested persons may submit written comments to the state auditor on the waiver or exemption request up to the end of the 60-day response period.

(e) If the exclusive representative of the affected employees of the requesting local government unit objects to the waiver or exemption request it may inform the state auditor of the objection to and the grounds for the objection to the waiver or exemption request within 60 days of the receipt of the application.

Subd. 4. **Hearing.** If a state agency under subdivision 3, paragraph (d), or the exclusive representative of the affected employees under subdivision 3, paragraph (e), has objected to a waiver or exemption request, the state auditor's office shall set a date for a hearing on the applications. The hearing must be conducted informally at a time and place determined by all parties. Persons representing the local government unit shall present their case for the waiver or exemption, and persons representing the agency or the exclusive representative of the affected employees shall explain their objection to it. The state auditor may request additional information from the local government unit or either objecting party. The state auditor may also request, either before or at the hearing, information or comments from representatives of business, labor, local governments, state agencies, consultants, and members of the public. If necessary, the hearing may be continued for a later date. The state auditor may modify the terms of the waiver or exemption request in arriving at the agreement required under subdivision 5.

Subd. 5. **Conditions of agreements.** (a) In determining whether to grant a petition for a waiver of a rule or exemption from enforcement of a law, the state auditor should consider the following factors:

- (1) whether there is a true and unique impediment under current law to accomplishing the goal of the local government unit;
- (2) granting the waiver of a rule or exemption from enforcement of law will only change procedural requirements of a local government unit;
- (3) the purpose of any rule or law that is waived is still being met in another manner;
- (4) granting the proposed waiver of a rule or exemption from enforcement of a law would result in a more efficient means of providing government services; and
- (5) granting the proposed waiver will not have a significant negative impact on other state government, local government units, businesses, or citizens.

(b) If the state auditor grants a request for a waiver or exemption, the state auditor and the local government unit shall enter into an agreement providing for the delivery of the service or program that is the subject of the application. The agreement must specify desired outcomes, the reasons why the desired outcomes cannot be met under current laws or rules, and the means of measurement by which the state auditor will determine whether the outcomes specified in the agreement have been met. The agreement must specify the duration of the waiver or exemption. The duration of a waiver from an administrative rule may be for no less than two years and no more than four years, subject to renewal if both parties agree. An exemption from enforcement of a law terminates ten days after adjournment of the regular legislative session held during the calendar year following the year when the exemption is granted, unless the legislature has acted to extend or make permanent the exemption.

(c) The state auditor must report any grants of waivers or exemptions to the legislature, including the chairs of the governmental operations and appropriate policy committees in the house of representatives and senate, and the governor within 30 days.

(d) The state auditor may reconsider or renegotiate the agreement if the rule or law affected by the waiver or exemption is amended or repealed during the term of the original agreement. A waiver of a rule under this section has the effect of a variance granted by an agency under section 14.055. A local unit of government that is granted an exemption from enforcement of a procedural requirement in state law under this section is exempt from that law for the duration of

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the exemption. The state auditor may require periodic reports from the local government unit, or conduct investigations of the service or program.

Subd. 6. **Enforcement.** If the state auditor finds that the local government unit is failing to comply with the terms of the agreement under subdivision 5, the state auditor may rescind the agreement. Upon the rescission, the local unit of government becomes subject to the rules and laws covered by the agreement.

Subd. 7. **Access to data.** If a local government unit, through a cooperative program under this section, gains access to data collected, created, received, or maintained by another local government that is classified as not public, the unit gaining access is governed by the same restrictions on access to and use of the data as the unit that collected, created, received, or maintained the data.